
TITUS COUNTY, TEXAS
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2021

Titus County, Texas
TABLE OF CONTENTS
Year ended September 30, 2021

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis	3-11
	<u>BASIC FINANCIAL STATEMENTS</u>	
	Government Wide Statements:	
A-1	Statement of Net Position	12
B-1	Statement of Activities	13-14
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	15-16
C-2	Reconciliation for C-1	17
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	18-19
C-4	Reconciliation for C-3	20
C-5	Budgetary Comparison Schedule - General Fund	21
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position	22
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	23
D-3	Statement of Cash Flows	24
	Fiduciary Fund Financial Statement:	
E-1	Statement of Net Position	25
	Notes to the Financial Statements	26-42
	<u>Required Supplemental Information</u>	
F-1	Schedule of Changes in Net Pension Liability and Related Ratios-TCDRS	43-44
F-2	Schedule of Contributions-TCDRS	45-46
	<u>COMBINING SCHEDULES</u>	
	Nonmajor Governmental Fund:	
G-1	Combining Balance Sheet	47-54
G-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	55-62
	Internal Service Funds:	
H-1	Combining Statement of Net Position	63
H-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	64
H-3	Combining Statement of Cash Flows	65
	Enterprise Funds:	
I-1	Combining Statement of Net Position	66
I-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	67
I-3	Combining Statement of Cash Flows	68
	<u>SUPPLEMENTAL INFORMATION</u>	
J-1	Budgetary Comparison Schedule - Debt Service Funds	69
	<u>REPORTS ON INTERNAL CONTROL, COMPLIANCE, & FEDERAL AWARDS</u>	
	Independent Auditor's Report on Internal Control Over Financial Reporting And Compliance Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	70-71
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	72-73
	Schedule of Findings and Questioned Costs	74
	Schedule of Status of Prior Findings	75
	Corrective Action Plan	76
K-1	Schedule of Expenditures of Federal Awards	77
	Notes to Schedule of Expenditures of Federal Awards	78



INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and
County Commissioners
Titus County, Texas
Mount Pleasant, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Titus County, Texas as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2021, and the respective changes in financial position, and where applicable, statement of cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability and contributions to TCDRS on pages 3 through 11 and pages 43 through 46 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.

Other 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 and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards 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 combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, 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 the County's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.
December 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Titus, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities and performance for the year ended September 30, 2021. The information presented here should be read in conjunction with the independent auditor's report and the County's financial statements.

FINANCIAL HIGHLIGHTS

The County's total combined net position was \$35.06 million at September 30, 2021. This is a decrease of \$551 thousand as compared to \$2.7 million the prior year. Revenues increased \$2.06 million. Sales tax revenue, charges for services, and grant revenue all increased significantly. The net pension liability increased by \$149 thousand.

The total cost of all the County's activities were down by \$129 thousand, or about 1% as compared to the prior year.

The general fund balance is \$8.64 million at September 30, 2021 which is an increase of \$2.78 million. Revenue increased \$1.26 million. Property taxes in the general fund increased \$300 thousand. Sales tax increased \$360 thousand. Charges for services revenue was up \$398 thousand mainly because of an increase in federal prisoner housing revenue. Transfers into the general fund increased \$1.37 million. \$642 thousand was transferred back from the self-funded insurance fund and \$677 thousand of Corona Virus Relief Funds were transferred in to cover public safety payroll costs from the prior year. Expenditures decreased \$64 thousand.

During the year, \$507 thousand of fixed assets were added. Some vehicles were purchased for the sheriff's department and equipment was purchased for use in road maintenance.

There is \$5.6 million in the debt service fund balance. Special revenue funds reflect fund balances of \$1.9 million. There is approximately \$3.4 million remaining in the capital projects funds for the purchase of right of way, future road construction, or for debt service reduction.

The County received \$3.18 million in funds from the American Rescue Plan. None of this has been expended yet.

Approximately 96% of the taxes levied for 2020-21 were collected by September 30, 2021.

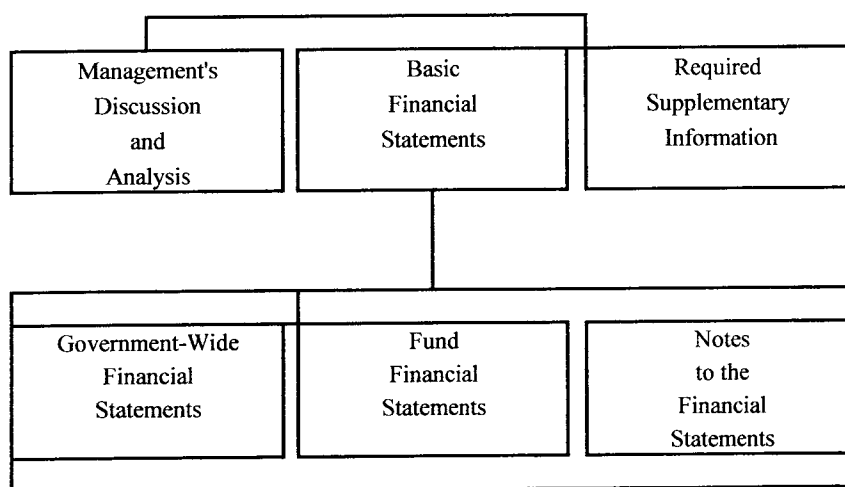
\$6.3 million of principal on debt was paid. No new debt was issued.

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 information about the County's activities as a whole and present a longer-term view of the County's property and debt obligations. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.
- 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.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as a commissary operation.
 - *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. This fund contains District Court Clerk funds for pending cases.

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



Summary ⇌ Detail

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 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 Fund Financial Statements				
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: self insurance	Instances in which the City is the trustee or agent for someone else's resources
<i>Required financial statements</i>	*Statement of net position	*Balance sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position *Statement of cash flows	*Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	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 financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	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 have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net position* and how they have changed. Net position-the difference between the County's assets and liabilities-is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, consideration should be given to additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as public safety, highways, streets and bridges, judicial and general administration. Property taxes and charges for services finance most of these activities.

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 accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioner's Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has three kinds of funds:

- *Governmental funds*-Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.
- *Proprietary funds*-Services for which the County charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information. *Internal service funds* are used to report activities that provide supplies and services for the County's other programs and activities-such as the County's Self Insurance Fund.
- *Fiduciary funds*-The County is the trustee, of *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County's combined net position was approximately \$35.06 million at September 30, 2021.

Table A-1
The County's Net Position
(in thousands of dollars)

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	29,423	23,770	165	137	29,588	23,907
Capital and non-current assets	123,376	132,417	101	169	123,477	132,586
TOTAL ASSETS	152,799	156,187	266	306	153,065	156,493
Deferred outflow-pension plan	2,116	890	-	-	2,116	890
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,116	890	-	-	2,116	890
Long-term liabilities	109,975	115,584	-	-	109,975	115,584
Other liabilities	4,101	799	-	-	4,101	799
TOTAL LIABILITIES	114,076	116,383	-	-	114,076	116,383
Unavailable revenue-taxes, fines, & fees	4,833	4,489	-	-	4,833	4,489
Deferred inflow-pension plan	1,207	895	-	-	1,207	895
TOTAL DEFERRED INFLOWS OF RESOURCES	6,040	5,384	-	-	6,040	5,384
Net position						
Invested in capital assets net of related debt	16,006	18,383	101	169	16,107	18,552
Restricted	10,927	11,272	-	-	10,927	11,272
Unrestricted	7,866	5,655	165	137	8,031	5,792
TOTAL NET POSITION	34,799	35,310	266	306	35,065	35,616

Net position invested in capital assets net of related debt reflects the book value of the County's capital assets in excess of the debt which financed those assets. The \$8 million of unrestricted net position represents resources available to fund the programs of the County for the next fiscal year.

The \$10.9 million is restricted as follows:

Restricted for debt service	5,578
Restricted for capital projects	3,431
Restricted for special revenue funds	1,918
	<u>10,927</u>

Net position of the County decreased from \$35.61 million to \$35.1 million, or 551 thousand. The County's governmental funds revenues exceeded expenditures by \$2.4 million. \$8.43 million of the amount receivable from the Texas Department of Transportation was collected this year. \$507 thousand was expended on capital outlay this year. \$6.3 million was expended on debt principal. Depreciation expense of \$1.1 million was recorded. The net pension liability recorded on the government wide statements as required by GASB 68 increased by \$141 thousand.

Changes in net position.

The County's total revenues were \$18.1 million. 57% of this came from property taxes, 18% came from sales taxes and other taxes, and 18% came from charges for services. Revenue increased as described above by \$2.06 million.

The total cost of all programs was \$18.7 million. Approximately 34% of this was for public safety, 20% was for highways, streets and bridges, and 18% was for debt service costs.

Net position decreased by \$551 thousand from the excess of expenses over revenues.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for service	2,901	2,326	298	220	3,199	2,546
Operating Grants and Contributions	940	127	-	-	940	127
General Revenues						
Property taxes	10,284	10,138	-	-	10,284	10,138
Other taxes	3,299	2,932	-	-	3,299	2,932
Investment earnings	153	270	-	-	153	270
Other	283	84	-	-	283	84
Total Revenues	17,860	15,877	298	220	18,158	16,097
Expenses						
General government	1,431	1,276	-	-	1,431	1,276
Judicial	1,083	1,074	-	-	1,083	1,074
Legal	506	407	-	-	506	407
Financial	1,193	1,219	-	-	1,193	1,219
Public facility	288	227	-	-	288	227
Public safety	6,209	6,767	158	130	6,367	6,897
Health and welfare	209	220	-	-	209	220
Highways, streets, and bridges	3,821	3,503	-	-	3,821	3,503
County extension	98	99	-	-	98	99
Miscellaneous	109	26	-	-	109	26
Elections	-	-	245	220	245	220
Debt service	3,359	3,670	-	-	3,359	3,670
Total Expenses	18,306	18,488	403	350	18,709	18,838
Transfers in (out)	(65)	(90)	65	90	-	-
Increase (Decrease) in Net Position	(511)	(2,701)	(40)	(40)	(551)	(2,741)
Beginning Net Position	35,310	38,008	306	346	35,616	38,354
Prior Period Adjustment	-	3	-	-	-	3
Ending Net Position	34,799	35,310	266	306	35,065	35,616

Table A-3 presents the cost of each of the County's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$18.3 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$10.3 million.
- Some of the cost was paid by those who directly benefited from the programs (\$2.9 million), or by grants and contributions (\$940 thousand).

