



Financial Statements  
September 30, 2021  
Taylor County, Texas

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## Independent Auditor's Report

The Honorable Judge and Members of the Commissioners Court  
Taylor County, Texas  
Abilene, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Taylor County, Texas, (the County) 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, each major fund, and the aggregate remaining fund information of Taylor County, Texas, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Notes 1 and 17 to the financial statements, the County has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of custodial fund net position as of October 1, 2020. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information together with the schedule of changes in net pension liability and related ratios, the schedule of employer contributions, and the schedule of changes in total OPEB liability and related ratios on pages 4-12 and 58-65 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 Taylor County, Texas's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements.

The combining nonmajor 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 nonmajor 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 taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, on our consideration of Taylor County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Taylor County, Texas's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Sallee LLP". The signature is written in black ink and is positioned above the typed name and date.

Abilene, Texas  
March 21, 2022

This section of Taylor County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2021. Please read it in conjunction with the County's financial statements.

### **FINANCIAL HIGHLIGHTS**

- Taylor County's total combined net position was \$64.9 million at September 30, 2021. This represents an increase of \$5.3 million from September 30, 2020. Of this amount, \$26.2 million (unrestricted net position) may be used to meet the County's ongoing obligations.
- During the year, the County's expenses were \$5.3 million less than the \$77.7 million generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$34.3 million; all but \$40,975 is available for spending at the government's discretion.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-Wide Statements**

The government-wide statements are designed to provide readers with a broad overview of Taylor County's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Position (Page 13) presents information on all of Taylor County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether Taylor County's financial position is improving or deteriorating when examined in conjunction with nonfinancial factors. The Statement of Activities (Page 14) presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

Both of these government-wide financial statements are designed to distinguish functions of Taylor County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, highways and streets, sanitation, economic development, culture and recreation. These activities are financed primarily by property taxes and grants. The County does not have any business-type activities.

### **Fund Financial Statements**

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

The County has three types of funds:

- **Governmental funds**—Most of the County's basic services are included in governmental funds, which focus on short-term inflows and outflows of available resources and the balances of these resources that are available at the end of the year. Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on Pages 16 and 18 of the basic financial statements section.

The County maintains thirty-six individual governmental funds. Information is presented separately in the governmental fund statements for the general fund, contingency fund, expo center capital projects fund, and the road and bridge fund, all of which are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided in the Required Supplementary section to demonstrate compliance with this budget.

- **Proprietary funds** – Proprietary funds consist of two types of funds, enterprise and internal service funds. At this time, Taylor County has no enterprise funds. Internal service funds report activities that provide services and supplies for the County's other programs and activities. The individual internal service funds are combined into a single aggregate presentation in the proprietary fund financial statements on Pages 19-21. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

- Fiduciary funds – The County is the trustee, or fiduciary, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Page 22 and Statement of Changes in Fiduciary Fund Net Position on Page 23. Fiduciary funds are not reflected in the government-wide financial statements because the County cannot use these assets to finance its operations.

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Taylor County's combined net position was approximately \$64.9 million at September 30, 2021. The largest portion of the County's net position (52%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment), less accumulated depreciation and any related outstanding debt. An additional portion of the County's net position (7%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors.

	Governmental Activities	
	September 30, 2021	September 30, 2020
Current and Other Assets	\$ 75,469,993	\$ 61,899,432
Capital Assets	87,554,141	77,687,812
Total assets	163,024,134	139,587,244
Deferred Outflows of Resources	12,931,574	4,994,634
Current Liabilities	16,107,485	6,699,340
Long Term Liabilities	88,806,320	73,524,528
Total liabilities	104,913,805	80,223,868
Deferred Inflows of Resources	6,130,904	4,739,306
Net Position		
Net Investment in Capital Assets	33,820,195	34,648,098
Restricted	4,841,727	4,445,761
Unrestricted	26,249,077	20,524,845
Total net position	\$ 64,910,999	\$ 59,618,704

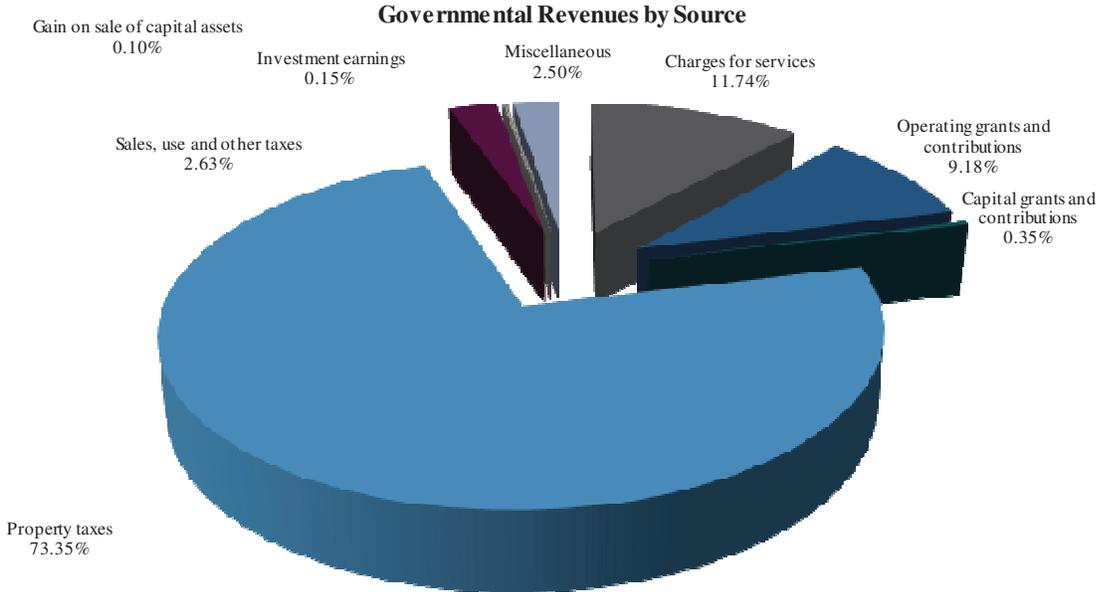
**Changes in Net Position**

Taylor County's net position increased by approximately \$5.3 million during the current fiscal year.

	Governmental Activities	
	September 30, 2021	September 30, 2020
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 9,123,803	\$ 7,264,066
Operating grants and contributions	7,135,588	3,520,293
Capital grants and contributions	271,936	2,879,115
General revenues		
Property taxes	56,992,395	55,838,904
Sales and use and other taxes	2,041,514	1,947,398
Investment earnings	115,191	941,950
Miscellaneous revenue	1,941,667	1,554,503
Gain on sale of capital assets	81,443	-
Total revenues	<u>77,703,537</u>	<u>73,946,229</u>
<b>Expenses</b>		
General government	5,527,703	5,563,786
Financial administration	2,813,712	2,740,568
Judicial	9,264,794	9,324,052
Legal	3,925,972	3,641,413
Elections	919,394	875,133
Public facilities	4,625,547	4,801,240
Public safety	34,015,087	31,452,070
Road and bridge	5,031,041	4,641,504
Health and welfare	3,332,300	3,944,911
Conservation	570,743	559,428
Culture and recreation	34,895	30,172
Interest on long-term debt	2,169,102	1,992,453
Other debt service cost	180,952	-
Total expenses	<u>72,411,242</u>	<u>69,566,730</u>
Change in net position	5,292,295	4,379,499
Beginning net position, restated	<u>59,618,704</u>	<u>55,239,205</u>
Ending net position	<u>\$ 64,910,999</u>	<u>\$ 59,618,704</u>

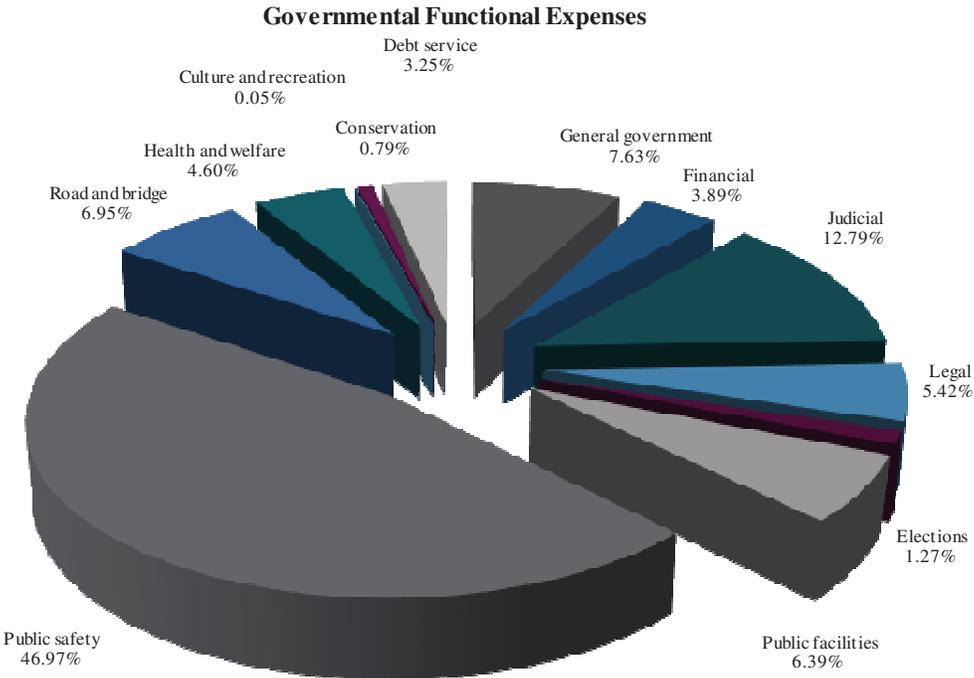
**Governmental Activities**

Total revenues for the fiscal year ending September 30, 2021 were \$77.7 million. Approximately 76% of the County's revenue comes from taxes, with approximately 74% from property taxes alone. Property tax revenue as a percentage of total revenue decreased by 2% compared to the prior year due to an increase in property tax revenue for debt service.



