

KING COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

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Independent Auditor's Report

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

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 King County, Texas, as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise King County, Texas' 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 King County, Texas as of September 30, 2024, 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 (GAAS) and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of King County, Texas (the County) 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 the County'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and 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, individually or in the aggregate, they would influence the judgement made by a reasonable user based the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 the County'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 management's discussion and analysis, schedule of changes in net pension asset/liability and related ratios, schedule of employer contributions, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional schedules 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 January 29, 2025, on our consideration of the County'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 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 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 of the County's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 29, 2025

KING COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)

This section of King County's (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

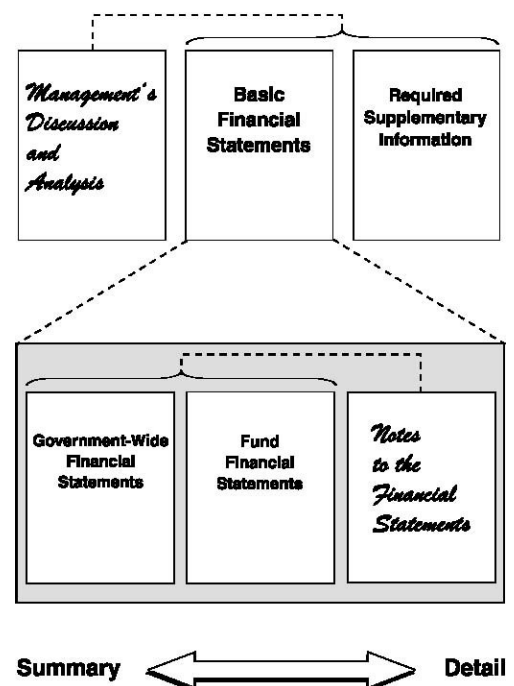
- The County's total combined net position was \$7,923,709 at September 30, 2024. Of this amount, \$4,345,458 (unrestricted net position) may be used to meet the County's ongoing obligations.
- During the year, the County's expenses were \$662,669 less than the \$3,118,009 generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$4,324,386, of which \$3,556,060 is the unassigned fund balance and is available for spending at the government's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the government, reporting the County's operations in more detail than the government-wide statements.
- The Governmental Funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Fiduciary Fund statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the County's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-2
MAJOR FEATURES OF THE COUNTY'S GOVERNMENT-WIDE AND FUND STATEMENTS

Type of Statement	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire County's government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net position	Balance Sheet	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of flow/outflow	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received	All revenues and expenses during year; regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the County's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position (Page 10) presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating when examined in conjunction with nonfinancial factors. The Statement of Activities (Page 11) presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general government, public safety, road and bridge, extension services, and culture and recreation. These activities are financed primarily by property taxes and grants.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the County's most significant funds – not the County as a whole. Funds are groupings of related accounts that the County uses to keep track of specific sources of funding and spending for particular purposes. The County, like other state and local governments, uses funds to show compliance with finance-related legal requirements as well as to control and manage money for other particular purposes.

The County has two types of funds:

- **Governmental funds**—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 13 and 15 of the basic financial statements section.

The County's primary governmental fund is the General Fund which is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds are used to account for proceeds of specific revenue source that are legally restricted to expenditures for specific purposes or to finance particular functions or activities of the County.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided on page 36 to demonstrate compliance with this budget.

- **Fiduciary funds**—The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position on page 16 and statement of changes in fiduciary net position on page 17. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

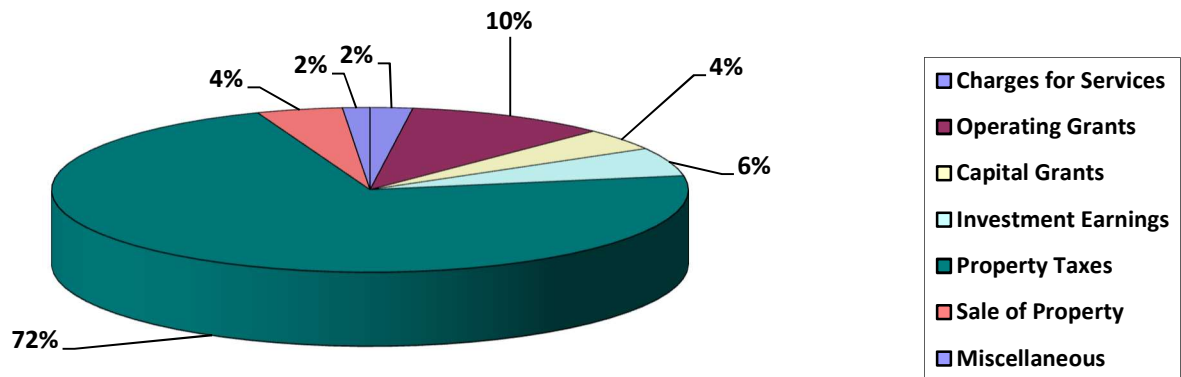
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's combined net position was \$7,923,709 at September 30, 2024. The largest portion of the County's net position, \$4,541,597, reflects its cash, investments, accounts receivable, and inventories, with the remainder \$3,452,163 reported as net pension asset and capital assets.

Table A-1
King County's Net Position
(in thousands)

	September 30,	
	2024	2023
Current and Other Assets	\$ 4,542	\$ 4,303
Capital and Non-Current Assets	<u>3,452</u>	<u>3,054</u>
Total Assets	\$ 7,994	\$ 7,357
Deferred Outflows of Resources	\$ 138	\$ 221
Current Liabilities	\$ 25	\$ 40
Non-Current Liabilities	<u>56</u>	<u>139</u>
Total Liabilities	\$ 81	\$ 179
Deferred Inflows of Resources	\$ 127	\$ 138
Net Position		
Net Investment in Capital Assets	\$ 3,101	\$ 2,990
Restricted	467	602
Unrestricted	<u>4,356</u>	<u>3,669</u>
Total Net Position	<u>\$ 7,924</u>	<u>\$ 7,261</u>

Changes in Net Position - The County's net position increased by \$662,669 during the current fiscal year.