Table A-3
Net Cost of Selected County Functions
(in thousands of dollars)

	Total Cost of Services		Net Costs of Services	
	2021	2020	2021	2020
General Government	1,431	1,276	988	881
Public Safety	6,367	6,767	4,475	6,394
Judicial	1,083	1,074	530	533
Highways, Streets, and Bridges	3,821	3,503	3,153	2,841

Net Public Safety costs decreased because of COVID funds and additional fees for housing prisoners.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported fund balance in its governmental funds of approximately \$19.57 million at September 30, 2021, an increase of \$2.4 million. This balance is composed of the following in thousands

General	8,644
Special revenue	1,923
Debt service	5,577
Capital projects	3,431
	<u>19,575</u>

The general fund increased \$2.78 million. Reasons for this are discussed on page 4. The capital project fund balance decreased \$252 thousand as the right of way purchase process has begun. The debt service fund balances decreased \$176 thousand or 3%. Decreases to tax revenue explain most of this. Special revenue fund balances increased \$83 thousand.

General Fund Budgetary Highlights

Several budget amendments were made during the year. Even with these amendments, actual expenditures were less than budgeted by \$1.9 million, or 16%. Actual revenues were \$1.07million more than budgeted. \$4 thousand was budgeted as an increase to fund balance. Actually, the fund balance increased \$2.78 thousand from the excess of revenues over expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table A-4
County's Capital Assets
(in thousands of dollars)

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land	350	341	-	-
Buildings and improvements	12,130	12,120	-	-
Machinery and equipment	8,079	7,615	310	336
Roads and bridges	14,945	14,945	-	-
Totals at historical cost	<u>35,504</u>	<u>35,021</u>	<u>310</u>	<u>336</u>
Total accumulated depreciation	<u>24,742</u>	<u>23,650</u>	<u>210</u>	<u>167</u>
Net capital assets	<u><u>10,762</u></u>	<u><u>11,371</u></u>	<u><u>100</u></u>	<u><u>169</u></u>

Sheriff Department vehicles and equipment for Road & Bridge were purchased.

Long-Term Debt

Table A-5
County's Long-Term Debt
(in thousands of dollars)

	Governmental Activities	
	2021	2020
Bonds payable	<u>107,369</u>	<u>114,187</u>
	<u><u>107,369</u></u>	<u><u>114,187</u></u>

The County is receiving a guaranteed \$8.43 million each year over twenty years from the State to assist in paying off the debt obtained to build the Loop. The County issued refunding bonds in November 2019 and again in September 2020 in the amount of \$56.45 million to gain better interest rates on future payments which resulted in an economic gain of \$5.2 million in present value. No new debt was issued in the current year. Approximately \$6.3 million was paid on principal.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property tax values within the County held strong as evidenced by the reporting from the Titus County Appraisal District. The freeze adjusted taxable value for the year ending September 30, 2021 was \$2,026,608,417 while the value for the year ending September 30, 2022 is \$ 2,123,691,867. This is an increase of \$ 59,083,450.

After several years of steady devaluation, including four years of legal challenges, the County settled with the Luminant Power Plant to establish multi-year values and the plant closed at the end of 2017. This settlement resulted in a payment of approximately \$1.4M in 2018 for back taxes, penalties and interest. These amounts were returned to multiple funds including the general fund as well as the interest and sinking fund. Because the County had been budgeting on a reduced value, the elimination of the value of the power plant had minimal impact on tax revenues.

In late 2020, SWEPCO notified its employees of the planned closure of the Welsh Power Plant in 2028. Due to the fact that this closure was more than eight years away, the impact of this possible closure was not been reflected in the property values for the previous year. For the 2021-2022 property values, the taxable value of the Welsh Power Plant was devalued by \$10M resulting in a taxable value of \$ 150M. The long-term plan is to continue with the steady devaluation of this plant in order to limit the impact on tax revenues in keeping with the method followed with the closure of the Luminant Power Plant.

The tax rate for the subsequent year's budget was reduced to \$0.4669 which is reduction of \$ 0.001 per \$ 100 valuation. The M&O tax rate for 2022 is \$0.4120. In 2021, the M&O rate was \$0.4044. The I&S tax rate for 2022 is \$0.0549. In 2020, the I&S tax rate was \$0.0635. The total tax rate in 2021 was \$0.4679. Over the past three years, the total tax rate has decreased by \$0.0121.

The general fund balance at September 30, 2021 is approximately \$ 8.64 million. The 2021-2022 general fund budgeted expenditures are \$ 1,333,189 more than the previous year's budgeted expenditures. The 2021-2022 general fund budgeted revenues are \$ 1,015,067 more than the previous year's budgeted revenues. The County expects to finish 2022 with a lower fund balance reflecting a planned reduction of approximately \$ 814,644.

Titus County employees were not given raises during the previous two years. The 2021-2022 budget includes an allowance for county-wide raises for elected officials of \$ 1,200 and for full time employees of \$ 1,500 with pro-rated amounts for part-time employees. The rates of pay were further increased for the jail employees. The rates of pay for the remaining sheriff department employees continue to follow the step plan as adjusted for the county wide raises and approved by Commissioners' Court.

The budget also includes two new grants. They are: the County Transportation Infrastructure Grant through TxDot and the American Rescue Plan Grant.

The fiscal year 2020 brought the COVID-19 Coronavirus to the forefront as a worldwide pandemic. The Families First Coronavirus Response Act set the guidelines from the US Department of Labor to allow paid leave entitlements, eligible employees, qualifying reasons for leave and enforcement. Commissioners' Court officially approved these requirements and authorized hazardous duty pay for law enforcement employees from the Coronavirus Relief Fund Grant as approved by the Texas Department of Emergency Management. These grant funds were also used to provide personal protective materials, emergency management, contact tracing, and telecommunications equipment to allow work from remote locations. The Coronavirus Relief Grant was completed during the year ended September 30, 2021 and amounted to approximately \$ 780,000.

In May 2006, the citizens of Titus County passed an election to construct a loop around the southern end of Mt. Pleasant and Titus County. The total loop project cost was estimated to be \$168M. This state highway is a State of Texas TxDOT Pass-Through Toll Project whereby the local taxing authorities provide the initial monies, and the state reimburses at a pre-arranged dollar amount. The reimbursement by TxDOT of the costs occurs over the twenty years after completion, and the County bears the interest cost related to the bonds issued. Currently in the eighth year of reimbursement, the County receives \$ 4,215,500 every six months toward the \$168M total reimbursement. In September 2006, the County issued the first \$1.8M in bonds for this project. In September 2007, the County issued a second series of bonds for \$29.665M. In September 2009, a third series of bonds for \$ 39M was issued. In June 2012, the last two series were issued: Series 2012A for \$ 36.680M and Series 2012B for \$44.345M. The bonds will be paid back over a 20-25 year period. The bonds are refinanced as allowed in an effort to reduce the interest rate.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Titus County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the County's Auditor's Office.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

TITUS COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,838,229	\$ 154,135	\$ 10,992,364
Accounts Receivable (Net)	5,415,009	-	5,415,009
Inventories	-	11,352	11,352
Prepaid Items	4,600	269	4,869
Restricted Cash & Investments	13,165,353	-	13,165,353
Capital Assets:			
Land Purchase and Improvements	349,680	-	349,680
Infrastructure, Net	2,996,696	-	2,996,696
Buildings, Net	5,532,249	-	5,532,249
Furniture and Equipment, Net	1,882,913	100,561	1,983,474
Receivable-Texas Department of Transportation	112,614,424	-	112,614,424
Total Assets	152,799,153	266,317	153,065,470
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	2,116,091	-	2,116,091
Total Deferred Outflows of Resources	2,116,091	-	2,116,091
LIABILITIES			
Accounts Payable	783,240	1,418	784,658
Unearned Revenues	3,317,428	-	3,317,428
Noncurrent Liabilities:			
Debt Due Within One Year	6,839,687	-	6,839,687
Due in More Than One Year:			
Bonds Payable - Noncurrent	100,529,810	-	100,529,810
Net Pension Liability	2,605,953	-	2,605,953
Total Liabilities	114,076,118	1,418	114,077,536
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue -Taxes, Fines & Fees	4,832,525	-	4,832,525
Deferred Inflow Related to Pension Plan	1,207,109	-	1,207,109
Total Deferred Inflows of Resources	6,039,634	-	6,039,634
NET POSITION			
Net Investment in Capital Assets	16,006,465	100,561	16,107,026
Restricted:			
Restricted for Capital Acquisition	3,431,302	-	3,431,302
Restricted for Debt Service	5,577,386	-	5,577,386
Restricted for Other Purposes	1,918,096	-	1,918,096
Unrestricted Net Position	7,866,243	164,338	8,030,581
Total Net Position	\$ 34,799,492	\$ 264,899	\$ 35,064,391

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

TITUS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,431,121	\$ 442,166	\$ -
Judicial	1,083,479	549,506	3,366
Legal	506,284	8,969	29,318
Financial	1,192,533	309,933	-
Public Facility	288,431	49,204	-
Public Safety	6,208,656	838,260	894,472
Health & Welfare	209,308	35,640	13,327
Highways, Streets, & Bridges	3,820,552	667,186	-
County Extension	98,314	-	-
Miscellaneous	108,238	-	-
Interest on Debt	3,353,831	-	-
Other Debt Service	4,856	-	-
Total Governmental Activities	18,305,603	2,900,864	940,483
BUSINESS-TYPE ACTIVITIES:			
Commissary	158,587	282,891	-
Election	244,976	15,063	-
Total Business-Type Activities	403,563	297,954	-
TOTAL PRIMARY GOVERNMENT	\$ 18,709,166	\$ 3,198,818	\$ 940,483

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Other Taxes

Investment Earnings

Miscellaneous Revenue

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (988,955)	\$ -	\$ (988,955)
(530,607)	-	(530,607)
(467,997)	-	(467,997)
(882,600)	-	(882,600)
(239,227)	-	(239,227)
(4,475,924)	-	(4,475,924)
(160,341)	-	(160,341)
(3,153,366)	-	(3,153,366)
(98,314)	-	(98,314)
(108,238)	-	(108,238)
(3,353,831)	-	(3,353,831)
(4,856)	-	(4,856)
(14,464,256)	-	(14,464,256)
-	124,304	124,304
-	(229,913)	(229,913)
-	(105,609)	(105,609)
(14,464,256)	(105,609)	(14,569,865)
8,911,780	-	8,911,780
1,371,770	-	1,371,770
3,298,799	-	3,298,799
152,701	-	152,701
283,510	-	283,510
(65,000)	65,000	-
13,953,560	65,000	14,018,560
(510,696)	(40,609)	(551,305)
35,310,188	305,508	35,615,696
\$ 34,799,492	\$ 264,899	\$ 35,064,391