The total cost for all programs and services totaled \$72.4 million for the year ended September 30, 2021. Of this amount, the largest operating services areas were public safety which totaled \$34.0 million or 47% of total expenses for the year, and judicial services which totaled \$9.3 million, or 13% of total expenses for the year. In the prior year, these two operating areas comprised 59% of total expenses. Costs related to general government (8%) continued to absorb a significant percentage of the County’s total expenses for the current year.

Total expenses increased by \$2.8 million from the prior year.



**FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS**

As of the end of the fiscal year, Taylor County’s governmental funds reported a combined fund balance of \$58.1 million, an increase of \$3,930,225 or 7.3% in comparison with the prior year. Approximately 59% of this total amount (\$34.2 million) is unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is nonspendable, restricted or assigned, to indicate that it is not available for new spending because it has already been restricted or assigned to: 1) special purposes by virtue of special revenue funds (\$12.5 million), 2) retirement of bonded indebtedness (\$1.4 million), 3) authorized construction (\$9.9 million), and 4) authorized construction under bond issuance (\$4 thousand).

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was \$34.3 million. Approximately \$34.2 million is unassigned. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 63% of total General Fund expenditures. Taylor County's General Fund balance increased by \$4.6 million during the current fiscal year.

The Road and Bridge Fund accounts for County resources used to provide transportation services to County citizens. At the end of the fiscal year, the total fund balance was \$2.9 million. Approximately \$2.9 million is assigned for road and bridge activities. Assigned fund balance represents 59% of total Road and Bridge Fund expenditures. Fund balance decreased by \$20 thousand during the current fiscal year.

The Expo Center Capital Projects Fund accounts for proceeds from long-term financing, expenditures related to authorized Expo Center construction, and related capital asset acquisitions. At the end of the fiscal year, the total fund balance was \$3,874, all of which was assigned for capital projects. Fund balance decreased by \$10.2 million during the current fiscal year.

The Courthouse Restoration Fund accounts for proceeds from long-term financing, expenditures related to authorized restoration of the county courthouse. At the end of the fiscal year, the total fund balance was \$9.6 million, all of which was restricted for capital projects. Fund balance increased by \$8.7 million during the current fiscal year.

The ARPA Local Recovery Fund accounts for grant revenues and related expenses for the American Rescue Plan Act. At the end of the fiscal year, the total fund balance was \$4 thousand, all of which was restricted for grant purposes. Fund balance increased by \$4 thousand during the current fiscal year.

### **General Fund Budgetary Highlights**

Over the course of the year, the County revised its budget several times. With these adjustments, actual expenditures were \$7.9 million below final budgeted amounts. Positive variances from budgeted expenditures resulted from decreases in most expenditure categories due to the COVID-19 pandemic. Resources available were \$1.0 million more than the final budgeted amount. The revenue increases were primarily from increases in intergovernmental revenues.

### **Road and Bridge Fund Budgetary Highlights**

The County revised its Road and Bridge Fund budget several times. With these adjustments, actual expenditures were \$922 thousand below final budgeted amounts. Positive variances from budgeted expenditures resulted from decreases in most expenditure categories. Resources available were \$1.4 million less than the final budgeted amount. The revenue decreases were primarily from intergovernmental revenues not received.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2021, the County had invested \$87.6 million in a broad range of capital assets, including land, buildings, roads, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$9.9 million, or 12.7% over last year.

Major events affecting capital assets during the year were:

- Continuation of construction on Expo Center additions approved through the 2017 bond issuance.
- Continuation of construction on the old Courthouse Restoration project.

More detailed information about the County's capital assets can be found in Note 6 on Page 37 of this report.

	Governmental Activities		Percent Change
	2021	2020	
Land	\$ 2,125,789	\$ 2,097,381	1.35%
Construction in progress	1,477,796	6,470,920	-77.16%
Buildings and improvements	139,466,901	120,948,550	15.31%
Furniture and equipment	10,150,610	8,978,336	13.06%
Vehicles and heavy equipment	14,652,914	13,999,699	4.67%
Infrastructure	70,512,665	70,512,665	0.00%
<b>Total</b>	<b>238,386,675</b>	<b>223,007,551</b>	<b>6.90%</b>
Total accumulated depreciation	(150,832,534)	(145,319,739)	3.79%
<b>Net capital assets</b>	<b>\$ 87,554,141</b>	<b>\$ 77,687,812</b>	<b>12.70%</b>

### Long-Term Debt

At the end of the year, the County had \$64.6 million of long-term obligations.

	Governmental Activities		Percent Change
	2021	2020	
Bonds Payable	\$ 43,980,000	\$ 45,450,000	-3%
Premium on Bonds Payable	7,796,211	5,959,469	31%
Tax Note and Certificates Payable	11,815,000	1,875,000	530%
Compensated Absences	1,012,414	1,133,160	-11%
<b>Total</b>	<b>\$ 64,603,625</b>	<b>\$ 54,417,629</b>	<b>19%</b>

During the year, Taylor County's long-term obligations increased by \$10.2 million.

The State limits the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation is \$2.39 billion, which is significantly higher than the County's outstanding general obligation debt.

More detailed information about the County's long-term liabilities can be found in Note 8 on Pages 39 and 40 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The net taxable appraised value used for the 2021 budget preparation is estimated to be up \$566 million, or 5.9% from 2021. Total values for Taylor County, without adjustments, were up 6.4%.
- The Abilene Metro Area / Taylor County unemployment rate in June 2021 was 5.3%, compared to 7.5 % in June 2020. The State unemployment rate in June 2021 was 5.9%.
- Inflationary trends in the region compare favorably to national indices.

These factors and others were taken into consideration when preparing the General Fund budget for the 2022 fiscal year.

The combined tax rate established for 2022 is \$.6070, a decrease of \$.0113 from 2021. Taylor County adopted a rate above the No New Revenue Tax Rate but below the Voter Approval Rate for 2022. While the rate is lower than the previous year, the adopted rate represents an increase in taxes. These named rates are part of the Property Tax Reform passed by the 86th Texas Legislative Session.

Amounts available for appropriation in the General Fund budget are \$60,935,154, an increase of 2.5% over the 2021 budget of \$59,471,522. Losses in budgeted interest earned partially offset an increase in anticipated grant revenues. The majority of the increase is attributable to tax on new properties added to the tax roll, and the small increase in the tax rate.

Budgeted expenditures rose approximately 2.1% to \$61,090,538. An employee cost of living salary adjustment, targeted pay increases to law enforcement and corrections starting pay, and the continued response of county operations to pandemic impacts were the largest contributing factors to the change in budgeted expenditures.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Taylor County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of the Taylor County Auditor, 400 Oak Street, Suite 449, Abilene, TX 79602.

Taylor County, Texas  
Statement of Net Position (Exhibit A-1)  
September 30, 2021

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 57,605,463
Investments	13,042,861
Receivables (net of allowance for uncollectibles)	
Taxes	676,154
Other	4,037,113
Prepaid expenses and inventories	104,528
Restricted assets	
Restricted cash and cash equivalents	3,874
Capital assets	
Land	2,125,789
Construction in progress	1,477,796
Infrastructure, net	364,538
Buildings and improvements, net	73,586,613
Vehicles and heavy equipment, net	3,901,925
Furniture and equipment, net	6,097,480
Total assets	163,024,134
Deferred outflows of resources	
Deferred outflows of resources - pension	9,673,968
Deferred outflows of resources - OPEB	3,257,606
Total deferred outflows of resources	12,931,574
<b>Liabilities</b>	
Accounts payable and other current liabilities	1,948,674
Accrued interest payable	291,229
Payroll liabilities	1,148,573
Unearned revenues	9,791,127
Due to other governments	597,882
Noncurrent liabilities	
Due within one year	2,330,000
Due in more than one year	62,273,625
Net pension liability	13,392,709
Total OPEB liability	13,139,986
Total liabilities	104,913,805
Deferred inflows of resources	
Deferred inflows of resources - pension	4,723,682
Deferred inflows of resources - OPEB	1,407,222
Total deferred inflows of resources	6,130,904
<b>Net position</b>	
Net investment in capital assets	33,820,195
Restricted for	
Debt service	1,151,571
Grants	7,261
Technology	259,065
Security	350,226
Enabling legislation	2,340,448
Law enforcement	733,156
Unrestricted	26,249,077
Total net position	\$ 64,910,999