Governmental Activities - Total revenues for the fiscal year ending September 30, 2024 were \$3,118,009. Approximately 72% of the County's revenue comes from taxes, while 2% comes from charges for services. Investment income accounts for approximately 6% of total revenues. Operating grants, capital grants, sale of property, and miscellaneous revenues account for 20% of total revenues.

Expenses increased by approximately \$154,000 from the prior year (about a 7% increase).

Table A-2
King County Changes in Net Position
(in thousands)

	September 30,	
	2024	2023
Revenues:		
Program Revenues		
Charge for Services	\$ 67	\$ 112
Operating Grants and Contributions	320	117
Capital Grants and Contributions	133	
General Revenues		
Property Taxes	2,243	2,356
Investment Earnings	175	93
Miscellaneous	43	31
Sale of Property	137	
Total Revenues	<u>\$ 3,118</u>	<u>\$ 2,709</u>
Expenses:		
General Administration	\$ 751	\$ 708
Judicial	135	125
Public Safety	390	264
Road and Bridge	989	1,039
Culture and Recreation	92	68
Extension Service	98	97
Total Expenses	<u>\$ 2,455</u>	<u>\$ 2,301</u>
Increase in Net Position	\$ 663	\$ 408
Beginning Net Position	<u>7,261</u>	<u>6,853</u>
Ending Net Position	<u><u>\$ 7,924</u></u>	<u><u>\$ 7,261</u></u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of the end of the fiscal year, the County's General Fund reported a fund balance of \$4,324,386, an increase of \$250,218 over the prior year. The unassigned fund balance is \$3,566,475 and is available for spending at the government's discretion.

As a measure of the fund's liquidity, it may be useful to compare unassigned fund balances to total fund expenditures. Unassigned fund balances represent 125% of total General Fund expenditures.

General Fund Budgetary Highlights - At the end of the year, actual expenditures were \$185,218 over final budgeted amounts. Actual revenues were over final budgeted amounts by \$93,026 with unbudgeted grant revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets — As of September 30, 2024, the County had invested \$7.8 million in a broad range of capital assets, including land, buildings and improvements, vehicles, and equipment.

Events affecting capital assets during the year were:

- New County barn construction for precinct 1 and 2
- Purchase of a 2018 Caterpillar motor grader with trade-in
- Purchase of a belly dump trailer
- Purchase of (2) 2024 Chevy Silverado pickups and equipment for sheriff's department

More detailed information about the County's capital assets can be found on page 25.

Table A-3
King County's Capital Assets
(in thousands)

	September 30,	
	2024	2023
Land	\$ 32	\$ 32
Construction Work-in-Progress	246	
Buildings and Improvements	4,395	4,395
Vehicles and Equipment	3,158	2,990
Total	\$ 7,831	\$ 7,417
Total Accumulated Depreciation	\$ 4,435	\$ 4,363
Net Capital Assets	\$ 3,396	\$ 3,054

Long-Term Debt — The County has a financing lease obligation in the amount of \$48,951 at September 30, 2024. This financing lease is related to the 2020 Mack Truck.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The appraised value used for the 2024-2025 budget preparation is estimated to be \$228,937,482, down 4% from 2023-2024.
- The tax rate established for 2024 is \$0.9347, the same rate used for 2023.
- Property tax revenue will decrease by \$79,293 or 3.57% under the 23-24 budget based on the decrease in appraised value for 2024.
- Inflationary trends in the region compare favorably to national indices.

These factors and others were taken into consideration when preparing the General Fund budget for the 2024 fiscal year.

Amounts available for appropriation in the General Fund budget are \$2,745,925, a decrease of 4% under the final 2023-2024 budget of \$2,867,737.

Budgeted expenditures are expected to decrease approximately 4% to \$2,745,925.

If these estimates are realized, the County's budgetary General Fund balance is expected to remain unchanged.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of the King County Treasurer, County Courthouse, Highway 82, Guthrie, Texas 79236.

BASIC FINANCIAL STATEMENTS

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KING COUNTY, TEXAS

Exhibit A-1

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 765,373
Investments - Current	3,290,291
Interest Receivable	72,078
Taxes and Accounts Receivables, net	26,256
Office Receivables, net	2,932
Inventory	384,667
Noncurrent Assets	
Net Pension Asset	56,158
Capital Assets	
Land	32,235
Construction Work-In-Progress	246,000
Depreciable Assets	3,117,770
Total Assets	<u>\$ 7,993,760</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Plan - Related Items	\$ 137,712
Total Deferred Outflows of Resources	<u>\$ 137,712</u>
LIABILITIES:	
Accounts Payable	\$ 25,249
Noncurrent Liabilities	
Due Within One Year	17,285
Due in More Than One Year	31,666
Accrued Compensated Absences	6,241
Total Liabilities	<u>\$ 80,441</u>
DEFERRED INFLOWS OF RESOURCES:	
Unearned Revenues - Unspent Grant Funds	\$ 127,322
Total Deferred Inflows of Resources	<u>\$ 127,322</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 3,101,054
Restricted For	
Road & Bridge	383,659
Sheriff Education	6,509
JP Technology	526
Courthouse Security	635
Records Management	29,710
Net Pension Asset	56,158
Unrestricted	4,345,458
Total Net Position	<u><u>\$ 7,923,709</u></u>

The accompanying notes are an integral part of this statement.