GOVERNMENTAL FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Major Special Revenue Fund	Major Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ 8,790,722	\$ 3,180,652	\$ 5,577,386
Accounts Receivable (Net)	4,980,243	-	96,448
Notes Receivable (Net)	208,582	-	-
Due from Other Funds	2,883	-	-
Prepaid Items	4,600	-	-
Total Assets	<u>\$ 13,987,030</u>	<u>\$ 3,180,652</u>	<u>\$ 5,673,834</u>
LIABILITIES			
Accounts Payable	\$ 324,629	\$ -	\$ -
Due to Other Funds	-	-	-
Unearned Revenues	38,139	3,180,652	-
Total Liabilities	<u>362,768</u>	<u>3,180,652</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue -Taxes, Fines & Fees	4,980,244	-	96,448
Total Deferred Inflows of Resources	<u>4,980,244</u>	<u>-</u>	<u>96,448</u>
FUND BALANCES			
Capital Projects	-	-	-
Retirement of Long-Term Debt	-	-	5,577,386
Reported in Special Revenue Funds	-	-	-
Unassigned Fund Balance	8,644,018	-	-
Total Fund Balances	<u>8,644,018</u>	<u>-</u>	<u>5,577,386</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 13,987,030</u>	<u>\$ 3,180,652</u>	<u>\$ 5,673,834</u>

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

Major Capital Projects	Other Funds	Total Governmental Funds
\$ 3,425,428	\$ 2,343,605	\$ 23,317,793
-	309,750	5,386,441
-	-	208,582
-	-	2,883
-	-	4,600
<u>\$ 3,425,428</u>	<u>\$ 2,653,355</u>	<u>\$ 28,920,299</u>
\$ -	\$ 461,814	\$ 786,443
-	2,883	2,883
-	89,365	3,308,156
<u>-</u>	<u>554,062</u>	<u>4,097,482</u>
-	175,323	5,252,015
<u>-</u>	<u>175,323</u>	<u>5,252,015</u>
3,425,428	5,874	3,431,302
-	-	5,577,386
-	1,918,096	1,918,096
-	-	8,644,018
<u>3,425,428</u>	<u>1,923,970</u>	<u>19,570,802</u>
<u>\$ 3,425,428</u>	<u>\$ 2,653,355</u>	<u>\$ 28,920,299</u>

TITUS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds	\$	19,570,802
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The County uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to Increase (decrease) net position.		855,505
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Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position. Also, a receivable from TxDOT to help pay debt payments is included.		18,232,461
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Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase (decrease) net position.		6,801,821
--	--	-----------

Included in the items related to debt is the recognition of the County's proportionate share of the net pension was a Deferred Resource Outflow in the amount of \$2,116,091, a Deferred Resource Inflow in the amount of \$1,207,109 and a net pension liability in the amount of \$2,605,953. The impact of this on Net Position is (\$1,696,971). Changes from the current year reporting resulted in a decrease in net position in the amount of (\$141,398). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$1,696,971).		(1,696,971)
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The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,113,721)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		(7,850,405)
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Net Position of Governmental Activities	\$	34,799,492
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The notes to the financial statements are an integral part of this statement.

TITUS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Major Special Revenue Fund	Major Debt Service Fund
REVENUES:			
Taxes	\$ 9,681,687	\$ -	\$ 1,377,534
Licenses and Permits	41,458	-	-
Intergovernmental Revenue and Grants	31,110	-	8,431,000
Charges for Services	1,791,391	-	-
Fines	-	-	-
Insurance Proceeds	239,190	-	-
Other Revenue	158,338	-	38,356
Total Revenues	11,943,174	-	9,846,890
EXPENDITURES:			
Current:			
General Government	1,196,532	-	-
Judicial	855,828	-	-
Legal	366,615	-	-
Financial	1,168,483	-	-
Public Facility	285,033	-	-
Public Safety	5,593,447	-	-
Health & Welfare	209,308	-	-
Highways, Streets, & Bridges	-	-	-
County Extension	94,916	-	-
Miscellaneous	-	-	-
Debt Service:			
Principal on Debt	-	-	6,295,000
Interest on Debt	-	-	3,723,518
Other Debt Service	-	-	4,856
Capital Outlay	198,403	-	-
Total Expenditures	9,968,565	-	10,023,374
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,974,609	-	(176,484)
OTHER FINANCING SOURCES (USES):			
Transfer In	1,398,512	-	-
Other Resources	575	-	-
Transfers (Out)	(589,663)	-	-
Loan repayments (interfund)	-	-	-
Total Other Financing Sources (Uses)	809,424	-	-
Net Change in Fund Balances	2,784,033	-	(176,484)
Fund Balance - October 1 (Beginning)	5,859,985	-	5,753,870
Fund Balance - September 30 (Ending)	\$ 8,644,018	\$ -	\$ 5,577,386

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

Major Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ 2,502,236	\$ 13,561,457
-	667,176	708,634
-	389,005	8,851,115
-	188,326	1,979,717
-	7,782	7,782
-	-	239,190
25,356	747,252	969,302
25,356	4,501,777	26,317,197
-	-	1,196,532
-	209,816	1,065,644
-	115,906	482,521
-	3,661	1,172,144
-	-	285,033
-	148,508	5,741,955
-	-	209,308
277,636	2,718,027	2,995,663
-	-	94,916
-	108,238	108,238
-	-	6,295,000
-	-	3,723,518
-	-	4,856
-	308,418	506,821
277,636	3,612,574	23,882,149
(252,280)	889,203	2,435,048
-	163,004	1,561,516
-	10,000	10,575
-	(838,517)	(1,428,180)
-	(140,959)	(140,959)
-	(806,472)	2,952
(252,280)	82,731	2,438,000
3,677,708	1,841,239	17,132,802
\$ 3,425,428	\$ 1,923,970	\$ 19,570,802

TITUS COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 2,438,000
The County uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) the change in net position.	(538,179)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase (decrease) the change in net position.	6,801,821
The impact of adjusting the net pension liabilities as required by GASB 68 was to increase expense by \$(141,398)	(141,398)
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 the change in net position.	(1,113,721)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.	(7,957,219)
Change in Net Position of Governmental Activities	\$ (510,696)

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

TITUS COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 8,844,959	\$ 8,844,959	\$ 9,681,687	\$ 836,728
Licenses and Permits	25,000	33,851	41,458	7,607
Intergovernmental Revenue and Grants	21,800	21,800	31,110	9,310
Charges for Services	1,397,050	1,601,425	1,791,391	189,966
Insurance Proceeds	-	244,740	239,190	(5,550)
Other Revenue	123,336	123,336	158,338	35,002
Total Revenues	10,412,145	10,870,111	11,943,174	1,073,063
EXPENDITURES:				
Current:				
General Government	1,576,851	1,882,721	1,196,532	686,189
Judicial	944,000	985,090	855,828	129,262
Legal	418,418	418,418	366,615	51,803
Financial	1,242,745	1,256,340	1,168,483	87,857
Public Facility	687,490	296,541	285,033	11,508
Public Safety	5,845,472	6,030,698	5,593,447	437,251
Health & Welfare	210,669	221,019	209,308	11,711
County Extension	97,615	98,915	94,916	3,999
Capital Outlay	249,485	711,585	198,403	513,182
Total Expenditures	11,272,745	11,901,327	9,968,565	1,932,762
Excess (Deficiency) of Revenues Over (Under) Expenditures	(860,600)	(1,031,216)	1,974,609	3,005,825
OTHER FINANCING SOURCES (USES):				
Transfer In	711,078	1,400,063	1,398,512	(1,551)
Other Resources	-	-	575	575
Transfers (Out)	(347,000)	(365,000)	(589,663)	(224,663)
Total Other Financing Sources (Uses)	364,078	1,035,063	809,424	(225,639)
Net Change	(496,522)	3,847	2,784,033	2,780,186
Fund Balance - October 1 (Beginning)	5,859,985	5,859,985	5,859,985	-
Fund Balance - September 30 (Ending)	\$ 5,363,463	\$ 5,863,832	\$ 8,644,018	\$ 2,780,186

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

PROPRIETARY FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 154,135	\$ 685,789
Accounts Receivable (Net)	-	28,568
Inventories	11,352	-
Prepaid Items	269	-
Total Current Assets	165,756	714,357
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements	-	79,790
Buildings	-	151,858
Accumulated Depreciation - Buildings	-	(84,431)
Improvements other than Buildings	-	4,994
Accumulated Depreciation - Other Improvements	-	(4,994)
Furniture and Equipment	311,763	118,603
Accumulated Depreciation - Furniture & Equipment	(211,202)	(118,603)
Total Noncurrent Assets	100,561	147,217
Total Assets	266,317	861,574
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,418	(3,203)
Unearned Revenue	-	9,272
Total Liabilities	1,418	6,069
NET POSITION		
Net Investment in Capital Assets	100,561	147,217
Unrestricted Net Position	164,338	708,288
Total Net Position	\$ 264,899	\$ 855,505

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

TITUS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT D-2

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Intergovernmental Revenue and Grants	\$ 884	\$ -
Charges for Services	251,321	1,633,521
Other Revenue	45,749	28,568
Total Operating Revenues	<u>297,954</u>	<u>1,662,089</u>
OPERATING EXPENSES:		
Public Safety	158,587	1,335
Highways, Streets, & Bridges	-	193,397
Elections	176,322	-
Insurance Coverage & Medical Claims	-	1,804,165
Depreciation	68,654	3,035
Total Operating Expenses	<u>403,563</u>	<u>2,001,932</u>
Income (Loss) Before Transfers	(105,609)	(339,843)
Transfers In/(Out)	<u>65,000</u>	<u>(198,336)</u>
Change in Net Position	(40,609)	(538,179)
Total Net Position - October 1 (Beginning)	<u>305,508</u>	<u>1,393,684</u>
Total Net Position - September 30 (Ending)	<u>\$ 264,899</u>	<u>\$ 855,505</u>

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

TITUS COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT D-3

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 297,954	\$ 307,297
Cash Received from Assessments - Other Funds	-	1,335,497
Cash Payments to Employees for Services	(132,752)	(149,355)
Cash Payments for Insurance Claims	-	(1,812,985)
Cash Payments for Suppliers	(204,759)	(46,338)
Net Cash Provided by (Used for) Operating Activities	<u>(39,557)</u>	<u>(365,884)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Increase (Decrease) in Short-term Loans	-	-
Operating Transfer In/(Out)	65,000	(198,336)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>65,000</u>	<u>(198,336)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	-	-
Capital Contributed by Other Funds	-	-
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	25,443	(564,220)
Cash and Cash Equivalents at Beginning of the Year	128,692	1,250,009
Cash and Cash Equivalents at the End of the Year	<u>\$ 154,135</u>	<u>\$ 685,789</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss)	\$ (105,609)	\$ (339,843)
Adjustments to Reconcile Operating Income To Net Cash Provided by (Used For) Operating Activities:		
Depreciation	68,654	3,035
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (Increase) in Receivables	-	(28,568)
Decrease (Increase) in Inventories	(3,891)	-
Increase (Decrease) in Accounts Payable	1,289	(9,781)
Increase (Decrease) in Unearned Revenue	-	9,273
Net Cash Provided by (Used for) Operating Activities	<u>\$ (39,557)</u>	<u>\$ (365,884)</u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,506,293
Total Assets	<u>1,506,293</u>
LIABILITIES	
District Court cases payable/pending	920,110
County Clerk cash bonds/ cases payable	263,173
Bail Bonds Board deposits	<u>323,010</u>
Total Liabilities	<u>1,506,293</u>

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

Titus County, Texas
NOTES TO THE FINANCIAL STATEMENTS
At September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Titus County, Texas is a county government operating under the applicable laws and regulations of the State of Texas. It is governed by a five member Commissioner's Court elected by registered voters of the County. The County prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

A. REPORTING ENTITY

The Commissioner's Court is elected by the public and it has the authority to make decisions and significantly influence operations. It has the primary accountability for fiscal matters. Therefore, the County is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

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 Titus County with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the County. Examples include fees of offices. The "grants and contributions" column includes amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the County's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

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, as do the proprietary fund and fiduciary fund financial statements. 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).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The County considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

The Proprietary Fund Types and 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. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The County reports the following major governmental funds:

1. **The General Fund** -- The general fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Special Revenue Funds** -- One Special Revenue Fund is a major fund. See the definition of these funds below.
3. **Debt Service Fund** -- The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
4. **Capital Projects Fund** -- One capital project fund is a major fund. See the definition of these funds below.