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental activities				
General government	\$ 5,527,703	\$ 3,655,610	\$ 1,273,782	\$ -
Financial	2,813,712	688,715	154,994	-
Judicial	9,264,794	1,793,569	366,791	-
Legal	3,925,972	15,826	370,720	-
Elections	919,394	147,087	94,323	-
Public facilities	4,625,547	44,651	61,605	271,936
Public safety	34,015,087	558,867	4,023,983	-
Road and bridge	5,031,041	2,130,670	668,881	-
Health and welfare	3,332,300	-	84,273	-
Conservation	570,743	88,808	36,236	-
Culture and recreation	34,895	-	-	-
Interest and fees				
on long-term debt	2,169,102	-	-	-
Other debt service cost	180,952	-	-	-
Total governmental activities	<u>72,411,242</u>	<u>9,123,803</u>	<u>7,135,588</u>	<u>271,936</u>
Total primary government	<u>\$ 72,411,242</u>	<u>\$ 9,123,803</u>	<u>\$ 7,135,588</u>	<u>\$ 271,936</u>

See Notes to Financial Statements

Taylor County, Texas  
Statement of Activities (Exhibit A-2)  
Year Ended September 30, 2021

	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	
	Governmental Activities	Total
	\$ (598,311)	\$ (598,311)
	(1,970,003)	(1,970,003)
	(7,104,434)	(7,104,434)
	(3,539,426)	(3,539,426)
	(677,984)	(677,984)
	(4,247,355)	(4,247,355)
	(29,432,237)	(29,432,237)
	(2,231,490)	(2,231,490)
	(3,248,027)	(3,248,027)
	(445,699)	(445,699)
	(34,895)	(34,895)
	(2,169,102)	(2,169,102)
	(180,952)	(180,952)
	(55,879,915)	(55,879,915)
	(55,879,915)	(55,879,915)
General revenues		
Property taxes, levied for general purposes	52,558,071	52,558,071
Property taxes, levied for debt purposes	4,434,324	4,434,324
Other taxes	2,041,514	2,041,514
Gain on sale of capital assets	81,443	81,443
Miscellaneous revenues	1,941,667	1,941,667
Investment earnings	115,191	115,191
	61,172,210	61,172,210
Total general revenues	61,172,210	61,172,210
Change in net position	5,292,295	5,292,295
Net position at beginning of year	59,618,704	59,618,704
Net position at end of year	\$ 64,910,999	\$ 64,910,999

	General Fund	Road and Bridge Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 25,651,452	\$ 3,045,823
Investments	10,035,773	-
Receivables (net of allowance for uncollectibles)		
Property taxes	627,872	-
Other	595,120	52,268
Fines and fees	2,870,385	-
Due from other funds	572,559	10,340
Inventories	1,873	-
Prepaid items	39,102	105
Restricted assets		
Restricted cash and cash equivalents	-	-
Total assets	<u>\$ 40,394,136</u>	<u>\$ 3,108,536</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>		
<b>Liabilities</b>		
Accounts payable and other current liabilities	\$ 1,068,801	\$ 147,705
Payroll liabilities	1,053,332	71,770
Unearned revenues	-	-
Due to other funds	-	1,693
Due to other governments	597,882	-
Total liabilities	<u>2,720,015</u>	<u>221,168</u>
<b>Deferred inflows of resources</b>		
Unavailable revenue - property taxes	523,675	-
Unavailable revenue - fines and fees	2,870,385	-
Total deferred inflows of resources	<u>3,394,060</u>	<u>-</u>
<b>Fund balances</b>		
<b>Nonspendable</b>		
Inventories	1,873	-
Prepaid items	39,102	105
<b>Restricted for</b>		
Debt service	-	-
Capital projects	-	-
Grants	-	-
Technology	-	-
Security	-	-
Enabling legislation	-	-
Law enforcement	-	-
<b>Assigned for</b>		
Road and bridge	-	2,887,263
Capital projects	-	-
Other purposes	-	-
Unassigned	34,239,086	-
Total fund balances	<u>34,280,061</u>	<u>2,887,368</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,394,136</u>	<u>\$ 3,108,536</u>

See Notes to Financial Statements

Taylor County, Texas  
Balance Sheet – Governmental Funds (Exhibit A-3)  
September 30, 2021

Expo Center Capital Project Fund	Courthouse Restoration Fund	ARPA Local Recovery Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 9,355,770	\$ 10,260,164	\$ 8,437,801	\$ 56,751,010
-	-	-	3,007,088	13,042,861
-	-	-	48,282	676,154
-	271,936	-	65,333	984,657
-	-	-	-	2,870,385
-	-	-	224,664	807,563
-	-	-	63,448	65,321
-	-	-	-	39,207
<u>3,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,874</u>
<u>\$ 3,874</u>	<u>\$ 9,627,706</u>	<u>\$ 10,260,164</u>	<u>\$ 11,846,616</u>	<u>\$ 75,241,032</u>
\$ -	\$ -	\$ 27,720	\$ 125,360	\$ 1,369,586
-	-	-	23,471	1,148,573
-	-	9,767,090	24,037	9,791,127
-	-	460,877	344,993	807,563
-	-	-	-	597,882
<u>-</u>	<u>-</u>	<u>10,255,687</u>	<u>517,861</u>	<u>13,714,731</u>
-	-	-	39,595	563,270
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,870,385</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,595</u>	<u>3,433,655</u>
-	-	-	63,448	65,321
-	-	-	-	39,207
-	-	-	1,403,205	1,403,205
-	9,627,706	-	229,559	9,857,265
-	-	4,477	2,784	7,261
-	-	-	259,065	259,065
-	-	-	350,226	350,226
-	-	-	2,340,448	2,340,448
-	-	-	733,156	733,156
-	-	-	-	2,887,263
3,874	-	-	-	3,874
-	-	-	5,912,024	5,912,024
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,755)</u>	<u>34,234,331</u>
<u>3,874</u>	<u>9,627,706</u>	<u>4,477</u>	<u>11,289,160</u>	<u>58,092,646</u>
<u>\$ 3,874</u>	<u>\$ 9,627,706</u>	<u>\$ 10,260,164</u>	<u>\$ 11,846,616</u>	<u>\$ 75,241,032</u>

Total Fund Balance-Governmental Funds	\$	58,092,646
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The County uses internal service funds to charge the costs of certain activities, such as self-insurance to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.

	457,436
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Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Governmental capital assets	238,386,675	
Accumulated depreciation	<u>(150,832,534)</u>	87,554,141

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	(43,980,000)	
Premium on bonds and certificates payable	(7,796,211)	
Tax notes and certificates payable	(11,815,000)	
Accrued interest payable	(291,229)	
Compensated absences	(1,012,414)	
Net pension liability	(13,392,709)	
Total OPEB liability	<u>(13,139,986)</u>	(91,427,549)

Included in the items related to long-term liabilities is the recognition of the County's deferred outflow of resources, and deferred inflow of resources relating to its pension liability and OPEB liability.

Deferred inflow of resources - pension	(4,723,682)	
Deferred inflow of resources - OPEB	(1,407,222)	
Deferred outflow of resources - pension	9,673,968	
Deferred outflow of resources - OPEB	<u>3,257,606</u>	6,800,670

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.

Unavailable revenue - office fees receivable	2,870,385	
Unavailable revenue - property taxes	<u>563,270</u>	<u>3,433,655</u>

Net Position of Governmental Activities-Statement of Net Position	<u>\$</u>	<u>64,910,999</u>
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	General Fund	Road and Bridge Fund
Revenues		
Taxes		
Property taxes	\$ 52,581,769	\$ -
Other taxes	601,569	1,439,945
License and permits	757,811	1,688,100
Intergovernmental and grants	2,108,376	25,963
Fines and fees	4,307,681	53,450
Rents and recoveries	5,883	-
Investment earnings	65,209	3,755
Miscellaneous	139,130	33,376
Total revenues	<u>60,567,428</u>	<u>3,244,589</u>
Expenditures		
Current		
General government	4,151,872	-
Financial	2,628,774	-
Judicial	8,819,342	-
Legal	3,615,641	-
Elections	464,909	-
Public facilities	1,621,313	-
Public safety	28,114,903	-
Road and bridge	12,365	4,144,823
Health and welfare	2,949,478	-
Conservation	511,943	-
Culture and recreation	34,895	-
Debt service		
Debt principal	-	-
Debt interest and agent fees	-	-
Debt issuance costs	-	-
Capital outlay		
Capital outlay	1,162,940	685,819
Total expenditures	<u>54,088,375</u>	<u>4,830,642</u>
Excess (deficiency) of revenues over (under) expenditures	6,479,053	(1,586,053)
Other financing sources (uses)		
Transfers in	-	1,500,000
Transfers out	(1,850,000)	-
Proceeds from debt issuance	-	-
Proceeds from sale of capital assets	6,177	66,210
Total other financing sources (uses)	<u>(1,843,823)</u>	<u>1,566,210</u>
Net change in fund balance	4,635,230	(19,843)
Fund balance at beginning of year	29,644,831	2,907,211
Fund balance at end of year	<u>\$ 34,280,061</u>	<u>\$ 2,887,368</u>

See Notes to Financial Statements

Taylor County, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5)