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KING COUNTY, TEXAS

Exhibit A-2

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense)
		<u>Fines, Fees & Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants and Contributions</u>	Revenue and Changes in Net Position
					<u>Primary Gov. Governmental Activities</u>
PRIMARY GOVERNMENT:					
Governmental Activities					
General Government	\$ 750,894	\$ 17,793	\$ 52,616	\$	\$ (680,485)
Judicial	135,092	22,888	2,870		(109,334)
Public Safety	390,486	26,496	87,959	133,393	(142,638)
Road and Bridge	988,880		176,267		(812,613)
Cultural and Recreation	91,754				(91,754)
Extension Service	98,234				(98,234)
Total Governmental Activities	<u>\$ 2,455,340</u>	<u>\$ 67,177</u>	<u>\$ 319,712</u>	<u>\$ 133,393</u>	<u>\$ (1,935,058)</u>
General Revenues:					
Property Taxes					\$ 2,243,383
Investment Earnings					174,600
Miscellaneous Income					43,244
Sale of Real and Personal Property					136,500
Total General Revenues					<u>\$ 2,597,727</u>
Change in Net Position					
Net Position - Beginning					\$ 662,669
Net Position - Ending					<u>7,261,038</u>
					<u>\$ 7,923,709</u>

The accompanying notes are an integral part of this statement.

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KING COUNTY, TEXAS

Exhibit A-3

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	Major Fund <u>General Fund</u>	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 727,993	\$ 37,380	\$ 765,373
Investments - Current	3,290,291		3,290,291
Taxes Receivable	34,479		34,479
Allowance for Uncollectible Taxes (Credit)	(8,223)		(8,223)
Interest Receivable	72,078		72,078
Other Receivables	1,928		1,928
Inventory	384,667		384,667
Total Assets	<u>\$ 4,503,213</u>	<u>\$ 37,380</u>	<u>\$ 4,540,593</u>
LIABILITIES:			
Accounts Payable	\$ 25,249	\$	\$ 25,249
Total Liabilities	<u>\$ 25,249</u>	<u>\$ 0</u>	<u>\$ 25,249</u>
DEFERRED INFLOWS OF RESOURCES:			
Unearned Revenues - Unspent Grant Funds	\$ 127,322	\$	\$ 127,322
Unavailable Revenue - Property Taxes	26,256		26,256
Total Deferred Inflows of Resources	<u>\$ 153,578</u>	<u>\$ 0</u>	<u>\$ 153,578</u>
FUND BALANCES:			
Nonspendable:			
Inventory	\$ 384,667	\$	\$ 384,667
Restricted For:			
Road & Bridge	383,659		383,659
Sheriff Education		6,509	6,509
JP Technology		526	526
Courthouse Security		635	635
Records Management		29,710	29,710
Unassigned:			
Reported in the General Fund	3,556,060		3,556,060
Total Fund Balances	<u>\$ 4,324,386</u>	<u>\$ 37,380</u>	<u>\$ 4,361,766</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,503,213</u>	<u>\$ 37,380</u>	<u>\$ 4,540,593</u>

The accompanying notes are an integral part of this statement.

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KING COUNTY, TEXAS

Exhibit A-4

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Total Fund Balances - Governmental Funds Balance Sheet	\$ 4,361,766
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets used in the governmental activities are not reported in the funds.	3,396,005
Net pension liability/asset and deferred outflows and inflows are not recognized in the governmental funds.	193,870
Payables for compensated absences which are not due in the current period are not reported in the fund.	(6,241)
Obligations for financing leases which are not due in the current period are not reported in the funds.	(48,951)
Revenues unavailable to pay for current period expenditures are deferred in the funds.	26,256
To record the Justice of the Peace and County/Dist. Clerk Fines.	<u>1,004</u>
Net Assets of Governmental Activities - Statement of Net Position	\$ <u><u>7,923,709</u></u>

The accompanying notes are an integral part of this statement.

KING COUNTY, TEXAS

Exhibit A-5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Major Fund <u>General</u> <u>Fund</u>	Nonmajor Governmental Funds	Total Governmental Funds
Revenue:			
Property Taxes	\$ 2,221,505	\$	\$ 2,221,505
License and Permits	17,793		17,793
Intergovernmental Revenue and Grants	451,561	1,544	453,105
Charges for Services	22,888		22,888
Fines and Fees	24,785	3,332	28,117
Investment Earnings	174,600		174,600
Rents and Royalties	1,200		1,200
Other Revenue	46,431		46,431
Total Revenues	<u>\$ 2,960,763</u>	<u>\$ 4,876</u>	<u>\$ 2,965,639</u>
Expenditures:			
Current:			
General Government	\$ 703,189	\$ 11,235	\$ 714,424
Judicial	106,752		106,752
Public Safety	465,321		465,321
Road & Bridge	1,416,642		1,416,642
Cultural and Recreation	56,619		56,619
Extension Service	98,522		98,522
Total Expenditures	<u>\$ 2,847,045</u>	<u>\$ 11,235</u>	<u>\$ 2,858,280</u>
Excess of Expenses Over Revenues	<u>\$ 113,718</u>	<u>\$ (6,359)</u>	<u>\$ 107,359</u>
Other Financing Sources:			
Sale of Real and Personal Property	\$ 136,500	\$	\$ 136,500
Total Other Financing Sources	<u>\$ 136,500</u>	<u>\$ 0</u>	<u>\$ 136,500</u>
Net Change in Fund Balances	\$ 250,218	\$ (6,359)	\$ 243,859
Fund Balances - Beginning	<u>4,074,168</u>	<u>43,739</u>	<u>4,117,907</u>
Fund Balances - Ending	<u>\$ 4,324,386</u>	<u>\$ 37,380</u>	<u>\$ 4,361,766</u>

The accompanying notes are an integral part of this statement.