Additionally, the County reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** -- The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.
2. **Capital Project Funds** -- The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Proprietary Funds:

1. **Enterprise Funds** -- The County's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The County's non-major Enterprise Funds and commissary store at the County Jail and on Election Funds.
2. **Internal Service Funds** -- Revenues and expenses related to services provided to organizations inside the County on a cost reimbursement basis are accounted for in an internal service fund. The County's Internal Service Fund are a maintenance facility and a health insurance fund.

Fiduciary Funds:

1. **Custodial Fund** - The County accounts for resources held for others in a custodial capacity in custodial funds. The County's Custodial funds contains the County Court Clerk funds for pending cases, the County Clerk cash bond accounts and the Bail Bond Board fund.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the County considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
3. Capital assets, which include land, buildings, machinery and equipment and roads and bridges are reported in the applicable governmental activities column 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, machinery and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	15-50
Vehicles	4-7
Office Equipment	5-7
Computer Equipment	5-7
Machinery	7
Roads and Bridges	50

4. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the County as a whole.
5. Some cash and investments are restricted for future debt payments and for purchase of right of way.
6. The County has a self-insurance fund for health insurance.
7. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
8. When the County incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
9. Investments are recorded at fair market value.
10. Deferred Outflows/Inflows of Resources—The County implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended September 30, 2013. The County implemented GASB Statement No. 68, as amended by GASB no. 71, Accounting and Financial Reporting for Pensions for the year ended September 30, 2016. 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. The County has one type of item that qualifies for reporting in this category, deferred outflows related to TCDRS as per GASB 68 related to pension accounting. This will be recognized as an outflow of resources in the subsequent years as it is amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, property taxes, fines, and fees. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

11. Fund balance measures the net financial resources available to finance expenditures of future periods. The County's Unassigned General Fund Balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the County Commissioner's Court.

Fund balance of the County may be committed for a specific source by formal action of the County Commissioner's Court. Amendments or modifications of the committed fund balance must also be approved by formal action of the Commissioner's Court.

When it is appropriate for fund balance to be assigned, the Commissioner's Court delegates authority to the County Judge and Auditor. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. Also, a receivable from TxDot to make principal and interest payments on the Loop Construction completed in 2016 is not reflected in the governmental funds. Reimbursements from TxDot are to be received semi-annually as debt payments come due. The details of capital assets, the TxDot receivable, the net pension liability, and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	261,722	-	261,722	
Buildings and Improvements	11,962,772	6,238,789	5,723,983	
Machinery and Equipment	7,496,595	5,556,462	1,940,133	
County Roads & Bridges	14,945,000	11,649,617	3,295,383	
Change in Net Position	<u>34,666,089</u>	<u>23,444,868</u>	<u>11,221,221</u>	<u>11,221,221</u>
Receivable-TxDot--Balance at beginning of year				<u>121,045,424</u>
This does not include fixed assets of the internal service funds.				
<u>Long-term liabilities at the Beginning of the year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			<u>114,034,184</u>	
Change in Net Position				<u>(114,034,184)</u>
Net Adjustment to Net Position				<u>18,232,461</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current year Capital Outlay</u>			
Land	8,168	8,168	8,168
Buildings and improvements	10,757	10,757	10,757
Machinery and equipment	487,896	487,896	487,896
Total Capital Outlay	<u>506,821</u>	<u>506,821</u>	<u>506,821</u>
Book value of land donated		-	-
<u>Debt Principal Payments</u>			
Bond Principal	6,295,000	6,295,000	6,295,000
Total Principal Payments	<u>6,295,000</u>	<u>6,295,000</u>	<u>6,295,000</u>
Total Adjustments to Net Position		<u>6,801,821</u>	<u>6,801,821</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	233,492	(233,492)	-
Uncollected taxes (assumed collectible) from Current Year Levy	217,153	217,153	217,153
Uncollected Taxes (assumed collectible) from Prior Year Levy	202,337	-	202,337
Effect of prior year tax entry	20,525	(20,525)	-
Collection on TxDot receivable	8,431,000	(8,431,000)	(8,431,000)
<u>Reclassify Proceeds of Bonds, Loans, and Capital Leases</u>			
Amortization of Bond Premium	369,687	369,687	369,687
Inter-fund loans, beginning of year	349,540	-	(349,540)
Loan payments between funds	140,958	140,958	140,958
Total		<u>(7,957,219)</u>	<u>(7,850,405)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The County prepares its appropriated budget on a basis consistent with generally accepted accounting principles using the organization perspective, that is, the budget follows the formal, usually statutory, patterns of authority and responsibility granted to actually carry out the functions of the government. For example, the county judge's office has a separate budget from the county sheriff's office; although, various offices may be subsidized from revenues generated by maintenance and operation ad valorem taxes.

The county auditor and the county judge prepare an estimated budget based on recommendations and requests submitted by each department head. This estimated budget is presented to the commissioners, who then begin the process of reallocating specific items that, in their opinion, need to be modified. The final budget, when approved by the commissioner's court, is filed for public inspection with the county clerk. Public hearings are then held, if required, and the budget is adjusted, if necessary, and approved in its final form by commissioner's court. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Revisions to the budget were made throughout the year.

The County does not record encumbrances as part of its accounting records.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

County Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the County complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in foreign currencies.

As of September 30, 2021, the following are the County's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash, Money Markets and FDIC Insured Accounts	25,664,010	100.0%	25,664,010	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 25,664,010</u>	100.0%	<u>\$ 25,664,010</u>	<u>-</u>	<u>-</u>	

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- Depository: Guaranty Bank and Trust
- The market value of securities pledged as of September 30, 2021 was \$27,199,086.
- The combined balances of cash, savings, and time deposit accounts amounted to \$26,567,764 as of September 30, 2021.
- Total amount of FDIC coverage at September 30, 2021 was \$500,000.

Investments

County Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. TITUS COUNTY, TEXAS is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for TITUS COUNTY, TEXAS are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the County limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2021, the County did not invest in commercial paper.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the County requires counterparties to register the securities in the name of the County and hand them over to the County or its designated agent. This includes securities in securities lending transactions.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the County limits investments to less than 5% of its total investments. The County further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County requires all of the investment portfolio to have maturities of less than one year.

Foreign Currency Risk for Investments The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

As of September 30, 2021, TITUS COUNTY, TEXAS had no investments subject to the fair value measurement. TITUS COUNTY, TEXAS has no investments other than at the depository bank.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND TRANSFERS & BALANCES

Transfers between funds were as follows:

Transfers to Non-major Governmental Funds from:	
General Fund	22,000
Enterprise Funds	85,000
Non-major Governmental Funds	56,004
Total	<u>163,004</u>
Transfers to Internal Service Funds from:	
General Fund	417,664
Non-major Governmental Funds	26,000
Total	<u>443,664</u>
Transfers to Enterprise Funds from:	
General Fund	150,000
Total	<u>150,000</u>
Transfers to General Fund from:	
Non-major Governmental Funds	756,512
Internal Service Funds	642,000
Total	<u>1,398,512</u>
Total	<u>2,155,180</u>

There were no Due to/from balances at September 30, 2021.

The General Fund loaned funds to the various road and bridge funds to purchase equipment. These loans bear no interest. These will be paid back within two years in all cases. Loans were from General Fund to:

Road & Bridge #1	-
Road & Bridge #2	73,332
Road & Bridge #3	47,250
Road & Bridge #4	88,000
	<u>208,582</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2021, were as follows:

	Property Taxes	Fees of Office	Intergover- nmental	Due from Other Funds	Other	Total Receivables
Governmental Activities:						
General Fund	501,356	9,350,996	-	2,883	-	9,855,235
Major Debt Service Fund	107,164	-	-	-	-	107,164
Non-major Governmental Funds	194,806	-	134,427	-	-	329,233
Internal Service Funds	-	-	-	-	28,568	28,568
Total-Governmental Activities	<u>803,326</u>	<u>9,350,996</u>	<u>134,427</u>	<u>2,883</u>	<u>28,568</u>	<u>10,320,200</u>
Amount not scheduled for collection during the subsequent year	<u>80,335</u>	<u>4,821,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,902,308</u>
Proprietary Activities:						
Non-major Proprietary Funds	-	-	-	-	-	-
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Payables at September 30, 2021, were as follows:

	Accounts	Salaries and Benefits	Due to Other Governments	Due to Other Funds	Other	Total Payables
Governmental Activities:						
General Fund	223,797	17,328	1,063	-	41,001	283,189
Non-major Governmental Funds	-	-	-	2,883	-	2,883
Internal Service Funds	(3,203)	-	-	-	-	(3,203)
Total-Governmental Activities	<u>220,594</u>	<u>17,328</u>	<u>1,063</u>	<u>2,883</u>	<u>41,001</u>	<u>282,869</u>
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Proprietary Activities:						
Non-major Proprietary Funds	1,418	-	-	-	-	1,418
Amount not scheduled for collection during the subsequent year	<u>1,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,418</u>

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended September 30, 2021, was as follows:

	Primary Government			
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
District:				
Land	341,512	8,168	-	349,680
Buildings and Improvements	12,119,624	10,757	-	12,130,381
Machinery and Equipment	7,615,198	487,896	(24,534)	8,078,560
County Roads and Bridges	14,945,000	-	-	14,945,000
Totals at Historic Cost	<u>35,021,334</u>	<u>506,821</u>	<u>(24,534)</u>	<u>35,503,621</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(6,325,179)	(272,953)	-	(6,598,132)
Machinery and Equipment	(5,675,065)	(545,116)	24,534	(6,195,647)
Roads	(11,649,617)	(298,687)	-	(11,948,304)
Total Accumulated Depreciation	<u>(23,649,861)</u>	<u>(1,116,756)</u>	<u>24,534</u>	<u>(24,742,083)</u>
Governmental Activities Capital Assets, Net	<u>11,371,473</u>	<u>(609,935)</u>	<u>-</u>	<u>10,761,538</u>
Business-type Activities:				
Furniture and Equipment	334,657	-	(24,381)	310,276
Less Accumulated Depreciation				
Furniture and Equipment	(165,442)	(68,654)	24,381	(209,715)
Business-type Activities Capital Asstes, Net:	<u>169,215</u>	<u>(68,654)</u>	<u>-</u>	<u>100,561</u>

Depreciation expense was charged to proprietary activities functions as follows:

Elections	<u>68,654</u>
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Depreciation expense was charged to governmental functions as follows:

General government	201,978
Public Safety	323,471
Highways, streets, and bridges	591,307
Total Depreciation Expense	<u>1,116,756</u>

The above includes internal service funds depreciation of \$3,035.

G. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended September 30, 2021.

<u>Description</u>	<u>Interest Rate</u>	<u>Payable at 10/1/2020</u>	<u>Additions (Reductions)</u>	<u>Payable at 9/30/2021</u>	<u>Due within one year</u>
Unlimited Tax and Pass-Through Toll Revenue Bonds-Series 2012-A	3-5%	2,050,000	(1,000,000)	1,050,000	1,050,000
Bond Premium-Series 2012-A		330,920	(165,460)	165,460	165,460
Pass-Through Toll Revenue and Limited Tax Bonds-Series 2012-B	3-5%	10,405,000	(1,890,000)	8,515,000	1,950,000
Bond Premium-Series 2012-B		456,944	(57,118)	399,826	57,118
Unlimited Tax Refunding Bonds- Series 2016	2%- 5.00%	25,910,000	(1,290,000)	24,620,000	1,355,000
Bond Premium--Series 2016		335,092	(37,232)	297,860	37,232
Unlimited Tax Refunding Bonds- Series 2017	2%- 5.00%	17,715,000	(1,605,000)	16,110,000	1,685,000
Bond Premium--Series 2017		876,695	(97,410)	779,285	97,410
Unlimited Tax Refunding Bonds- Series 2019	3%-3.25%	29,940,000	(150,000)	29,790,000	70,000
Bond Premium--Series 2019		174,533	(12,467)	162,066	-
General Obligation Refunding Bonds Series 2020	1%-2.30%	25,840,000	(360,000)	25,480,000	360,000
		<u>114,034,184</u>	<u>(6,664,687)</u>	<u>107,369,497</u>	<u>6,839,687</u>

The debt service fund long-term debt as of September 30, 2021, follows:

(A) Unlimited Tax and Pass-Through Toll Revenue Bonds Series 2012-A	1,050,000
Due in annual installments with interest at 3-5%	
(B) Unamortized Bond Premium-Series 2012-A	165,460
(C) Pass-Through Toll Revenue and Limited Tax Bonds Series 2012-B	8,515,000
Due in annual installments with interest at 3-5%	
(D) Unamortized Bond Premium-Series 2012-B	399,826
(E) Unlimited Tax Refunding Bonds	24,620,000
Series 2016 Due in annual installments with interest at 2-5%	
(F) Unamortized Bond Premium- Series 2016	297,860
(G) Unlimited Tax Refunding Bonds	16,110,000
Series 2017 Due in annual installments with interest at 2-5%	
(H) Unamortized Bond Premium-Series 2017	779,285
(I) Unamortized Tax Refunding Bonds- Series 2019	29,790,000
Due in annual installments with interest at 3-3.25%	
(J) Unamortized Bond Premium-Series 2019	162,066
(K) General Obligation Refunding Bonds- Series 2020	25,480,000
Due in annual installments with interest at 1-2.3%	
	<u>107,369,497</u>

G. CHANGES IN LONG-TERM DEBT (cont'd)

The annual requirements to amortize bonded debt and certificates of obligation as of September 30, 2021, follows:

Year Ended September 30	General Obligations		Total
	Principal	Interest	Requirements
2022	6,470,000	3,562,182	10,032,182
2023	5,685,000	4,333,888	10,018,888
2024	5,850,000	4,169,893	10,019,893
2025	7,460,000	2,564,434	10,024,434
2026	7,675,000	2,343,462	10,018,462
2027-2031	42,685,000	7,756,342	50,441,342
2032-2036	29,740,000	1,319,517	31,059,517
	<u>105,565,000</u>	<u>26,049,718</u>	<u>131,614,718</u>

In July, 2012, the County received \$36.68 million in Unlimited Tax and Pass-Through Toll Revenue Bonds, Series 2012-A to be used for construction of the loop project.

In July, 2012, the County received \$44.345 million in Pass-Through Toll Revenue and Limited Tax Bonds-Series 2012-B to be used for construction of the loop project.

In November 2016, the County issued the Unlimited Tax Refunding Bonds, Series 2016. Proceeds were used to refund a portion of the Series 2007 and Series 2009 bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.7 million and an economic gain of approximately \$2.91 million in present value. The principal balance of the refunded bonds at September 30, 2021 is, Series 2007, \$16.92 million and Series 2009, \$25.62 million.

In July 2018, the County issued the Tax Refunding Bonds, Series 2016. Proceeds were used to refund a portion of the Series 2009 bonds. This transaction resulted in a reduction in future debt service payments of approximately \$1.76 million and an economic gain of approximately \$1.49 million in present value. The principal balance of the refunded bonds at September 30, 2021 is \$25.62 million.

In November 2019, the County issued the Unlimited Tax Refunding Bonds, Series 2019. Proceeds were used to refund a portion of the Series 2012A bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.3 million and an economic gain of approximately \$2.58 million in present value. The principal balance of the refunded bonds at September 30, 2021 is, Series 2012A, \$31.66 million.

In September 2020, the County issued the General Obligation Refunding Bonds, Series 2020. Proceeds were used to refund a portion of the Series 2012B bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.1 million and an economic gain of approximately \$2.7 million in present value. The principal balance of the refunded bonds at September 30, 2021 is \$32.485 million.

The state is repaying the \$168.62 million pass-through reimbursements to the County to assist in paying off the debt. The remaining balance to be received is \$112.61 million.

H. RECEIVABLE- TEXAS DEPARTMENT OF TRANSPORTATION

The Loop construction was completed in a prior year. In exchange for assuming maintenance and ownership of the completed loop, the state has begun payments on the \$168.62 million pass through reimbursements. This is payable over a maximum of twenty years beginning at a minimum of \$8.431 million per year. The balance is \$112.61 million at September 30, 2021.

I. DEFINED BENEFIT PENSION PLANS

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 600 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 Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. A member is vested after 10 years of service but must leave his accumulated contributions in the plan to receive any employer-financed benefit. If a member withdraws his personal contributions in a lump-sum, he is not entitled to any amounts contributed by the employer.

All eligible employees of the County are required to participate in the TCDRS.

Benefits Provided

TCDRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

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 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 as if 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 December 31, 2019 and 2020 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2019</u>	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	117	126
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	<u>142</u>	<u>139</u>
	<u>259</u>	<u>265</u>

Contributions

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

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 11.82% and 11.86% in calendar years 2019 and 2020. The County's contributions to TCDRS for the year ended September 30, 2021 was \$683,951 and was equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.07% per year
Investment Rate of Return	7.5% per year

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

The long-term expected rate of return on pension plan investments is 7.5% for 2019 and 8% for 2020 measurement dates. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

I. DEFINED BENEFIT PENSION PLANS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate 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. 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	Target Allocation	Geometric Real Rate of Return
US Equity	11.5%	4.25%
International Equity	11.0%	5-6%
Various	46.5%	2.1-6.7%
Hedge Funds	6.0%	1.85%
Private Equity	25.0%	7.25%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1% for 2019 and 7.60% for 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the Net Pension Liability

	Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at December 31, 2019	\$ 32,375,387	\$ 30,825,384	\$ 1,550,003
Changes for the year:			
Service cost	756,753	-	756,753
Interest	2,599,396	-	2,599,396
Effects of plan changes	-	-	-
Effects of economic/demographic gains/losses	68,730	-	68,730
Changes of assumptions	1,885,235	-	1,885,235
Contributions - employer	-	704,212	(704,212)
Contributions - employee	-	418,196	(418,196)
Net investment income	-	3,182,424	(3,182,424)
Benefit payments, including refund of contributions	(2,122,985)	(2,122,985)	-
Administrative expense	-	(24,115)	24,115
Other changes	-	(26,553)	26,553
Net changes	\$ 3,187,129	\$ 2,131,179	\$ 1,055,950
Balance at December 31, 2020	\$ 35,562,516	\$ 32,956,563	\$ 2,605,953

I. DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the net pension liability to changes in the discount rate

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

Measurement Date	1% Decrease in Discount Rate 6.6%	Discount Rate 7.6%	1% Increase in Discount Rate 8.6%
12/31/2016 County's net pension liability/(Asset)	\$ 6,267,969	\$ 2,750,950	\$ (184,333)
12/31/2017 County's net pension liability/(Asset)	\$ 4,789,840	\$ 1,142,267	\$ (1,941,859)
12/31/2018 County's net pension liability/(Asset)	\$ 7,466,655	\$ 3,721,521	\$ 552,806
12/31/2019 County's net pension liability/(Asset)	\$ 5,380,499	\$ 1,550,003	\$ (1,690,248)
12/31/2020 County's net pension liability/(Asset)	\$ 6,933,075	\$ 2,605,953	\$ (1,034,896)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the County recognized pension expense of \$683,951.

At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	70,878	30,511
Changed is actuarial assumptions	1,256,823	-
Difference between projected and actual investment earnings	-	1,176,598
Contributions subsequent to the measurement date	788,390	-
Total	2,116,091	1,207,109

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

Year ended September 30:	
2022	254,532
2023	620,594
2024	609,071
2025	(145,463)
2026	-
Thereafter	-

J. FEDERAL GRANTS

In the normal course of operations, the County receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

K. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2021, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

L. DEFERRED INFLOWS OF RESOURCES

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable and fines expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

M. COMMITMENTS AND CONTINGENCIES

The County has no significant commitments or contingencies at September 30, 2021.

N. LITIGATION

The County has no pending litigation at September 30, 2021.

O. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2021, the financial statement issuance date.