Year Ended September 30, 2021

Expo Center Capital Project Fund	Courthouse Restoration Fund	ARPA Local Recovery Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 4,435,106	\$ 57,016,875
-	-	-	-	2,041,514
-	-	-	-	2,445,911
-	271,936	3,638,653	1,219,392	7,264,320
-	-	-	1,011,084	5,372,215
-	-	-	-	5,883
6,847	14,961	4,477	18,347	113,596
-	-	-	1,140,750	1,313,256
<u>6,847</u>	<u>286,897</u>	<u>3,643,130</u>	<u>7,824,679</u>	<u>75,573,570</u>
-	-	192,521	991,436	5,335,829
-	-	154,994	-	2,783,768
-	-	366,791	15,336	9,201,469
-	-	244,402	54,202	3,914,245
-	-	25,585	128,986	619,480
-	-	61,605	99,144	1,782,062
-	-	2,201,921	1,777,062	32,093,886
-	-	205,534	43,127	4,405,849
-	-	84,273	278,350	3,312,101
-	-	36,236	-	548,179
-	-	-	-	34,895
-	-	-	1,765,000	1,765,000
-	-	-	2,651,106	2,651,106
-	135,714	-	45,238	180,952
<u>10,559,914</u>	<u>544,127</u>	<u>64,791</u>	<u>2,505,738</u>	<u>15,523,329</u>
<u>10,559,914</u>	<u>679,841</u>	<u>3,638,653</u>	<u>10,354,725</u>	<u>84,152,150</u>
(10,553,067)	(392,944)	4,477	(2,530,046)	(8,578,580)
312,186	-	-	-	1,812,186
-	-	-	(112,186)	(1,962,186)
-	9,135,714	-	3,425,214	12,560,928
-	-	-	25,490	97,877
<u>312,186</u>	<u>9,135,714</u>	<u>-</u>	<u>3,338,518</u>	<u>12,508,805</u>
(10,240,881)	8,742,770	4,477	808,472	3,930,225
<u>10,244,755</u>	<u>884,936</u>	<u>-</u>	<u>10,480,688</u>	<u>54,162,421</u>
<u>\$ 3,874</u>	<u>\$ 9,627,706</u>	<u>\$ 4,477</u>	<u>\$ 11,289,160</u>	<u>\$ 58,092,646</u>

Taylor County, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities (Exhibit A-6)  
Year Ended September 30, 2021

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Net Change in Fund Balances -Total Governmental Funds		\$ 3,930,225
<p>The County uses internal service funds to charge the costs of certain activities, such as self-insurance to appropriate functions in other governmental funds. The change in net position of these internal service funds are reported with governmental funds. The net effect of this consolidation is to decrease net position.</p>		
		(620,028)
<p>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.</p>		
Capital outlay	15,693,056	
Principal payments	<u>1,765,000</u>	17,458,056
<p>Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(5,810,293)
<p>Proceeds from issuance of tax notes payable are reported as other financing sources in the fund financial statements but are shown as long term liabilities in the government-wide financial statements.</p>		
		(12,560,928)
<p>Certain expenses for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's share of pension expense must be recognized.</p>		
Change in contributions made after measurement date	434,090	
Pension expense	<u>933,482</u>	1,367,572
<p>Certain expenditures for the OPEB that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows as of the measurement date must be amortized and the County's share of OPEB expense must be recognized.</p>		
Change in contributions made after measurement date	77,875	
OPEB expense	<u>(560,901)</u>	(483,026)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.</p>		
Increase in office fines and fees receivable	1,448,881	
Decrease in unavailable tax revenues	(24,480)	
Increase in long-term debt interest payable	(7,182)	
Net book value of assets retired	(16,434)	
Amortization of bond premium	489,186	
Decrease in compensated absences	<u>120,746</u>	<u>2,010,717</u>
Change in Net Position of Governmental Activities-Statement of Activities		<u>\$ 5,292,295</u>

Taylor County, Texas  
Statement of Net Position – Proprietary Funds (Exhibit A-7)  
September 30, 2021

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	Governmental Activities
	Internal Service Funds
Assets	
Current assets	
Cash and cash equivalents	\$ 854,453
Accounts receivable	182,071
	1,036,524
Total assets	1,036,524
Liabilities	
Current liabilities	
Accounts payable	143,905
Accrued liabilities	435,183
	579,088
Total liabilities	579,088
Net position	
Unrestricted	457,436
Total net position	\$ 457,436

Taylor County, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds (Exhibit A-8)  
Year Ended September 30, 2021

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	Governmental Activities
	Internal Service Funds
Operating revenues	
Charges for services	\$ 6,674,044
Stop loss revenue	1,070,817
Total operating revenues	7,744,861
Operating expenses	
Contract services	2,111,276
Claims	7,027,736
Total operating expenses	9,139,012
Operating loss	(1,394,151)
Nonoperating revenues	
Investment earnings	1,595
Settlement proceeds	124,377
Refunds	498,151
Total nonoperating revenues	624,123
Net loss before transfers	(770,028)
Transfers	
Transfers in	150,000
Net transfers	150,000
Change in net position	(620,028)
Net position at beginning of year	1,077,464
Net position at end of year	\$ 457,436

Taylor County, Texas  
Statement of Cash Flows – Proprietary Funds (Exhibit A-9)  
Year Ended September 30, 2021

	Governmental Activities
	Internal Service Funds
Operating activities	
Cash received from interfund services provided	\$ 6,571,527
Cash received from insurance providers	1,070,817
Cash payments for claims	(6,978,791)
Cash payments for insurance premiums	(2,111,276)
	(1,447,723)
Net cash used for operating activities	
Non-capital financing activities	
Transfers, net	150,000
Settlement proceeds	124,377
Refunds	498,151
	772,528
Net cash from non-capital financing activities	
Investing activities	
Interest and dividends	1,595
	1,595
Net cash from investing activities	
Change in cash and cash equivalents	(673,600)
Cash and cash equivalents - beginning of year	1,528,053
Cash and cash equivalents - end of year	\$ 854,453
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (1,394,151)
Net change in	
Accounts receivable	(102,517)
Accounts payable	(2,927)
Accrued liabilities	51,872
Total adjustments	(53,572)
Net cash used for operating activities	\$ (1,447,723)



Taylor County, Texas  
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds (Exhibit A-11)  
September 30, 2021

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	Custodial Funds
Additions	
Investment income	\$ 791
Custodial revenue	121,208,514
Total additions	121,209,305
Deductions	
Forfeitures	465,994
Other deductions	117,625,221
Total deductions	118,091,215
Change in net position	3,118,090
Net position, beginning of year, restated	10,566,565
Net position, end of year	\$ 13,684,655

## **Note 1 - Summary of Significant Accounting Policies**

### **Reporting Entity**

The County and its specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S. Taylor County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

The Commissioners' Court has governance responsibilities over all activities related to Taylor County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental "reporting entity" as defined by authoritative guidance. There are no component units included within the reporting entity. The criteria for including organizations as component units within the County's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in its name)
- the County holds the corporation powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County
- the exclusion of the organization would result in misleading or incomplete financial statements

The County provides the following services to its citizens: public safety (law enforcement and detention, fire and ambulance), public transportation (roads and bridges), health and welfare (pauper care, health clinic facilities, meals for the elderly and indigent health care), culture and recreation facilities, conservation, public facilities, judicial and legal, election functions, and general and financial administrative services.

### **Government-wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Taylor County nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, 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 presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: a) fees, fines and charges paid by the recipients of goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from agency funds on the government-wide Statement of Net Position.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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 and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

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

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

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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

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

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 net investment in capital assets, restricted net position, and unrestricted net position.

### **Fund Accounting**

The County reports the following major governmental funds:

**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. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

**Road and Bridge Fund** – This is a special revenue fund used to account for resources used by the County in connection with providing transportation services to its citizens.

**Expo Center Capital Projects Fund** – This fund accounts for proceeds from long-term financing and revenue and expenditures related to authorized construction and other capital asset acquisitions, specifically relating to the Expo Center.

**Courthouse Restoration Capital Projects Fund** – This fund accounts for proceeds from long-term financing and revenue and expenditures related to authorized construction and other capital asset acquisitions, specifically relating to the old courthouse restoration project.

**ARPA Local Recovery Fund** – This is a special revenue fund used to account for resources restricted by the grantor agency for this federal program.

Additionally, the County reports the following non-major fund types:

### **Governmental Funds**

Special Revenue Funds – The County uses these funds to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted, committed, or assigned to expenditures for specified purposes.

General Capital Projects Funds – The County uses these funds to account for proceeds from long-term financing and revenue and expenditures related to authorized construction and other capital asset acquisitions.

Debt Service Fund – The County uses this fund to account for the accumulation of resources for, and the payment of, general long term debt principal, interest and related costs.

### **Proprietary Funds**

Internal Service Funds – The County uses these funds to account for the financing of goods or services provided by one department or other departments of the County, on a cost-reimbursement basis.

### **Fiduciary Funds**

Custodial Funds – The County accounts for resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

### **Cash and Cash Equivalents**

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

### **Property Taxes**

Property taxes are levied by October 1 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 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a “Property Tax Code” and provides, among other things, for the establishment of county wide appraisal districts and for the State Property Tax Board which commenced operation on January 1, 1980.