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KING COUNTY, TEXAS

Exhibit A-6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$ 243,859
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Current year capital outlay payments are expenditures in the Fund Financial Statements, but they should be shown as increases in capital assets in the Government-Wide Financial Statements. The net effect of removing the current year capital outlay is to increase net assets.	679,079
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(332,984)
Loss on disposition of capital assets is not recorded in the funds.	(4,387)
Principal payments are recorded as expenditures in the funds but excluded in the SOA.	15,388
Net change in pension expense to convert amounts paid in for the governmental funds to accrued pension expense for governmental activities.	41,481
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(24)
To record the change in the Justice of the Peace and County/Dist. Clerk fines receivable.	(1,621)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	<u>21,878</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u><u>662,669</u></u>

The accompanying notes are an integral part of this statement.

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KING COUNTY, TEXAS

Exhibit A-7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	<u>Custodial Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ <u>13,722</u>
NET POSITION:	
Unrestricted Net Position	\$ <u><u>13,722</u></u>

The accompanying notes are an integral part of this statement.

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KING COUNTY, TEXAS

Exhibit A-8

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>Custodial Funds</u>
ADDITIONS	
Tax Levy and Adjustments	\$ 4,616,781
Fines and Fees Collected	55,407
Other	<u>1,106</u>
Total Additions	<u><u>\$ 4,673,294</u></u>
DEDUCTIONS	
Tax Distributions	\$ 4,616,140
Fines and Fees Distributed	48,507
Other	<u>1,063</u>
Total Deductions	<u><u>\$ 4,665,710</u></u>
Change in Net Position	\$ 7,584
NET POSITION	
October 1, 2023 (Beginning)	<u>6,138</u>
September 30, 2024 (Ending)	<u><u>\$ 13,722</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The authority of county governments and their specific functions and responsibilities are created by and are dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S. King County, Texas (the County) operates under a county judge/commissioners court type of government as provided by state statute.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2024.

The County is a body, corporate and political, which performs all local government functions within its jurisdiction. The County is governed by an elected County Judge and four County Commissioners elected from individual precincts. The Judge and four Commissioners form the governing body, the Commissioners' Court. Various branches of the County government are led by duly elected officials who serve in their positions. These other elected officials are responsible only to the voters for their performance and for the operations of their individual offices but must seek budget approval from the Commissioners' Court. There are no component units (other governmental entities) over which the County exercises significant controls or has oversight responsibility.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are Government-Wide Financial Statements. They report information on all of the County non-fiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants, and other intergovernmental revenues.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the Government-Wide Statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the Government-Wide Statement of Activities.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for the County's operations, they are not included in the Government-Wide Financial Statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The Government-Wide Financial Statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy and are recognized as deferred revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end. However, the amount of taxes collected in the period 60 days subsequent to year end are considered immaterial and not recorded as current year revenue. All tax collections expected to be received subsequent to year end are, therefore, reported as deferred revenues. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

D. FUND ACCOUNTING

The County applies GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for the fiscal year ended September 30, 2024. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which the amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. From interpretation of the adopted policy the County will spend its fund in the following order: Committed, Assigned, and Unassigned, if more than one classification of fund balance is available.

The County reports the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose – such as the County's property tax revenue for debt service requirements, which must be used to repay debt. Legal enforceability means that the County can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Commissioners' Court. Committed amounts cannot be used for any other purposes unless the Commissioners' Court removes those constraints by taking the same type of actions (legislation, resolution, and ordinance). Committed fund balances include non-liquidated encumbrances at year end that are carried forward to the next fiscal year. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Commissioners' Court. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the County Treasurer or (b) an appointed body or official to which the Commissioners' Court has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment with the General Fund conveys that the intended use of those amounts is for specific purposes that are narrower than the general purposes of the County itself.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents General 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.

The accounts of the County are organized 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 balances, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. County funds do not include funds held by County offices, which are not yet remitted to the County Treasurer. County funds are amounts which have been received by the County Treasurer and which are subject to control by the Commissioners' Court. These various County funds, which are reported as Governmental Funds in the financial statements of this report, are grouped into two fund types: General Fund and Special Revenue Funds. The remaining funds held by other County offices are reported as Fiduciary Funds and are not subject to control by the Commissioner's Court.

The County maintains the following funds:

Major Governmental Fund:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Non-Major Governmental Funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes, or designated to finance particular functions or activities of the County.

Fiduciary Funds:

Fiduciary Funds, which include funds held by County offices, also are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other government, and/or other funds. These include Custodial Funds, which are required to recognize revenues and expenses and maintain a net position.

E. OTHER ACCOUNTING POLICIES

1. The County considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.
2. Capital assets include land, buildings and improvements, and vehicles and equipment and are reported in the applicable governmental activities columns in the Government-Wide Financial Statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements and vehicles and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	22-40
Vehicles and Equipment	7-10

3. The County provides statutory workers' compensation insurance for its employees through Henderson Agency, Inc., an independent insurance provider.
4. The County reports inventories of raw material using the first-in, first-out method of valuation. Materials are recorded as expenditures when they are consumed.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

5. 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.
6. In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

II. PROPERTY TAX

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

The tax rates assessed for the year ended September 30, 2024 to finance maintenance and operations of the County was \$0.6830 per \$100 of assessed valuation. The County also has a Farm-to-Market/Flood Control tax rate of \$0.2517 per \$100 of assessed valuation.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

At September 30, 2024, the carrying amount of the County's deposits was \$765,373 and the bank balance was \$809,778.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

The carrying value of investments (certificates of deposit with original maturity of more than three months and investments through Financial Northeastern Companies (FNC)) at September 30, 2024 was \$3,290,291.