REQUIRED SUPPLEMENTAL INFORMATION

TITUS COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
A. Total Pension Liability			
Service Cost	\$ 756,753	\$ 733,222	\$ 741,000
Interest (on the Total Pension Liability)	2,599,396	2,497,852	2,402,266
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	68,730	50,119	(122,041)
Changes of Assumptions	1,885,235	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,122,985)	(1,981,948)	(1,690,475)
Net Change in Total Pension Liability	\$ 3,187,129	\$ 1,299,245	\$ 1,330,750
Total Pension Liability - Beginning	32,375,387	31,076,142	29,745,392
Total Pension Liability - Ending	\$ 35,562,516	\$ 32,375,387	\$ 31,076,142
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 704,212	\$ 617,761	\$ 628,913
Contributions - Employee	418,196	394,197	392,371
Net Investment Income	3,182,424	4,493,159	(540,344)
Benefit Payments, Including Refunds of Employee Contributions	(2,122,985)	(1,981,948)	(1,690,475)
Administrative Expense	(24,115)	(23,490)	(21,971)
Other	(26,553)	(28,916)	(16,998)
Net Change in Plan Fiduciary Net Position	\$ 2,131,179	\$ 3,470,763	\$ (1,248,504)
Plan Fiduciary Net Position - Beginning	30,825,384	27,354,621	28,603,125
Plan Fiduciary Net Position - Ending	\$ 32,956,563	\$ 30,825,384	\$ 27,354,621
C. Net Pension Liability	\$ 2,605,953	\$ 1,550,003	\$ 3,721,521
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.67%	95.21%	88.02%
E. Covered Payroll	\$ 5,765,188	\$ 5,664,481	\$ 5,682,979
F. Net Pension Liability as a Percentage of Covered Payroll	45.20%	27.36%	65.49%

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

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

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	741,116	\$	803,722	\$	773,990	\$	775,708
	2,291,246		2,143,517		2,086,698		1,930,792
	-		-		(104,759)		-
	(147,937)		(30,731)		(988,255)		262,203
	119,741		-		261,759		-
	(1,578,557)		(1,306,278)		(1,226,425)		(1,017,764)
\$	1,425,609	\$	1,610,230	\$	803,008	\$	1,950,939
	28,319,783		26,709,553		25,906,546		23,955,607
\$	29,745,392	\$	28,319,783	\$	26,709,554	\$	25,906,546
\$	544,966	\$	488,096	\$	568,251	\$	608,019
	374,365		362,319		355,952		374,877
	3,721,554		1,790,994		(322,243)		1,566,641
	(1,578,557)		(1,306,278)		(1,226,425)		(1,017,764)
	(19,022)		(19,491)		(17,646)		(18,516)
	(9,014)		7,503		73,199		49,608
\$	3,034,292	\$	1,323,143	\$	(568,912)	\$	1,562,865
	25,568,833		24,245,690		24,814,602		23,251,737
\$	28,603,125	\$	25,568,833	\$	24,245,690	\$	24,814,602
\$	1,142,267	\$	2,750,950	\$	2,463,864	\$	1,091,944
	96.16%		90.29%		90.78%		95.79%
\$	5,533,682	\$	5,287,521	\$	5,161,280	\$	5,262,480
	20.64%		52.03%		47.74%		20.74%

TITUS COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2021

	2021	2020	2019
Actuarially Determined Contribution	\$ 683,951	\$ 658,525	\$ 626,793
Contributions in Relation to the Actuarially Determined Contributions	(683,951)	(658,525)	(626,793)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 5,765,188	\$ 5,664,481	\$ 5,682,979
Contributions as a Percentage of Covered Employee Payroll	11.86%	11.63%	11.02%

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

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

2018		2017		2016		2015	
\$	607,742	\$	529,564	\$	507,590	\$	588,071
	(607,742)		(529,564)		(507,590)		(588,071)
\$	-	\$	-	\$	-	\$	-
<hr/>		<hr/>		<hr/>		<hr/>	
\$	5,533,682	\$	5,287,521	\$	5,161,280	\$	5,262,480
	10.98%		10.01%		9.83%		11.17%

COMBINING SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

TITUS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Security Fees	Jury Fund	Law Library
ASSETS			
Cash and Cash Equivalents	\$ 8,210	\$ 133,777	\$ 8,008
Accounts Receivable (Net)	-	14,243	-
Total Assets	<u>\$ 8,210</u>	<u>\$ 148,020</u>	<u>\$ 8,008</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 2,010
Due to Other Funds	-	-	-
Unearned Revenues	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,010</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue -Taxes, Fines & Fees	-	14,243	-
Total Deferred Inflows of Resources	<u>-</u>	<u>14,243</u>	<u>-</u>
FUND BALANCES			
Capital Projects	-	-	-
Reported in Special Revenue Funds	8,210	133,777	5,998
Total Fund Balances	<u>8,210</u>	<u>133,777</u>	<u>5,998</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 8,210</u>	<u>\$ 148,020</u>	<u>\$ 8,008</u>

Special Project R&B	R&B #1	R&B #2	R&B #3	R&B #4	SAVNS Grant	HAVA Cares Grant	Justice Court Tech
\$ -	\$ 269,640	\$ 168,201	\$ 264,132	\$ 257,092	\$ (1,991)	\$ 16,573	\$ 34,308
-	40,270	40,270	40,270	40,270	1,991	-	-
<u>\$ -</u>	<u>\$ 309,910</u>	<u>\$ 208,471</u>	<u>\$ 304,402</u>	<u>\$ 297,362</u>	<u>\$ -</u>	<u>\$ 16,573</u>	<u>\$ 34,308</u>
\$ -	\$ 2,615	\$ 611	\$ 2,446	\$ 29,217	\$ -	\$ 13,690	\$ -
-	-	-	-	-	-	2,883	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>2,615</u>	<u>611</u>	<u>2,446</u>	<u>29,217</u>	<u>-</u>	<u>16,573</u>	<u>-</u>
-	40,270	40,270	40,270	40,270	-	-	-
<u>-</u>	<u>40,270</u>	<u>40,270</u>	<u>40,270</u>	<u>40,270</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	267,025	167,590	261,686	227,875	-	-	34,308
<u>-</u>	<u>267,025</u>	<u>167,590</u>	<u>261,686</u>	<u>227,875</u>	<u>-</u>	<u>-</u>	<u>34,308</u>
<u>\$ -</u>	<u>\$ 309,910</u>	<u>\$ 208,471</u>	<u>\$ 304,402</u>	<u>\$ 297,362</u>	<u>\$ -</u>	<u>\$ 16,573</u>	<u>\$ 34,308</u>

TITUS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Justice Court Tech #2	HAVA Security Fund	CTI Grant	District Clerk Tech
ASSETS				
Cash and Cash Equivalents	\$ 10,274	\$ 21,962	\$ (132,436)	\$ 11,913
Accounts Receivable (Net)	-	-	132,436	-
Total Assets	<u>\$ 10,274</u>	<u>\$ 21,962</u>	<u>\$ -</u>	<u>\$ 11,913</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Unearned Revenues	-	21,962	-	-
Total Liabilities	<u>-</u>	<u>21,962</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -Taxes, Fines & Fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	10,274	-	-	11,913
Total Fund Balances	<u>10,274</u>	<u>-</u>	<u>-</u>	<u>11,913</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,274</u>	<u>\$ 21,962</u>	<u>\$ -</u>	<u>\$ 11,913</u>

EXHIBIT G-1 (Cont'd)

Victim of Crime	County Clerk R&M	District Clerk R&M	District Attorney	County Attorney	District Clerk RPF	Vehicle Inventory Tax	Family & Protective Services
\$ 100,671	\$ 217,143	\$ 14,591	\$ 2,132	\$ 3,199	\$ 21,074	\$ 320,293	\$ -
-	-	-	-	-	-	-	-
<u>\$ 100,671</u>	<u>\$ 217,143</u>	<u>\$ 14,591</u>	<u>\$ 2,132</u>	<u>\$ 3,199</u>	<u>\$ 21,074</u>	<u>\$ 320,293</u>	<u>\$ -</u>
\$ 45,907	\$ -	\$ -	\$ -	\$ 829	\$ -	\$ 311,151	\$ -
-	-	-	-	-	-	-	-
54,764	-	-	-	-	-	-	-
<u>100,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>829</u>	<u>-</u>	<u>311,151</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	217,143	14,591	2,132	2,370	21,074	9,142	-
-	217,143	14,591	2,132	2,370	21,074	9,142	-
<u>\$ 100,671</u>	<u>\$ 217,143</u>	<u>\$ 14,591</u>	<u>\$ 2,132</u>	<u>\$ 3,199</u>	<u>\$ 21,074</u>	<u>\$ 320,293</u>	<u>\$ -</u>

TITUS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Corona Virus Relief	Sheriff Seized	District Attorney Seized	District Attorney Drug Forf.
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 22,399	\$ 29,945	\$ 143,393
Accounts Receivable (Net)	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 22,399</u>	<u>\$ 29,945</u>	<u>\$ 143,393</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 22,399	\$ 29,945	\$ -
Due to Other Funds	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>22,399</u>	<u>29,945</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -Taxes, Fines & Fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	-	-	-	143,393
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,393</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 22,399</u>	<u>\$ 29,945</u>	<u>\$ 143,393</u>

EXHIBIT G-1 (Cont'd)

Sheriff Forfeiture	Capital Murder	State Criminal Alien Assist.	Sheriff Commissary	Juvenile Board	Pre-Trial Intervention	Co. & Dist. Court Tech	Pre-Trial Class C Misd.
\$ 19,583	\$ 84,000	\$ 6,845	\$ 42,626	\$ 12,639	\$ 14,562	\$ 16,596	\$ -
-	-	-	-	-	-	-	-
<u>\$ 19,583</u>	<u>\$ 84,000</u>	<u>\$ 6,845</u>	<u>\$ 42,626</u>	<u>\$ 12,639</u>	<u>\$ 14,562</u>	<u>\$ 16,596</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 994	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	12,639	-	-	-
-	-	-	994	12,639	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,583	84,000	6,845	41,632	-	14,562	16,596	-
<u>19,583</u>	<u>84,000</u>	<u>6,845</u>	<u>41,632</u>	<u>-</u>	<u>14,562</u>	<u>16,596</u>	<u>-</u>
<u>\$ 19,583</u>	<u>\$ 84,000</u>	<u>\$ 6,845</u>	<u>\$ 42,626</u>	<u>\$ 12,639</u>	<u>\$ 14,562</u>	<u>\$ 16,596</u>	<u>\$ -</u>

TITUS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Vital Statistics	Co. Clerk Archive	Justice Courthouse Security	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and Cash Equivalents	\$ 12,511	\$ 170,026	\$ 13,840	\$ 2,337,731
Accounts Receivable (Net)	-	-	-	309,750
Total Assets	<u>\$ 12,511</u>	<u>\$ 170,026</u>	<u>\$ 13,840</u>	<u>\$ 2,647,481</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 461,814
Due to Other Funds	-	-	-	2,883
Unearned Revenues	-	-	-	89,365
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,062</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -Taxes, Fines & Fees	-	-	-	175,323
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,323</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	12,511	170,026	13,840	1,918,096
Total Fund Balances	<u>12,511</u>	<u>170,026</u>	<u>13,840</u>	<u>1,918,096</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,511</u>	<u>\$ 170,026</u>	<u>\$ 13,840</u>	<u>\$ 2,647,481</u>

EXHIBIT G-1

		Total Nonmajor Governmental Funds	
Bell Tower			
\$	5,874	\$	2,343,605
	-		309,750
\$	5,874	\$	2,653,355
\$	-	\$	461,814
	-		2,883
	-		89,365
	-		554,062
	-		175,323
	-		175,323
	5,874		5,874
	-		1,918,096
	5,874		1,923,970
\$	5,874	\$	2,653,355