As of October 1, 1981, the appraisal of property within the County was the responsibility of the Central Appraisal District (the Appraisal District) of Taylor County. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the effective tax rates for bonds and other contractual obligations and adjusted for new improvements exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

Through a contractual arrangement with the County, the Central Appraisal District of Taylor County is responsible for the collection of taxes. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the Appraisal District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

The County has adopted a policy to record all delinquent taxes in the General Fund at year end. The County's general obligation bonds require an annual tax levy sufficient to pay principal and interest on the bonds with full allowance being made for delinquent taxes. The bond ordinances require that the Debt Service Fund be funded from actual tax receipts as received. The later collection of delinquent taxes, after the current year funding requirements have been satisfied, will be in excess of the actual requirements for the payment of the bonds. Therefore, such delinquent taxes are deposited in the County's General Fund after the County has met the annual requirements for the payment of the bonds.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements, they are offset by nonspendable fund balance which indicates they do not represent "available spendable resources."

### **Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Generally, a capitalization threshold of \$5,000 is used.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

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

Buildings and Improvements	20-30
Furniture and Equipment	5-12
Vehicles and Heavy Equipment	5-12
Infrastructure	20-35

### Receivables and Payables Balances

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

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue.

### Compensated Absences

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

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on specific event (such as illness)

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

Upon termination from the County employment, an employee that has completed six months of employment shall be entitled to payment for total accrued but unused days of vacation. Comp time earned, but not taken, is paid at termination, but cannot accumulate beyond County specified limits. Once the maximum number of compensatory hours has been accumulated, employees are paid immediately for any additional compensatory hours earned. Sick leave accrues at a rate of 10 hours per month or 120 hours per year up to a maximum of 480 hours, but compensation is paid only for illness-related absences. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp time is the only accrued compensation liabilities recorded.

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

### **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

### **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to its pension and OPEB plans for changes in assumptions and the difference between projected and actual earnings for its pension plan and contributions made to the pension and OPEB plans after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan, OPEB plan, and for unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **Pensions**

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension 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 TCDRS'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.

## **OPEB**

The fiduciary net position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from the fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no assets accumulated in a trust fund for the OPEB plan.

## **Implementation of GASB 84**

As of October 1, 2020, the County adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the County resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of net position of custodial funds. The effect of the implementation of this standard on beginning net position is disclosed in Note 17.

## **Note 2 - Stewardship, Compliance and Accountability**

The County Judge and the County Auditor submit an annual budget to the Commissioners Court in accordance with the laws of the State of Texas. The budget is presented to the Commissioners Court for review, budget workshops are held with the various County department officials, and public hearings are held to address priorities and the allocation of resources. In August, the Commissioners Court adopts the annual fiscal year budgets for all County operating funds. Once approved, the Commissioners Court may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund's approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level.

Within this control level, management may transfer appropriations between line items. Budget revisions and the line item transfers are subject to final review by the Commissioners Court. Revisions to the budget were made throughout the year.

The budgets for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

### **Note 3 - Fair Value Measurements**

GASB Statement No. 72, Fair Value Measurement and Application, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

### **Note 4 - Deposits and Investments**

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

**A. Investments**

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

At September 30, 2021, the carrying amount of the County's deposits (cash, certificates of deposit, and temporary investments) was:

	<u>Amortized Cost</u>	<u>Maturity</u>	<u>Credit Quality Rating</u>
TexPool	\$ 10,000,800	< 60 days - Weighted Avg.	AAAm
TexTerm	13,042,861	< 60 days - Weighted Avg.	AAAm
Total cash in			
First Financial Bank	<u>47,608,537</u>		N/A
	<u><u>\$ 70,652,198</u></u>		

Investment valuation techniques are used to determine fair value. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The County has a financial arrangement with its bank and TexPool whereby TexPool will transfer funds to the bank to cover any shortfalls in the operating account.

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

The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available online. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

## **B. Investment Accounting Policy**

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

### **Custodial Credit Risk – Deposits**

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is for the safekeeping bank to provide minimum collateral of 110% of the County deposits. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2021 were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

### **Custodial Credit Risk – Investments**

This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

### **Concentration of Credit Risk**

Diversification by investment type shall be established by the following maximum percentages of investment types to the total County investment portfolio at the time of each investment transaction:

a.)	U.S. Treasury Bills/Notes/Bonds	100%
b.)	U.S. Agencies and Instrumentalities	85%
c.)	States, Counties, Cities, and Other	50%
d.)	Certificates of Deposit	100%
e.)	Money Market Mutual Funds	80%
f.)	Eligible Investment Pools	100%

### **Interest Rate Risk**

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. The weighted average days to maturity for the operating fund portfolio shall be less than 270 days and the maximum allowable maturity shall be no longer than two years. General Fund balances at the end of the fiscal year shall have a maximum allowable maturity not to exceed three years. The maximum maturity for all construction or capital improvement funds shall not be more than five years. County funds that are considered “bond proceeds” for arbitrage purposes shall have a maximum maturity not to exceed one year. Special revenue funds are legally restricted to expenditures for a particular purpose under the direction of a certain department. They may be invested in compliance with this Policy and all applicable laws, subject to cash flow requirements with maximum maturity not to exceed three years. Custodial funds are to be invested not to exceed ninety days. Registry funds maturity are not to exceed court order limits.

### **Other Credit Risk**

There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County invests only in issues permitted by state law. To minimize credit risk, TexPool’s investment policy allows the portfolio’s investment manager to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. TexPool is rated AAAM by Standard & Poor’s. It is the County’s policy to diversify its portfolio to eliminate the risk of loss resulting from the concentration of assets in a specific maturity, a specific issuer, or a specific class of investments.

**Note 5 - Receivables**

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	Property Taxes	Other Receivables	Fines and Fees	Total Receivables
Governmental Funds				
General fund	\$ 1,145,059	\$ 595,120	\$ 19,928,551	\$ 21,668,730
Road and bridge fund	-	52,268	-	52,268
Courthouse restoration fund	-	271,936	-	271,936
Non-major governmental funds	76,514	65,333	-	141,847
Gross receivables	1,221,573	984,657	19,928,551	22,134,781
Less: allowance for uncollectibles	(545,419)	-	(17,058,166)	(17,603,585)
Total governmental funds	\$ 676,154	\$ 984,657	\$ 2,870,385	\$ 4,531,196
Amounts not scheduled for collection during the subsequent year	\$ (563,270)	\$ -	\$ (2,870,385)	\$ (3,433,655)
Internal service funds	\$ -	\$ 182,071	\$ -	\$ 182,071
Total internal service funds	\$ -	\$ 182,071	\$ -	\$ 182,071

**Note 6 - Capital Assets**

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$ 2,097,381	\$ 28,408	\$ -	\$ 2,125,789
Construction in progress	6,470,920	12,428,428	17,421,552	1,477,796
Total non-depreciable assets	8,568,301	12,456,836	17,421,552	3,603,585
Depreciable assets				
Buildings and improvements	120,948,550	18,518,351	-	139,466,901
Furniture and equipment	8,978,336	1,172,274	-	10,150,610
Vehicles and heavy equipment	13,999,699	967,147	313,932	14,652,914
Infrastructure	70,512,665	-	-	70,512,665
Total depreciable assets	214,439,250	20,657,772	313,932	234,783,090
Total at historic cost	223,007,551	33,114,608	17,735,484	238,386,675
Less accumulated depreciation				
Buildings and improvements	61,646,470	4,233,818	-	65,880,288
Furniture and equipment	3,286,828	766,302	-	4,053,130
Vehicles and heavy equipment	10,295,336	753,151	297,498	10,750,989
Infrastructure	70,091,105	57,022	-	70,148,127
Total accumulated depreciation	145,319,739	5,810,293	297,498	150,832,534
Governmental activities capital assets, net	<u>\$ 77,687,812</u>	<u>\$ 27,304,315</u>	<u>\$ 17,437,986</u>	<u>\$ 87,554,141</u>

Depreciation was charged to functions as follows:

General administration	\$ 272,981
Financial administration	2,160
Judicial	16,560
Elections	295,169
Public safety	1,625,145
Public facilities	2,820,261
Road and bridge	765,881
Conservation	12,136
	<u>\$ 5,810,293</u>

The estimated cost to complete the construction in progress as of September 30, 2021, was \$15,356,248.

**Note 7 - Interfund Balances and Activity**

**A. Due to and From Other Funds**

Balances due to and due from other funds at September 30, 2021, consisted of the following:

Due to nonmajor special revenue funds from:

Other governmental funds	\$ 224,664
Due from other funds	<u>\$ 224,664</u>

Due to general fund from:

Other governmental funds	\$ 109,989
ARPA Local Recovery Fund	460,877
Road and Bridge Fund	1,693
Due from other funds	<u>\$ 572,559</u>

Due to road and bridge fund from:

Other governmental funds	\$ 10,340
Due from other funds	<u>\$ 10,340</u>

Due to and due from other funds are interfund receivables and payables that reflect either short term borrowing or payroll clearing accounts between funds.