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board require or permit in the statements at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County's investments as of September 30, 2024 were all considered Level 1 and 2.

Policies Governing Deposits and Investments:

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

That policy does not address the following risks:

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2024 were covered by depository insurance or by pledged collateral held by the County's agent bank.

The County's investments are certificates of deposits with FNB Aspermont and brokered certificates of deposit and money market funds with FNC. These investments are covered by pledged securities and/or FDIC insurance.

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KING COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

B. DISAGGREGATION OF RECEIVABLES

In the Government-Wide Statement of Net Position, the County reported the following receivables:

	Balance	Allowance	Net
Taxes and Accounts Receivables	\$ 34,479	\$ 8,223	\$ 26,256
Interest Receivable	72,078		72,078
Office Receivables	41,386	38,454	2,932
	<u>\$ 147,943</u>	<u>\$ 46,677</u>	<u>\$ 101,266</u>

C. CAPITAL ASSET ACTIVITY

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

	Balance October 1, 2023	Additions	Retirements	Balance September 30, 2024
Governmental Activities				
Non-Depreciable Assets				
Land	\$ 32,235	\$	\$	\$ 32,235
Construction Work-in-Progress		246,000		246,000
Total Non-Depreciable Assets	<u>\$ 32,235</u>	<u>\$ 246,000</u>	<u>\$ 0</u>	<u>\$ 278,235</u>
Depreciable Assets				
Buildings and Improvements	\$ 4,394,561	\$	\$	\$ 4,394,561
Vehicles and Equipment	2,990,294	433,079	265,732	3,157,641
Total Depreciable Assets	<u>\$ 7,384,855</u>	<u>\$ 433,079</u>	<u>\$ 265,732</u>	<u>\$ 7,552,202</u>
Totals at Historic Cost	<u>\$ 7,417,090</u>	<u>\$ 679,079</u>	<u>\$ 265,732</u>	<u>\$ 7,830,437</u>
Less Accumulated Depreciation				
Buildings and Improvement	\$ 1,964,536	\$ 129,574	\$	\$ 2,094,110
Vehicles and Equipment	2,398,257	203,410	261,345	2,340,322
Total Accumulated Depreciation	<u>\$ 4,362,793</u>	<u>\$ 332,984</u>	<u>\$ 261,345</u>	<u>\$ 4,434,432</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,054,297</u>	<u>\$ 346,095</u>	<u>\$ 4,387</u>	<u>\$ 3,396,005</u>

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KING COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Current year depreciation expense was charged to governmental functions as follows:

General Government	\$	45,833
Judicial		31,794
Public Safety		65,439
Road and Bridge		153,350
Cultural and Recreation		35,135
Extension Service		1,433
Total Depreciation Expense	\$	<u><u>332,984</u></u>

D. RISK MANAGEMENT

Workers' Compensation

During the year ended September 30, 2024, employees of the County were covered by a workers' compensation plan administered by Henderson Agency, Inc. The County paid a contribution of \$11,705 for the year ended September 30, 2024. These figures are subject to change based upon actual payroll figures.

Health Care

During the year ended September 30, 2024, employees of the County were covered by a health insurance plan (the Plan). The County paid 100% of each employee's monthly premium plus 50% for dependent coverage. Employees, at their option, authorized payroll withholdings to pay remaining premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The cost to the County for the year ended September 30, 2024 was \$205,331.

E. RETIREMENT PENSION PLAN

Plan Description:

The County provides retirement and death benefits for all of its full-time and part-time employees through a non-traditional defined benefit pension plan in TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 868 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a Annual Comprehensive Financial Report (ACFR) on a calendar basis. The ACFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS. Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service.

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KING COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the Texas state statutes governing TCDRS 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 Texas state statutes governing TCDRS.

Pension Plan Fiduciary Net Position:

Detailed information about the TCDRS fiduciary net position is available in a separately-issued ACFR that includes financial statements and required supplementary information mentioned in the above section.

The information provided by TCDRS shows the following information regarding the Pension Plan fiduciary net position for the County as of December 31, 2023.

Net Pension Liability (Asset)	Total
Total Pension Liability	\$ 5,978,538
Less: Plan Fiduciary Net Position	6,034,696
Net Pension Liability (Asset)	\$ (56,158)
Net Position as Percentage of Total Pension Liability	-100.94%

Benefits Provided:

TCDRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries). The normal service retirement is at age 60 with eight years of credited service, when the sum of the member's age and years of credited service equals 75 or more years, or after 30 years of service regardless of age. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

Contributions:

The Plan is funded by monthly contributions from employee deposits and from employer contributions based on the covered payroll of employee members. Under the variable rate plan provisions, the contribution rate of the employer is actuarially determined annually. The required contribution was determined as part of the December 31, 2023 actuarial valuation using the entry age actuarial cost method.

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KING COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

The actuarial assumptions at December 31, 2023 included (a) a 7.50% investment rate of return (net of administrative expenses), and (b) a projected salary increase of 4.70%. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The employer contribution rate was 12.92% for 2023 and 13.55% for 2024. The deposit rate payable by employee members is the rate of seven percent as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the Texas state statutes governing TCDRS.