TITUS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Security Fees	Jury Fund	Law Library
REVENUES:			
Taxes	\$ -	\$ 203,276	\$ -
Licenses and Permits	-	-	-
Intergovernmental Revenue and Grants	-	3,366	-
Charges for Services	8,718	7,411	16,525
Fines	-	-	-
Other Revenue	\$ -	\$ -	\$ -
Total Revenues	8,718	214,053	16,525
EXPENDITURES:			
Judicial	-	174,744	29,740
Legal	-	-	-
Financial	-	-	-
Public Safety	6,200	-	-
Highways, Streets, & Bridges	-	-	-
Miscellaneous	-	-	-
Capital Outlay	-	-	-
Total Expenditures	6,200	174,744	29,740
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,518	39,309	(13,215)
OTHER FINANCING SOURCES (USES):			
Transfer In	-	-	10,000
Other Resources	-	-	-
Transfers (Out)	(10,142)	-	-
Loan repayments (interfund)	-	-	-
Total Other Financing Sources (Uses)	(10,142)	-	10,000
Net Change in Fund Balance	(7,624)	39,309	(3,215)
Fund Balance - October 1 (Beginning)	15,834	94,468	9,213
Fund Balance - September 30 (Ending)	\$ 8,210	\$ 133,777	\$ 5,998

EXHIBIT G-2 (Cont'd)

Special Project R&B	R&B #1	R&B #2	R&B #3	R&B #4	SAVNS Grant	HAVA Cares Grant	Justice Court Tech
\$ -	\$ 574,740	\$ 574,740	\$ 574,740	\$ 574,740	\$ -	\$ -	\$ -
-	166,794	166,794	166,794	166,794	-	-	-
-	13,488	38,488	25,988	13,488	7,965	12,330	-
-	-	-	-	-	-	-	603
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 486	\$ -	\$ -	\$ -	\$ 121	\$ -
-	755,022	780,508	767,522	755,022	7,965	12,451	603
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	593,189	662,512	619,228	702,941	-	-	-
-	-	-	-	-	7,965	12,451	2,061
-	-	69,520	82,714	141,184	-	-	-
-	593,189	732,032	701,942	844,125	7,965	12,451	2,061
-	161,833	48,476	65,580	(89,103)	-	-	(1,458)
-	14,001	14,001	14,001	14,001	-	-	-
-	2,500	2,500	2,500	2,500	-	-	-
(56,003)	(6,500)	(6,500)	(6,500)	(6,500)	-	-	-
-	-	(73,334)	(23,625)	(44,000)	-	-	-
(56,003)	10,001	(63,333)	(13,624)	(33,999)	-	-	-
(56,003)	171,834	(14,857)	51,956	(123,102)	-	-	(1,458)
56,003	95,191	182,447	209,730	350,977	-	-	35,766
\$ -	\$ 267,025	\$ 167,590	\$ 261,686	\$ 227,875	\$ -	\$ -	\$ 34,308

TITUS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Justice Court Tech #2	HAVA Security Fund	CTI Grant	District Clerk Tech
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	34,870	140,157	-
Charges for Services	742	-	-	2,525
Fines	-	-	-	-
Other Revenue	\$ -	\$ 298	\$ -	\$ -
Total Revenues	742	35,168	140,157	2,525
EXPENDITURES:				
Judicial	-	-	-	1,198
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	-	-	-	-
Highways, Streets, & Bridges	-	-	140,157	-
Miscellaneous	228	35,168	-	-
Capital Outlay	-	-	-	-
Total Expenditures	228	35,168	140,157	1,198
Excess (Deficiency) of Revenues Over (Under) Expenditures	514	-	-	1,327
OTHER FINANCING SOURCES (USES):				
Transfer In	-	-	-	-
Other Resources	-	-	-	-
Transfers (Out)	-	-	-	-
Loan repayments (interfund)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	514	-	-	1,327
Fund Balance - October 1 (Beginning)	9,760	-	-	10,586
Fund Balance - September 30 (Ending)	\$ 10,274	\$ -	\$ -	\$ 11,913

Victim of Crime	County Clerk R&M	District Clerk R&M	District Attorney	County Attorney	District Clerk RPF	Vehicle Inventory Tax	Family & Protective Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,013
-	60,860	3,677	75	1,112	3,860	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,433	\$ -
-	60,860	3,677	75	1,112	3,860	1,433	1,013
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,661	-
-	-	-	-	-	-	-	1,013
-	-	-	-	-	-	-	-
-	22,265	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	22,265	-	-	-	-	3,661	1,013
-	38,595	3,677	75	1,112	3,860	(2,228)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(11,315)	(3,000)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(11,315)	(3,000)	-	-	-	-	-
-	27,280	677	75	1,112	3,860	(2,228)	-
-	189,863	13,914	2,057	1,258	17,214	11,370	-
\$ -	\$ 217,143	\$ 14,591	\$ 2,132	\$ 2,370	\$ 21,074	\$ 9,142	\$ -

TITUS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Corona Virus Relief	Sheriff Seized	District Attorney Seized	District Attorney Drug Forf.
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	-	-	-	-
Fines	-	-	-	7,782
Other Revenue	\$ 743,783	\$ -	\$ -	\$ 1,027
Total Revenues	743,783	-	-	8,809
EXPENDITURES:				
Judicial	-	-	-	-
Legal	-	-	-	18,054
Financial	-	-	-	-
Public Safety	66,113	-	-	-
Highways, Streets, & Bridges	-	-	-	-
Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	66,113	-	-	18,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	677,670	-	-	(9,245)
OTHER FINANCING SOURCES (USES):				
Transfer In	-	-	-	-
Other Resources	-	-	-	-
Transfers (Out)	(677,670)	-	-	(37,557)
Loan repayments (interfund)	-	-	-	-
Total Other Financing Sources (Uses)	(677,670)	-	-	(37,557)
Net Change in Fund Balance	-	-	-	(46,802)
Fund Balance - October 1 (Beginning)	-	-	-	190,195
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ 143,393

Sheriff Forfeiture	Capital Murder	State Criminal Alien Assist.	Sheriff Commissary	Juvenile Board	Pre-Trial Intervention	Co. & Dist. Court Tech	Pre-Trial Class C Misd.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	97,852	-	-	-
-	-	-	-	-	12,033	1,505	8,493
-	-	-	-	-	-	-	-
\$ 104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
104	-	-	-	97,852	12,033	1,505	8,493
-	-	-	-	-	4,134	-	-
-	-	-	-	97,852	-	-	-
-	-	-	-	-	-	-	-
-	-	-	75,182	-	-	-	-
-	-	-	-	-	-	-	-
470	-	-	-	-	-	-	-
-	-	-	15,000	-	-	-	-
470	-	-	90,182	97,852	4,134	-	-
(366)	-	-	(90,182)	-	7,899	1,505	8,493
-	12,000	-	85,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(8,337)	-	(8,493)
-	-	-	-	-	-	-	-
-	12,000	-	85,000	-	(8,337)	-	(8,493)
(366)	12,000	-	(5,182)	-	(438)	1,505	-
19,949	72,000	6,845	46,814	-	15,000	15,091	-
\$ 19,583	\$ 84,000	\$ 6,845	\$ 41,632	\$ -	\$ 14,562	\$ 16,596	\$ -

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Vital Statistics	Co. Clerk Archive	Justice Courthouse Security	Total Nonmajor Special Revenue Funds
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 2,502,236
Licenses and Permits	-	-	-	667,176
Intergovernmental Revenue and Grants	-	-	-	389,005
Charges for Services	3,895	55,960	332	188,326
Fines	-	-	-	7,782
Other Revenue	\$ -	\$ -	\$ -	\$ 747,252
Total Revenues	3,895	55,960	332	4,501,777
EXPENDITURES:				
Judicial	-	-	-	209,816
Legal	-	-	-	115,906
Financial	-	-	-	3,661
Public Safety	-	-	-	148,508
Highways, Streets, & Bridges	-	-	-	2,718,027
Miscellaneous	2,122	25,508	-	108,238
Capital Outlay	-	-	-	308,418
Total Expenditures	2,122	25,508	-	3,612,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,773	30,452	332	889,203
OTHER FINANCING SOURCES (USES):				
Transfer In	-	-	-	163,004
Other Resources	-	-	-	10,000
Transfers (Out)	-	-	-	(838,517)
Loan repayments (interfund)	-	-	-	(140,959)
Total Other Financing Sources (Uses)	-	-	-	(806,472)
Net Change in Fund Balance	1,773	30,452	332	82,731
Fund Balance - October 1 (Beginning)	10,738	139,574	13,508	1,835,365
Fund Balance - September 30 (Ending)	\$ 12,511	\$ 170,026	\$ 13,840	\$ 1,918,096

		Total Nonmajor Governmental Funds	
Bell Tower			
\$	-	\$	2,502,236
	-		667,176
	-		389,005
	-		188,326
	-		7,782
\$	-	\$	747,252
	-		4,501,777
	-		209,816
	-		115,906
	-		3,661
	-		148,508
	-		2,718,027
	-		108,238
	-		308,418
	-		3,612,574
	-		889,203
	-		163,004
	-		10,000
	-		(838,517)
	-		(140,959)
	-		(806,472)
	-		82,731
	5,874		1,841,239
\$	5,874	\$	1,923,970

INTERNAL SERVICE FUNDS

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2021

	Maintenance Building	Insurance Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 139,468	\$ 546,321	\$ 685,789
Accounts Receivable (Net)	-	28,568	28,568
Total Current Assets	139,468	574,889	714,357
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	79,790	-	79,790
Buildings	151,858	-	151,858
Accumulated Depreciation - Buildings	(84,431)	-	(84,431)
Improvements other than Buildings	4,994	-	4,994
Accumulated Depreciation - Other Improvements	(4,994)	-	(4,994)
Furniture and Equipoment	118,603	-	118,603
Accumulated Depreciation - Furniture & Equipment	(118,603)	-	(118,603)
Total Noncurrent Assets	147,217	-	147,217
Total Assets	286,685	574,889	861,574
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,010	(7,213)	(3,203)
Unearned Revenue	9,272	-	9,272
Total Liabilities	13,282	(7,213)	6,069
NET POSITION			
Net Investment in Capital Assets	147,217	-	147,217
Unrestricted Net Position	126,186	582,102	708,288
Total Net Position	\$ 273,403	\$ 582,102	\$ 855,505

EXHIBIT H-2

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Maintenance Building	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES:			
Charges for Services	\$ 29,220	\$ 1,604,301	\$ 1,633,521
Other Revenue	-	28,568	28,568
Total Operating Revenues	29,220	1,632,869	1,662,089
OPERATING EXPENSES:			
Public Safety	1,335	-	1,335
Highways, Streets, & Bridges	193,397	-	193,397
Insurance Coverage & Medical Claims	-	1,804,165	1,804,165
Depreciation	3,035	-	3,035
Total Operating Expenses	197,767	1,804,165	2,001,932
Income (Loss) Before Transfers	(168,547)	(171,296)	(339,843)
Transfers In/(Out)	219,000	(417,336)	(198,336)
Change in Net Position	50,453	(588,632)	(538,179)
Total Net Position - October 1 (Beginning)	222,950	1,170,734	1,393,684
Total Net Position - September 30 (Ending)	\$ 273,403	\$ 582,102	\$ 855,505