**B. Transfers to and From Other Funds**

Transfers to and from other funds at September 30, 2021, consisted of the following:

Transfers from general fund to:

Internal service fund	\$ 150,000
Road and Bridge Fund	1,500,000
Expo Center Capital Project Fund	200,000
	<u>\$ 1,850,000</u>

Transfers from other governmental funds to:

Expo Center Capital Project Fund	\$ 112,186
	<u>\$ 112,186</u>

Transfers from the general fund provide additional funding for special projects and support for internal service functions. Transfers from other capital projects funds provide funding for ongoing capital projects.

**Note 8 - Long-Term Obligations**

The County’s long-term debt consists of general obligation bonds and tax notes payable. Other long-term debt consists of the accrued liability for employee vested compensated absences.

**A. Bonds and Tax Notes Payable**

On January 24, 2017, the County issued \$48,320,000 in Limited Tax Obligation Bonds, Series 2017 to fund the construction for the Taylor County Coliseum and Fair Grounds (Expo Center). Interest is due semi-annually at 5%. The bonds mature serially through 2039.

On August 19, 2019, the County issued \$2,165,000 in a Limited Tax Note, Series 2019 to fund the purchase of voting machines for the ongoing election events held by the County. Interest is due semi-annually at 2.12%. The note matures on September 30, 2026.

On October 15, 2020, the County issued \$10,235,000 in Certificates of Obligation, Series 2020 to fund the renovation and improvement of County owned buildings, and paying costs of issuance in connection with the Certificates. Interest is due semi-annually at 2 - 5%. The note matures on February 15, 2036.

The following table summarizes the annual debt requirements of the outstanding bond issue and tax note payable at September 30, 2021, to maturity:

Year Ending September 30	Bonds Payable		Notes and Certificates Payable		Total Requirements
	Principal	Interest	Principal	Interest	
2022	\$ 1,545,000	\$ 2,160,375	\$ 785,000	\$ 54,566	\$ 4,544,941
2023	1,625,000	2,081,125	820,000	49,350	4,575,475
2024	1,705,000	1,997,875	855,000	44,225	4,602,100
2025	1,795,000	1,910,375	885,000	21,641	4,612,016
2026	1,885,000	1,818,375	910,000	32,498	4,645,873
2027-2031	10,990,000	7,537,500	3,360,000	160,600	22,048,100
2032-2036	14,110,000	4,415,500	4,200,000	176,050	22,901,550
2037-2039	10,325,000	791,625	-	-	11,116,625
<b>Total</b>	<b>\$ 43,980,000</b>	<b>\$ 22,712,750</b>	<b>\$ 11,815,000</b>	<b>\$ 538,930</b>	<b>\$ 79,046,680</b>

Current requirements for bonded indebtedness of the County are accounted for in the Debt Service Fund.

Taylor County, Texas has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of Taylor County, Texas.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds, loans and leases payable					
General obligation bonds	\$ 45,450,000	\$ -	\$ 1,470,000	\$ 43,980,000	\$ 1,545,000
Tax Notes, Series 2019	1,875,000	-	295,000	1,580,000	300,000
Certificates of Obligations, Series 2020	-	10,235,000	-	10,235,000	485,000
	47,325,000	10,235,000	1,765,000	55,795,000	2,330,000
Other liabilities					
Premium on bonds payable	5,959,469	2,325,928	489,186	7,796,211	-
Compensated absences	1,133,160	1,271,098	1,391,844	1,012,414	-
Total other liabilities	7,092,629	3,597,026	1,881,030	8,808,625	-
<b>Total Governmental Activities Long-term liabilities</b>	<b>\$ 54,417,629</b>	<b>\$ 13,832,026</b>	<b>\$ 3,646,030</b>	<b>\$ 64,603,625</b>	<b>\$ 2,330,000</b>

#### **Note 9 - Compensated Absences**

Accumulated unpaid annual leave amounts are not accrued in governmental funds using the modified accrual basis of accounting but are reflected in the government-wide financial statements. At September 30, 2021, accrued employee benefits recorded as general long-term debt were for annual vacation pay and comp pay and amounted to \$1,012,414.

#### **Note 10 - Risk Management**

The County has established a Self-Insurance Fund and an Employee Benefits Fund to separately report the activities of the County's general law enforcement professional liability, health, life and property insurance and worker's compensation plans.

##### **General Liability**

The County's liability insurance is a self-insured plan. The County informally budgets for current claims based on historical data. The County incurred \$197,616, \$60,809, and \$79,522, for liability claims during the years ended September 30, 2021, 2020, and 2019, respectively. There were no unpaid claims at September 30, 2021.

### Health Insurance

The County's health insurance program is a "self-insured" minimum premium cash flow plan. The County and each covered employee make a pre-determined monthly contribution to the plan. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan, and the County reimburses the insurance company for the amount of each claim paid. The insurance company charges the County a fee for each claim processed.

The County informally budgets for current claims based on actuarial valuations and current health care statistics. Funding covers both the cost of claims and administrative expenses. The County paid \$6,394,937, \$5,724,585, and \$6,110,800, in health claims, and paid \$322,151, \$325,118, and \$347,118, for administrative costs, for the years ended September 30, 2021, 2020, and 2019, respectively. The County contributed \$5,398,786, \$5,508,726, and \$5,215,869, and County employees contributed \$923,393, \$947,515, and \$925,056, to the health insurance program for the years ended September 30, 2021, 2020, and 2019, respectively. Retirees and other agency contributions were \$351,865, \$341,655, and \$372,965, for the years ended September 30, 2021, 2020, and 2019, respectively. Previous years' funds were utilized in funding the health insurance program.

Estimated health claims that have been incurred but not reported are accrued at year-end. The following is a walk-forward of the activity in the estimated liability account and claims payable for the years ended September 30, 2021, 2020, and 2019.

Year Ending September 30	Accrued Liability Beginning of Year	Claims Expense	Payments	Accrued Liability End of Year
2019	\$ 353,182	\$ 6,257,329	\$ 5,056,404	\$ 1,554,107
2020	1,554,107	6,168,705	7,192,669	530,143
2021	530,143	7,027,736	6,978,791	579,088

### Worker's Compensation

The County's worker's compensation plan is administered by the Texas Association of Counties (TAC), a joint insurance fund, in which the County is a member. TAC reviews and processes all worker's compensation claims. The County informally budgets for current claims based on actuarial valuations and historical data. The County incurred \$289,677, \$194,874, and \$127,003, in worker's compensation claims for the years ended September 30, 2021, 2020, and 2019, respectively. Estimated liabilities for claims that have been incurred but not reported are accrued at year-end. The estimated liability for worker's compensation claims was \$104,814, \$80,300, and \$17,605, at September 30, 2021, 2020, and 2019, respectively.

### Summary

The Self-Insurance Fund has net position available for the purpose of funding all self-insurance programs, other than health, in the amount of \$66,110 at September 30, 2021. In the opinion of management, net position is adequate to meet probable claim contingencies at September 30, 2021. The Employee Benefits Fund has a net position of \$391,326.

**Note 11 - Retirement Plan**

**Plan Description**

The County and Taylor County CSCD provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension 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 nearly 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at <https://www.tcdrs.org>.

**Benefits Provided**

The plan provisions are adopted by the Commissioners Court 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 8 or more years of service or with 20 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Commissioners Court within certain guidelines.

**Membership**

County membership in the TCDRS plan at December 31, 2020 consisted of the following:

Inactive Employees’ Accounts	
Receiving benefits	360
Entitled to but not yet receiving benefits	596
	596
Total	956
Active Employees’ Accounts	646

**Contributions**

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

Contribution Rates	2020	2021
Member	7.00%	7.00%
Employer	12.00%	12.00%
Employer contributions	\$3,612,954	\$4,158,684
Member contributions	\$2,149,245	\$2,313,979

**Actuarial Assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Actuarial cost method	Entry age normal
Amortization method	Level
Remaining amortization period	13.2 years
Asset valuation method	5 year smoothed market
Discount rate	7.60%
Long-term expected investment rate of return*	7.50%
Salary increases*	4.60%, average
Payroll growth rate	3.00%

*\*Includes inflation of 2.50%*

The plan does not have an automatic cost-of-living adjustment and one is not considered to be substantively automatic under GASB No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
28-29	-	0.00008
30	-	0.00009
31-32	-	0.00010
33	-	0.00011
34	-	0.00014
35	0.00001	0.00018
36	0.00001	0.00022
37	0.00002	0.00028
38	0.00002	0.00033
39	0.00002	0.00038
40	0.00002	0.00042
41	0.00003	0.00047
42	0.00003	0.00053
43	0.00004	0.00058
44	0.00004	0.00063
45	0.00004	0.00069
46	0.00005	0.00076
47	0.00006	0.00084
48	0.00007	0.00095
49	0.00009	0.00109
50	0.00010	0.00125
51	0.00012	0.00142
52	0.00013	0.00162
53	0.00015	0.00183
54	0.00018	0.00203
55	0.00018	0.00222
56	0.00018	0.00238
57	0.00018	0.00250
58	0.00018	0.00259
59	0.00018	0.00270
60 and above	0.00018	-

Mortality rates for depositing members were based on 90% of the RP-2014 Active Employee Mortality Table for males and females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Service retirees, beneficiaries, and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the MP-2014 Disabled Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Service retirement rates for males and females were as follows:

Age	Male and Female
40-44	0.045
45-49	0.090
50	0.010
51-53	0.090
54-57	0.100
58-61	0.120
62	0.200
63-64	0.150
65-66	0.250
67	0.220
68-69	0.200
70-74	0.220

The actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2013 - 2016. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2017 and first used in the December 31, 2017 actuarial valuation.