	Contribution Rates	
	2024	2023
Member	7.00%	7.00%
Employer	13.55%	12.92%
2024 Employer Contributions	\$	96,926
2024 Member Contributions		50,658

Actuarial Assumptions:

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Smoothing Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Remaining Amortization Period	16.8 years
Discount Rate	7.60%
Long-Term Expected Investment	
Rate of Return*	7.60%
Salary Increases*	3.00%
Payroll Growth Rate	2.25%

**Includes Inflation of 2.50%*

The actuarial methods and assumptions are primarily based on a study of the County's workforce and estimate of benefits it will pay its employees. The economic and demographic assumptions have been established based on the 2023 experience study for TCDRS, details of which can be found in the 2023 Investigation and Experience Report on the TCDRS website.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Discount Rate:

The discount rate used to measure the total pension liability was 7.60%. The previous year's discount rate was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.60%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2023 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return*
US Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities - Developed	5.00%	4.75%
International Equities - Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%
Total	100.00%	

* - Geometric real rates of return in addition to assumed inflation of 2.20%,
per Cliffwater's 2024 capital market assumptions.

** - Target asset allocation adopted at the March 2024 TCDRS Board Meeting.

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KING COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Discount Rate Sensitivity Analysis:

The following schedule shows the impact of the net pension liability (asset) if the discount rate used was one percent less than and one percent greater than the discount rate that was used (7.60%) in measuring the 2023 net pension liability (asset).

	1% Decrease in Discount Rate (6.6%)	Discount Rate (7.6%)	1% Increase in Discount Rate (8.6%)
Total Pension Liability	\$ 6,604,747	\$ 5,978,538	\$ 5,437,722
Fiduciary Net Position	6,034,696	6,034,696	6,034,696
Net Pension Liability / (Asset)	\$ 570,051	\$ (56,158)	\$ (596,974)

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

At December 31, 2023, the County reported an asset of \$56,158 for its proportionate share of the TCDRS net pension asset.

The net pension liability (asset) was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability (asset) was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period January 1, 2023 through December 31, 2023.

For the plan year ended December 31, 2023, there were no changes in assumptions or plan provisions.

At December 31, 2023, the County reported its proportionate share of the TCDRS deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net Differences Between Expected and Actual Economic Experience	\$ 59,079
Net Difference Between Projected and Actual Earnings	4,949
Contributions Paid to TCDRS Subsequent to the Measurement Date	73,684
Total	\$ 137,712

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KING COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Amortization of Deferred Outflows/(Inflows) of Resources
2024	\$ 55,409
2025	(1,097)
2026	123,110
2027	(39,710)
	<u>\$ 137,712</u>

At December 31, 2023, the County reported deferred resource outflows and inflows of resources for the TCDRS pension plan as follows:

	Deferred Outflows (Inflows) of Resources
Total Net Amounts as of December 31, 2022 Measurement Date	\$ 220,652
Contributions Made Subsequent to the Measurement Date	73,684
Contributions Made Prior to the Measurement Date	(60,340)
Net Deferred Outflows/(Inflows) related to the year ending December 31, 2023	(120,002)
Amortization of Deferred Outflows/(Inflows)	<u>23,718</u>
Total Net Amounts as of December 31, 2023 Measurement Date	<u>\$ 137,712</u>

Pension Expense:

Pension expense for the plan for the year ended December 31, 2023 was \$55,443 and was calculated as follows:

	Pension Expense
Service Cost	\$ 103,359
Interest on Total Pension Liability	429,627
Administrative Expenses	3,151
Member Contributions	(45,284)
Expected Investment Return Net of Investment Expenses	(420,929)
Amortization of Deferred Inflows and Outflows of Resources	(23,718)
Other	<u>9,237</u>
Total Amount as of December 31, 2023	<u>\$ 55,443</u>

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KING COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Employees Covered by Benefit Terms:

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

Current Retirees and Beneficiaries	17
Current Inactive Members	11
Current Active Members	19
Total Plan Employees	<u>47</u>

F. INVENTORY

The County reports inventories of raw material (crushed rock) using the first-in, first-out method of valuation. As of September 30, 2024, the County had crushed rock inventory of \$384,667.

G. FINANCING LEASE OBLIGATION

The County entered into a financing lease agreement to purchase a 2020 Mack Truck. The implied interest rate is 2.95%.

Lease payments for the next five years is as follows:

	Total Lease Payments
2025	\$ 17,285
2026	17,285
2027	<u>17,297</u>
	\$ 51,867
Less: Interest	<u>(2,916)</u>
Lease Liability at 9-30-2024	<u>\$ 48,951</u>
Due Within One Year	\$ 17,285
Due in More Than One Year	<u>31,666</u>
	<u>\$ 48,951</u>

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

H. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the government-wide Statement of Net Position. At September 30, 2024, accrued employee benefits recorded on the Statement of Net Position were for vacation pay and accumulated compensated time in the amount of \$6,241.

I. LITIGATION AND COMMITMENTS

There is no pending litigation against the County at September 30, 2024, that would have a material effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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KING COUNTY, TEXAS