TITUS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Maintenance Building	Insurance Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 38,493	\$ 268,804	\$ 307,297
Cash Received from Assessments - Other Funds	-	1,335,497	1,335,497
Cash Payments to Employees for Services	(149,355)	-	(149,355)
Cash Payments for Insurance Claims	-	(1,812,985)	(1,812,985)
Cash Payments for Suppliers	(46,338)	-	(46,338)
Net Cash Provided by (Used for) Operating Activities	(157,200)	(208,684)	(365,884)
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase (Decrease) in Short-term Loans	-	-	-
Operating Transfer In/(Out)	219,000	(417,336)	(198,336)
Net Cash Provided by (Used for) Non-Capital Financing Activities	219,000	(417,336)	(198,336)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	-	-	-
Capital Contributed by Other Funds	-	-	-
Net Cash Provided by Capital and Related Financing Activities	-	-	-
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	61,800	(626,020)	(564,220)
Cash and Cash Equivalents at the Beginning of the Year	77,668	1,172,341	1,250,009
Cash and Cash Equivalents at the End of the Year	\$ 139,468	\$ 546,321	\$ 685,789
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>			
Operating Income (Loss)	\$ (168,547)	\$ (171,296)	\$ (339,843)
Adjustments to Reconcile Operating Income To Net Cash Provided by (Used For) Operating Activities:			
Depreciation	3,035	-	3,035
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Receivables	-	(28,568)	(28,568)
Increase (Decrease) in Accounts Payable	(961)	(8,820)	(9,781)
Increase (Decrease) in Unearned Revenue	9,273	-	9,273
Net Cash Provided by (Used for) Operating Activities	\$ (157,200)	\$ (208,684)	\$ (365,884)

ENTERPRISE FUNDS

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 SEPTEMBER 30, 2021

	Sheriff Commissary	Election Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 50,847	\$ 103,288	\$ 154,135
Inventories	11,352	-	11,352
Prepaid Items	-	269	269
Total Current Assets	<u>62,199</u>	<u>103,557</u>	<u>165,756</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	1,486	310,277	311,763
Accumulated Depreciation - Furniture & Equipment	(1,486)	(209,716)	(211,202)
Total Noncurrent Assets	<u>-</u>	<u>100,561</u>	<u>100,561</u>
Total Assets	<u>62,199</u>	<u>204,118</u>	<u>266,317</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	1,418	1,418
Total Liabilities	<u>-</u>	<u>1,418</u>	<u>1,418</u>
NET POSITION			
Net Investment in Capital Assets	-	100,561	100,561
Unrestricted Net Position	62,199	102,139	164,338
Total Net Position	<u>\$ 62,199</u>	<u>\$ 202,700</u>	<u>\$ 264,899</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Sheriff Commissary	Election Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Intergovernmental Revenue and Grants	\$ -	\$ 884	\$ 884
Charges for Services	237,142	14,179	251,321
Other Revenue	45,749	-	45,749
Total Operating Revenues	<u>282,891</u>	<u>15,063</u>	<u>297,954</u>
OPERATING EXPENSES:			
Public Safety	158,587	-	158,587
Elections	-	176,322	176,322
Depreciation	-	68,654	68,654
Total Operating Expenses	<u>158,587</u>	<u>244,976</u>	<u>403,563</u>
Income (Loss) Before Transfers	124,304	(229,913)	(105,609)
Transfers In/(Out)	<u>(85,000)</u>	150,000	65,000
Change in Net Position	39,304	(79,913)	(40,609)
Total Net Position - October 1 (Beginning)	<u>22,895</u>	<u>282,613</u>	<u>305,508</u>
Total Net Position - September 30 (Ending)	<u>\$ 62,199</u>	<u>\$ 202,700</u>	<u>\$ 264,899</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Sheriff Commissary	Election Fund	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 282,891	\$ 15,063	\$ 297,954
Cash Payments to Employees for Services	-	(132,752)	(132,752)
Cash Payments for Suppliers	(162,478)	(42,281)	(204,759)
Net Cash Provided by (Used for) Operating Activities	<u>120,413</u>	<u>(159,970)</u>	<u>(39,557)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase (Decrease) in Short-term Loans	-	-	-
Operating Transfer In/(Out)	(85,000)	150,000	65,000
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(85,000)</u>	<u>150,000</u>	<u>65,000</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	35,413	(9,970)	25,443
Cash and Cash Equivalents at the Beginning of the Year	<u>15,434</u>	<u>113,258</u>	<u>128,692</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 50,847</u>	<u>\$ 103,288</u>	<u>\$ 154,135</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided By (Used For) Operating Activities:</u>			
Operating Income (Loss)	\$ 124,304	\$ (229,913)	\$ (105,609)
<u>Adjustments to Reconcile Operating Income</u>			
<u>To Net Cash Provided by (Used For) Operating Activities:</u>			
Depreciation	-	68,654	68,654
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Inventories	(3,891)	-	(3,891)
Increase (Decrease) in Accounts Payable	<u>-</u>	<u>1,289</u>	<u>1,289</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 120,413</u>	<u>\$ (159,970)</u>	<u>\$ (39,557)</u>

SUPPLEMENTAL INFORMATION

Titus County, Texas
BUDGETARY COMPARISON SCHEDULE
Debt Service Fund
for the year ended September 30, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	1,243,517	1,243,517	1,337,534	94,017
Intergovernmental	8,431,000	8,431,000	8,431,000	-
Miscellaneous	-	-	38,356	38,356
Total revenues	9,674,517	9,674,517	9,806,890	132,373
EXPENDITURES				
Debt service-principal	6,295,000	6,295,000	6,295,000	-
Debt service-interest	3,723,517	3,723,517	3,723,517	-
Other debt service	6,000	6,000	4,857	1,143
Total expenditures	10,024,517	10,024,517	10,023,374	1,143
Excess of revenues over (under) expenditures	(350,000)	(350,000)	(216,484)	133,516
OTHER FINANCING SOURCES (USES)				
Premium on issuance of debt	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Total other sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(350,000)	(350,000)	(216,484)	133,516
FUND BALANCE				
Beginning of year	5,753,870	5,753,870	5,753,870	-
End of year	5,403,870	5,403,870	5,537,386	133,516

REPORTS ON INTERNAL CONTROL, COMPLIANCE, & FEDERAL AWARDS



CPAs & Advisors

Bob J. Arnold, CPA, PFS
Lanny G. Walker, CPA, PFS
Kris Arnold, CPA, PFS
Andrew Arnold, CPA
Melissa J. Godfrey, CPA

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

The Honorable Judge and
County Commissioners
Titus County, Texas
Mount Pleasant, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Titus County, Texas, as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 16, 2021.

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) 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 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. 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 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 determination of 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*.

Titus County's Response to Findings

Titus County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Titus County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

December 16, 2021



CPAs & Advisors

Bob J. Arnold, CPA, PFS
Lanny G. Walker, CPA, PFS
Kris Arnold, CPA, PFS
Andrew Arnold, CPA
Melissa J. Godfrey, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Judge and
County Commissioners
Titus County, Texas
Mount Pleasant, Texas

Report on Compliance for Each Major Federal Program

We have audited Titus County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

December 16, 2021

Titus County, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2021

I. Summary of the Auditor's Results:

The type of report issued on the financial statements of the County of Titus, Texas was an unmodified opinion.

- a. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. See II below, no material weaknesses.
- b. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee.
NONE
- c. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. N/A
- d. The type of report the auditor issued on compliance for major programs. Unmodified opinion
- e. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under "Uniform Guidance under section 200.516 Audit Findings paragraph (a)" as required by Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). : NONE
- f. An identification of major programs: Federal Highway Administration CFDA#20.205
- g. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- h. A statement as to whether the auditee qualified as a low-risk auditee. Yes

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

NONE

Titus County, Texas
SCHEDULE OF STATUS OF PRIOR FINDINGS
For the year ended September 30, 2021

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

Titus County, Texas
CORRECTIVE ACTION PLAN
For the year ended September 30, 2021

VIEWS AND PLANNED CORRECTIVE ACTIONS

N/A

The contact person for the County is Barbara Shurbet, County Auditor at (903)-572-8101.

Titus County, Texas
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
For the year ended September 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL HIGHWAY ADMINISTRATION			
<u>Passed Through Texas Department of Transportation</u>			
County Infrastructure Fund	20.205	CTIF19225	140,157
Pass through Toll Reimbursement	20.205	2006-004-01	8,431,000
Total Passed Through TXDOT			8,571,157
TOTAL FEDERAL HIGHWAY ADMINISTRATION			8,571,157
DEPARTMENT OF JUSTICE			
<u>Passed Through Texas Office of Attorney General</u>			
Texas VINE (SAVNS)	16.036	21092044900-505-01	7,965
Indigent Defense	16.036	212-21-225	29,316
Total Passed Through Texas OAG			37,281
TOTAL DEPARTMENT OF JUSTICE			37,281
DEPARTMENT OF JUSTICE			
DEPARTMENT OF HEALTH & HUMAN SERVICES			
<u>Passed Through Texas Department of Family & Protective Services</u>			
Title IV-E Child Welfare Services	93.658	HHS000285000025	1,013
Total Passed Through DFPS			1,013
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			1,013
ELECTION ASSISTANCE COMMISSION			
<u>Passed Through State of Texas</u>			
HAVA Election Security	90.404	TX18101001-01-225	34,869
HAVA Cares Act	90.404	TX20101CARES-225	12,330
Total Passed Through State of Texas			47,199
TOTAL ELECTION ASSISTANCE COMMISSION			47,199
DEPARTMENT OF TREASURY			
<u>Passed Through Texas Division of Emergency Management</u>			
Corona Virus Relief	21.019	N/A	66,153
Total Passed Through Texas Division of Emergency Management			66,153
TOTAL DEPARTMENT OF TREASURY			66,153
TOTAL EXPENDITURES OF FEDERAL AWARDS			8,722,803

Titus County, Texas
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

1. Special revenue funds are normally used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. The sewer grant was accounted for in the proprietary fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. Some federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due.

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus and utilizes 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. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days after the end date of the period of performance as specified in the terms and conditions of the federal award under 2 CFR Section 200.343b (Uniform Guidance).

- Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$0.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$ 8,722,803
Corona Virus Relief -- Prior year reimbursement reported in the General Fund as transfer in	677,670
Total Federal Program Revenue	<u>9,400,473</u>
Less amount shown as transfers	(677,670)
Other intergovernmental -- not grants	128,312
Intergovernmental revenue -- Exhibit C	<u>8,851,115</u>