There were no changes in methods reflected in the December 31, 2020 actuarial valuation. The following assumptions changed between the prior year to the current year actuarial valuations: the real rate of return decreased from 5.25% to 5.00%, inflation decreased from 2.75% to 2.50%, the long-term investment return decreased from 8.00% to 7.50%, and the payroll growth percentage decreased from 3.25% to 3.00%.

#### **Discount Rate**

The discount rate used to measure the total pension liability decreased from 8.10% in the prior year valuation to 7.60% in the current year valuation.

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

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation <sup>a</sup>	Geometric Real Rate of Return <sup>b</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities – Developed	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities – Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>c</sup>	4.00%	5.70%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>d</sup>	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index <sup>e</sup>	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

<sup>a</sup> Target asset allocation adopted at the March 2021 TCDRS Board meeting.

<sup>b</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2020 capital market assumptions.

<sup>c</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>d</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

<sup>e</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

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

At September 30, 2021, the County reported a net pension liability of \$13,392,709 for its net pension liability measured at December 31, 2020. For the year ended September 30, 2021, the County recognized pension expense of \$2,869,975.

Changes to the real rate of return, inflation, long-term investment return, and the payroll growth assumptions affected measurement of the total pension liability during the measurement period.

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

Changes in the net pension liability for the year ended December 31, 2020 are as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2019	\$ 134,037,666	\$ 124,215,854	\$ 9,821,812
Changes for the year			
Service cost	3,330,708	-	3,330,708
Interest on total pension liability <sup>a</sup>	10,841,339	-	10,841,339
Effect of plan changes <sup>b</sup>	-	-	-
Effect of economic/demographic gains or losses	(191,509)	-	(191,509)
Effect of assumptions changes or inputs	8,318,884	-	8,318,884
Refund of contributions	(474,643)	(474,643)	-
Benefit payments	(6,714,681)	(6,714,681)	-
Administrative expenses	-	(99,334)	99,334
Member contributions	-	2,218,335	(2,218,335)
Net investment income	-	12,829,942	(12,829,942)
Employer contributions	-	3,803,457	(3,803,457)
Other <sup>c</sup>	-	(23,875)	23,875
Balances as of December 31, 2020	<u>\$ 149,147,764</u>	<u>\$ 135,755,055</u>	<u>\$ 13,392,709</u>

<sup>a</sup>Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>b</sup>No plan changes valued.

<sup>c</sup>Relates to the allocation of system-wide items.

**Discount Rate Sensitivity Analysis**

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

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 168,367,921	\$ 149,147,764	\$ 133,044,995
Fiduciary net position	135,755,055	135,755,055	135,755,055
Net pension liability	\$ 32,612,866	\$ 13,392,709	\$ (2,710,060)

At December 31, 2020, the County reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 101,303	\$ 179,531
Changes of assumptions	6,318,841	-
Net difference between projected and actual earnings	-	4,544,151
Contributions paid to TCDRS subsequent to the measurement date	3,253,824	-
Total	\$ 9,673,968	\$ 4,723,682

\$3,253,824 reported as deferred outflows of resources related to pensions resulting from contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2022. The other net amounts of the employer's balances of 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	\$ 679,495
2023	1,926,416
2024	(345,506)
2025	(563,943)
2026	-
Thereafter	-
Total	\$ 1,696,462

## Note 12 - Fund Balance

The County classifies governmental fund balance in the following categories:

*Nonspendable fund balance* includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2021, the County had \$104,528 in nonspendable fund balance for prepaid items and inventories.

*Restricted fund balance* includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Debt service fund balance restricted for the retirement of funded indebtedness totaled \$1,403,205 as of September 30, 2021. Fund balance restricted for capital projects totaled \$9,857,265 as of September 30, 2021. Special revenue fund balance restricted for specific programs included grants, technology, security, enabling legislation, and law enforcement and totaled \$7,261, \$259,065, \$350,226, \$2,340,448, and \$733,156, respectively, as of September 30, 2021.

*Committed fund balance* is established and modified by a resolution from the Commissioners Court and can be used only for the specified purposes determined by the Court's resolution. At September 30, 2021, the County had no committed fund balance.

*Assigned fund balance* is intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed. Fund balance can be assigned by the Commissioners Court or by a Court designee. At September 30, 2021, the County had \$2,887,263 in fund balance assigned for road and bridge, \$481,807 assigned for contingencies, \$3,874 for capital projects, and \$5,430,217 for other purposes.

*Unassigned fund balance* is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

The County uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

The County aims to maintain the following minimum fund balances:

General fund: Unassigned fund balance of approximately 20-30% of budgeted expenditures for the fiscal year, to be used for unanticipated needs.

Debt service funds: Restricted fund balances of approximately 25-50% of the following year's debt service requirements, to be used for debt service.

**Note 13 - Postemployment Healthcare Benefits**

**Plan Description**

The County provides certain health care benefits through a single-employer defined benefit OPEB plan. Permanent full-time employees who retire under TCDRS eligibility rules are eligible to participate in the County’s health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service or when the retirees age plus years of service equals 75. Spouses and dependents of retirees are also eligible. As of the date of the latest actuarial valuation, the County has 510 active employees and 38 retirees participating in the plan.

When a regular, full-time employee retires and is currently enrolled in the health care plan, they are eligible to continue to participate in the County’s group health insurance and prescription plans. Members who terminate employment prior to retirement are not eligible for retiree health care benefits.

Texas Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to the Commissioners Court. The plan is not administered by a trust and there are no assets accumulated in a trust.

**Contributions**

The funding policy of the plan is to ensure that adequate resources are available to meet the required insurance premiums for the upcoming year. It is not the intent of the funding policy to pre-fund retiree health insurance during employees’ entire careers. Total contributions paid by the County equaled \$683,154 for the year ended December 31, 2020.

**Benefits Provided**

Retirees may purchase retiree health care coverage through the County’s health care plan as a retiree and for eligible spouses and dependents at their own expense. Surviving spouses and dependents of deceased retired members may continue retiree health care coverage up to age 65 for spouses and to age 26 for dependents.

Spouse and/or dependent must be on the plan prior to retirement of the employee. Retirees are required to enroll in Medicare Parts A and B once eligible.

**Membership**

Inactive Employees’ Accounts	
Receiving benefits	38
Entitled to but not yet receiving benefits	-
	-
Total	38
Active Employees’ Accounts	510

### Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Actuarial cost method	Individual entry-age normal
Amortization method	Level as a percentage of payroll
Remaining amortization period	8.9 years
Inflation	2.50%
Discount rate	2.00%
Long-term expected investment rate of return	2.00%
Salary increases*	0.50% to 5.00%
Payroll growth rate	3.25%
Health care trend rates	Pre-65: 7.0% declining to an ultimate rate of 4.15 % after 16 years Post-65: 5.50% declining to an ultimate rate of 4.15 % after 15 years
Participation rates	50% for employees who retire prior to age 65 20% for employees who retire after age 65

*\*Not including inflation of 3.25%*

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far in the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Mortality rates for healthy retirees were based on the gender-distinct RP-2014 Healthy Annuitant Mortality Tables with rates for males multiplied by 130% and rates for females multiplied by 110%. For healthy retirees, the valuation employs fully generational mortality projections based on 110% of the ultimate rates of Scale MP-2014. Mortality rates for disabled retirees were based on the gender-distinct RP-2014 Disabled Annuitant Mortality Tables with rates for males multiplied by 130% and rates for females multiplied by 115%. For disabled retirees, the valuation employs fully generational mortality projections based on 110% of the ultimate rates of Scale MP-2014. Mortality rates for active members were based on the gender-distinct RP-2014 Employee Annuitant Mortality Tables with rates for males and females multiplied by 90%. For active members, the valuation employs fully generational mortality projections based on 110% of the ultimate rates of Scale MP-2014.

Disability rates for males and females were as follows:

Ordinary Disability		
Age	Male	Female
25	0.000%	0.000%
30	0.009	0.009
35	0.018	0.018
40	0.042	0.042
45	0.069	0.069
50	0.125	0.125
55	0.222	0.222
60	0.000	0.000

Duty Disability		
Age	Male	Female
25	0.000%	0.000%
30	0.000	0.000
35	0.001	0.001
40	0.002	0.002
45	0.004	0.004
50	0.010	0.010
55	0.018	0.018
60	0.018	0.018

Service retirement rates for males and females were as follows:

Age	Male and Female
40-44	4.5%
45-49	9.0
50	10.0
51-53	9.0
54-57	10.0
58-61	12.0
62	20.0
63-64	15.0
65-66	25.0
67	22.0
68-69	20.0
70-74	22.0
75	100.0

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2020, were based on results of an actuarial experience study for the period January 1, 2013 – December 31, 2016 as conducted by TCDRS.

**Discount Rate**

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.00% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 2.75% as of the prior measurement date.

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At September 30, 2021, the County reported a total OPEB liability of \$13,139,986 measured at December 31, 2020. For the year ended September 30, 2021, the County recognized OPEB expense of \$1,244,055.