Exhibit B-1

**SCHEDULE OF CHANGES IN NET PENSION
(ASSET) LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
TOTAL PENSION LIABILITY										
Service Cost	\$ 91,869	\$ 92,167	\$ 107,823	\$ 96,593	\$ 104,790	\$ 96,565	\$ 102,345	\$ 100,345	\$ 101,451	\$ 103,359
Interest Cost	298,765	318,747	327,798	348,627	363,160	380,088	394,695	405,450	415,856	429,627
Effect of Plan Changes		(9,569)			144,377					
Effect of Economic/Demographic Losses	12,079	(139,594)	(42,084)	(66,029)	(105,975)	11,429	46,486	41,417	20,135	78,552
Effect of Assumptions Changes or Inputs		40,419		22,960			253,787	(53,319)		
Benefit Payments/Refunds of Contributions	<u>(137,954)</u>	<u>(205,959)</u>	<u>(159,082)</u>	<u>(201,999)</u>	<u>(261,005)</u>	<u>(318,402)</u>	<u>(308,452)</u>	<u>(358,537)</u>	<u>(357,620)</u>	<u>(358,695)</u>
Net Change in Total Pension Liability	\$ 264,759	\$ 96,211	\$ 234,455	\$ 200,152	\$ 245,347	\$ 169,680	\$ 488,861	\$ 135,356	\$ 179,822	\$ 252,843
Total Pension Liability, Beginning	<u>3,711,053</u>	<u>3,975,812</u>	<u>4,072,023</u>	<u>4,306,478</u>	<u>4,506,630</u>	<u>4,751,977</u>	<u>4,921,657</u>	<u>5,410,518</u>	<u>5,545,874</u>	<u>5,725,696</u>
Total Pension Liability, Ending	\$ <u>3,975,812</u>	\$ <u>4,072,023</u>	\$ <u>4,306,478</u>	\$ <u>4,506,630</u>	\$ <u>4,751,977</u>	\$ <u>4,921,657</u>	\$ <u>5,410,518</u>	\$ <u>5,545,874</u>	\$ <u>5,725,696</u>	\$ <u>5,978,539</u>
FIDUCIARY NET POSITION										
Employer Contributions	\$ 78,553	\$ 72,360	\$ 72,708	\$ 72,644	\$ 74,071	\$ 77,191	\$ 80,360	\$ 73,557	\$ 86,263	\$ 83,581
Member Contributions	48,791	48,332	48,243	50,000	48,823	46,262	46,838	44,273	43,505	45,284
Benefit Payments/Refunds of Contributions	(137,954)	(205,959)	(159,082)	(201,999)	(261,005)	(318,402)	(308,452)	(358,537)	(357,620)	(358,695)
Investment Income, Net of Expenses	260,254	(34,586)	294,842	612,490	(89,732)	738,971	519,563	1,150,192	(347,726)	619,483
Administrative Expenses	(3,067)	(2,910)	(3,201)	(3,148)	(3,613)	(3,835)	(3,924)	(3,388)	(3,315)	(3,151)
Other	<u>6,362</u>	<u>(4,346)</u>	<u>(23,075)</u>	<u>(1,093)</u>	<u>(3,640)</u>	<u>(5,973)</u>	<u>(4,865)</u>	<u>(5,344)</u>	<u>(26,846)</u>	<u>(9,236)</u>
Net Change in Fiduciary Net Position	\$ 252,939	\$ (127,109)	\$ 230,435	\$ 528,894	\$ (235,096)	\$ 534,214	\$ 329,520	\$ 900,753	\$ (605,739)	\$ 377,266
Fiduciary Net Position, Beginning	<u>3,848,620</u>	<u>4,101,559</u>	<u>3,974,450</u>	<u>4,204,885</u>	<u>4,733,779</u>	<u>4,498,683</u>	<u>5,032,897</u>	<u>5,362,417</u>	<u>6,263,170</u>	<u>5,657,431</u>
Fiduciary Net Position, Ending	\$ <u>4,101,559</u>	\$ <u>3,974,450</u>	\$ <u>4,204,885</u>	\$ <u>4,733,779</u>	\$ <u>4,498,683</u>	\$ <u>5,032,897</u>	\$ <u>5,362,417</u>	\$ <u>6,263,170</u>	\$ <u>5,657,431</u>	\$ <u>6,034,697</u>
NET PENSION (ASSET) LIABILITY	\$ <u>(125,747)</u>	\$ <u>97,573</u>	\$ <u>101,593</u>	\$ <u>(227,149)</u>	\$ <u>253,294</u>	\$ <u>(111,240)</u>	\$ <u>48,101</u>	\$ <u>(717,296)</u>	\$ <u>68,265</u>	\$ <u>(56,158)</u>
Fiduciary Net Position as a % of Total Pension Liability	<u>103.16%</u>	<u>97.60%</u>	<u>97.64%</u>	<u>105.04%</u>	<u>94.67%</u>	<u>102.26%</u>	<u>99.11%</u>	<u>112.93%</u>	<u>98.81%</u>	<u>100.94%</u>
County's Covered-Employee Payroll	\$ <u>697,012</u>	\$ <u>690,457</u>	\$ <u>689,184</u>	\$ <u>714,292</u>	\$ <u>697,470</u>	\$ <u>660,882</u>	\$ <u>669,112</u>	\$ <u>632,473</u>	\$ <u>621,493</u>	\$ <u>646,913</u>
Net Pension Asset/Liability as a % of Covered Employee Payroll	<u>-18.04%</u>	<u>14.13%</u>	<u>14.74%</u>	<u>-31.80%</u>	<u>36.32%</u>	<u>-16.83%</u>	<u>7.19%</u>	<u>-113.41%</u>	<u>10.98%</u>	<u>-8.68%</u>

The accompanying notes are an integral part of this statement.

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KING COUNTY, TEXAS

Exhibit B-2

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Year Ending September 30,		Actuarially Determined Contribution		Actual Employer Contribution		Contribution Deficiency (Excess)		Pensionable Covered Payroll (1)		Actual Contribution as a % of Employee Covered Payroll
2015	\$	73,857	\$	73,857	\$	-	\$	691,304		10.68%
2016		73,033		73,033		-		693,060		10.54%
2017		72,416		72,416		-		705,805		10.26%
2018		73,672		73,672		-		701,170		10.51%
2019		76,504		76,504		-		670,644		11.41%
2020		79,257		79,257		-		664,389		11.93%
2021		75,355		75,355		-		642,466		11.73%
2022		83,016		83,016		-		623,607		13.31%
2023		81,888		81,888		-		622,271		13.16%
2024		96,926		96,926		-		723,681		13.39%

The accompanying notes are an integral part of this statement.

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KING COUNTY, TEXAS

Exhibit B-3

**BUDGETARY COMPARISON - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	(Unaudited) Budgeted Amounts			Variance with Final Budget Positive or (Negative)
	Original	Final	Actual	
Revenue:				
Taxes:				
Property Taxes	\$ 2,235,564	\$ 2,235,564	\$ 2,221,505	\$ (14,059)
License and Permits	30,000	30,000	17,793	(12,207)
Intergovernmental Revenue and Grants	348,200	348,200	451,561	103,361
Charges for Services	1,500	1,500	22,888	21,388
Fines and Fees	31,600	31,600	24,785	(6,815)
Investment Earnings	110,000	110,000	174,600	64,600
Rents and Royalties	1,200	1,200	1,200	
Other Revenue	109,673	109,673	46,431	(63,242)
Total Revenues	<u>\$ 2,867,737</u>	<u>\$ 2,867,737</u>	<u>\$ 2,960,763</u>	<u>\$ 93,026</u>
Expenditures:				
Current:				
General Government	\$ 761,965	\$ 761,965	\$ 703,189	\$ 58,776
Judicial	112,783	112,783	106,752	6,031
Public Safety	445,811	445,811	465,321	(19,510)
Road and Bridge	1,183,349	1,183,349	1,416,642	(233,293)
Cultural and Recreation	59,067	59,067	56,619	2,448
Extension Service	98,852	98,852	98,522	330
Total Expenditures	<u>\$ 2,661,827</u>	<u>\$ 2,661,827</u>	<u>\$ 2,847,045</u>	<u>\$ (185,218)</u>
Excess of Revenues				
Over Expenditures	<u>\$ 205,910</u>	<u>\$ 205,910</u>	<u>\$ 113,718</u>	<u>\$ (92,192)</u>
Other Financing Sources:				
Sale of Real and Personal Property	\$	\$	\$ 136,500	\$ 136,500
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 136,500</u>	<u>\$ 136,500</u>
Net Change in Fund Balances	\$ 205,910	\$ 205,910	\$ 250,218	\$ 44,308
Fund Balances - Beginning	<u>4,074,168</u>	<u>4,074,168</u>	<u>4,074,168</u>	
Fund Balances - Ending	<u><u>\$ 4,280,078</u></u>	<u><u>\$ 4,280,078</u></u>	<u><u>\$ 4,324,386</u></u>	<u><u>\$ 44,308</u></u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

A. PENSION PLAN

CHANGES OF BENEFIT TERMS

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

CHANGES OF ASSUMPTIONS

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

B. BUDGETARY DATA

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

1. In the event the Commissioners' Court increases property taxes three percent or less, no public hearing is required. If the Court increases taxes more than three but less than eight percent, then a public hearing is required prior to final adoption. If the Court increases taxes more than eight percent, a public hearing is required and taxes are subject to a rollback petition and election. Beginning with the 1999 tax levy, any increase in property taxes will require a public hearing.
2. Public hearings are conducted at the King County Courthouse to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through adoption of an order by the Commissioners' Court.
4. Any amendments altering expenditures of any department must be approved by the Commissioners' Court. There must be an emergency condition existing in order for the Court to increase the total budget.
5. Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), with the exception of tax revenues being reported on the cash basis. Budget and actual amounts are recorded on the same basis.
6. Expenditures in excess of appropriations are required by state statutes to be reported down to the department classification.
7. The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners' Court during the year ended September 30, 2024.

C. EXCESS EXPENDITURES OVER APPROPRIATIONS

The excess expenditures over appropriations were covered by available unassigned fund balance.

SUPPLEMENTARY INFORMATION

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KING COUNTY, TEXAS

Exhibit C-1

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	Sheriff Education Fund	JP Technology Fund	Courthouse Security Fund	Records Management Fund	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS:					
Cash and Cash Equivalents	\$ 6,509	\$ 526	\$ 635	\$ 29,710	\$ 37,380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 6,509	\$ 526	\$ 635	\$ 29,710	\$ 37,380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES:					
Restricted For:					
Sheriff Education	\$ 6,509	\$	\$	\$	\$ 6,509
JP Technology		526			526
Courthouse Security			635		635
Records Management				29,710	29,710
Total Fund Balances	\$ 6,509	\$ 526	\$ 635	\$ 29,710	\$ 37,380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	\$ 6,509	\$ 526	\$ 635	\$ 29,710	\$ 37,380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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KING COUNTY, TEXAS

Exhibit C-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Sheriff Education Fund	JP Technology Fund	Courthouse Security Fund	Records Management Fund	Total Non-Major Governmental Funds
Revenue:					
Fines and Fees	\$	\$ 428	\$ 44	\$ 2,860	\$ 3,332
Intergovernmental Revenue and Grants	1,544				1,544
Total Revenues	<u>\$ 1,544</u>	<u>\$ 428</u>	<u>\$ 44</u>	<u>\$ 2,860</u>	<u>\$ 4,876</u>
Expenditures:					
Current:					
General Government	\$	\$	\$	\$ 11,235	\$ 11,235
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,235</u>	<u>\$ 11,235</u>
Net Change in Fund Balances	\$ 1,544	\$ 428	\$ 44	\$ (8,375)	\$ (6,359)
Fund Balances - Beginning	<u>4,965</u>	<u>98</u>	<u>591</u>	<u>38,085</u>	<u>43,739</u>
Fund Balances - Ending	<u><u>\$ 6,509</u></u>	<u><u>\$ 526</u></u>	<u><u>\$ 635</u></u>	<u><u>\$ 29,710</u></u>	<u><u>\$ 37,380</u></u>

OTHER INFORMATION REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of King County, Texas (the County), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 29, 2025