There was a change in the discount rate from 2.75% as of December 31, 2019, to 2.00% as of December 31, 2020.

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

Changes in the total OPEB liability for the measurement year ended December 31, 2020 are as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balances at December 31, 2019	\$ 11,050,087
Changes for the year	
Service cost	750,716
Interest on the total OPEB liability	304,806
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	441,536
Changes of assumptions	1,275,995
Benefit payments	(683,154)
Balances as of December 31, 2020	\$ 13,139,986

At December 31, 2020 the County reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 572,128	\$ 1,024,084
Changes of assumptions	2,216,557	383,138
Contributions subsequent to the measurement date	468,921	-
Total	\$ 3,257,606	\$ 1,407,222

\$468,921 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2022. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended September 30	
2022	\$ 188,533
2023	188,533
2024	188,533
2025	188,533
2026	181,416
Thereafter	445,915
Total	\$ 1,381,463

#### Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.00%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	1% Decrease (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB liability	\$ 15,172,461	\$ 13,139,986	\$ 11,477,935

**Healthcare Cost Trend Rate Sensitivity Analysis**

The following presents the total OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$ 10,884,180	\$ 13,139,986	\$ 16,118,548

**Note 14 - Other Retirement and Miscellaneous Benefits**

The County makes available to all of its full-time employees a deferred compensation plan under Internal Revenue Code Section 457. The County does not contribute to this plan. All contributions are made by employees who elect to participate in the plan. The County remits employee contributions to the plan trustee on a regular basis. The County does not administer the Section 457 plan, nor does it provide investment advice to the plan. Accordingly, the Section 457 plan is not part of the County’s reporting entity.

**Note 15 - Related Party Transactions**

The County provides funding to the Taylor County Expo Center, a separate legal entity, for marketing and repairs and maintenance of the Expo Center’s facilities. For the year ended September 30, 2021, the County paid \$170,127 toward Expo Center expenditures.

The County provides funding to the Buffalo Gap Historic Village, a separate legal entity, for safety and maintenance expenses. For the year ended September 30, 2021, the County paid \$14,342 toward Historic Village expenditures.

**Note 16 - Coronavirus Pandemic**

During the year ended September 30, 2021, the County has been impacted by the effects of the world-wide coronavirus pandemic. The County continues to closely monitor its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.

**Note 17 - Adoption of New Standard**

As of October 1, 2020, the County adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). The impact to the County resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of net position of custodial funds.

In addition to the restatements of opening net position, the agency funds previously accounted for various fines, fees and contributions collected on behalf of other taxing districts, entities, and individuals. Those activities are now reported as custodial funds.

The following table describes the effects of the implementation of GASB 84 on beginning net position.

	<u>Custodial Funds</u>
Net position at October 1, 2020, as previously reported	\$ -
Reclassification of agency funds to custodial funds	<u>10,566,565</u>
Net position at October 1, 2020, as restated	<u><u>\$ 10,566,565</u></u>



Required Supplementary Information  
September 30, 2021

## Taylor County, Texas

Taylor County, Texas  
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)  
 Year Ended September 30, 2021

	Budget Amounts		Actual	Variance from Final Budget
	Original Budget	Final Budget		
Revenues				
Taxes				
Property taxes	\$ 52,303,255	\$ 52,303,255	\$ 52,581,769	\$ 278,514
Other taxes	575,000	575,000	601,569	26,569
License and permits	639,500	639,500	757,811	118,311
Intergovernmental and grants	1,208,752	1,245,221	2,108,376	863,155
Fines and fees	3,888,965	3,888,965	4,307,681	418,716
Rents and recoveries	3,050	3,050	5,883	2,833
Investment earnings	535,000	535,000	65,209	(469,791)
Miscellaneous	318,000	308,000	139,130	(168,870)
Total revenues	59,471,522	59,497,991	60,567,428	1,069,437
Expenditures				
Current				
General government	6,816,547	6,936,995	4,151,872	2,785,123
Financial	3,045,565	3,075,027	2,628,774	446,253
Judicial	10,136,412	10,205,675	8,819,342	1,386,333
Legal	3,881,849	3,884,427	3,615,641	268,786
Elections	518,410	518,410	464,909	53,501
Public facilities	1,451,394	1,682,702	1,621,313	61,389
Public safety	29,275,145	30,856,888	28,114,903	2,741,985
Road and bridge	72,000	72,000	12,365	59,635
Health and welfare	3,817,855	3,818,803	2,949,478	869,325
Conservation	578,733	586,267	511,943	74,324
Culture and recreation	245,562	372,568	34,895	337,673
Capital outlay				
Capital outlay	-	-	1,162,940	(1,162,940)
Total expenditures	59,839,472	62,009,762	54,088,375	7,921,387
Excess revenues over expenditures	(367,950)	(2,511,771)	6,479,053	8,990,824
Other financing uses				
Transfers out (net)	-	-	(1,850,000)	(1,850,000)
Sale of property	-	-	6,177	6,177
Total other financing uses	-	-	(1,843,823)	(1,843,823)
Net change in fund balance	(367,950)	(2,511,771)	4,635,230	7,147,001
Fund balance at beginning of year	29,644,831	29,644,831	29,644,831	-
Fund balance at end of year	\$ 29,276,881	\$ 27,133,060	\$ 34,280,061	\$ 7,147,001

Taylor County, Texas  
 Budgetary Comparison Schedule – Road and Bridge Fund (Exhibit B-2)  
 Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes				
Other taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,439,945	\$ 139,945
Licenses and permits	1,695,000	1,695,000	1,688,100	(6,900)
Intergovernmental and grants	1,500,000	1,525,963	25,963	(1,500,000)
Fines and fees	-	-	53,450	53,450
Investment earnings	32,000	32,000	3,755	(28,245)
Other revenue	5,000	96,743	33,376	(63,367)
Total revenues	<u>4,532,000</u>	<u>4,649,706</u>	<u>3,244,589</u>	<u>(1,405,117)</u>
Expenditures				
Current				
Road and bridge	4,787,777	5,752,634	4,144,823	1,607,811
Capital outlay				
Capital outlay	-	-	685,819	(685,819)
Total expenditures	<u>4,787,777</u>	<u>5,752,634</u>	<u>4,830,642</u>	<u>921,992</u>
Excess (deficiency) of revenues over (under) expenditures	(255,777)	(1,102,928)	(1,586,053)	(483,125)
Other financing sources				
Transfers in	-	-	1,500,000	1,500,000
Proceeds from sale of capital assets	-	-	66,210	66,210
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,566,210</u>	<u>1,566,210</u>
Net change in fund balance	(255,777)	(1,102,928)	(19,843)	1,083,085
Fund balance at beginning of year	<u>2,907,211</u>	<u>2,907,211</u>	<u>2,907,211</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,651,434</u>	<u>\$ 1,804,283</u>	<u>\$ 2,887,368</u>	<u>\$ 1,083,085</u>

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>Total Pension Liability</b>		
Service cost	\$ 3,330,708	\$ 3,075,932
Interest on total pension liability	10,841,339	10,290,816
Effect of plan changes	-	-
Effect of assumption changes or inputs	8,318,884	-
Effect of economic/demographic (gains) or losses	(191,509)	202,607
Benefit payments/refund of contributions	<u>(7,189,324)</u>	<u>(6,871,923)</u>
Net change in total pension liability	15,110,098	6,697,432
Total pension liability, beginning	<u>134,037,666</u>	<u>127,340,234</u>
Total pension liability, ending (a)	<u><u>\$149,147,764</u></u>	<u><u>\$134,037,666</u></u>
<b>Fiduciary Net Position</b>		
Employer contributions	\$ 3,803,457	\$ 3,254,307
Member contributions	2,218,335	2,070,925
Investment income (loss) net of investment expenses	12,829,942	17,759,262
Benefit payments/refund of contributions	(7,189,324)	(6,871,923)
Administrative expenses	(99,334)	(94,657)
Other	<u>(23,875)</u>	<u>(35,650)</u>
Net change in fiduciary net position	11,539,201	16,082,264
Fiduciary net position, beginning	<u>124,215,854</u>	<u>108,133,590</u>
Fiduciary net position, ending (b)	<u><u>\$135,755,055</u></u>	<u><u>\$124,215,854</u></u>
Net pension liability / (asset), ending = (a) - (b)	<u><u>\$ 13,392,709</u></u>	<u><u>\$ 9,821,812</u></u>
Fiduciary net position as a percentage of total pension liability	91.02%	92.67%
Pensionable covered payroll	\$ 31,690,504	\$ 29,584,640
Net pension liability as a percentage of covered payroll	42.26%	33.20%

See Notes to Required Supplementary Information

## Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System

(Exhibit B-3)

September 30, 2021

Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 2,833,295	\$ 2,707,901	\$ 2,839,411	\$ 2,602,761	\$ 2,529,603
9,578,834	9,080,821	8,515,412	8,064,473	7,629,311
2,939,844	-	-	(403,314)	-
-	398,394	-	1,094,092	-
(133,351)	(12,806)	(195,799)	(681,221)	(693,909)
<u>(6,478,481)</u>	<u>(5,836,806)</u>	<u>(5,165,273)</u>	<u>(4,619,338)</u>	<u>(4,320,808)</u>
8,740,141	6,337,504	5,993,751	6,057,453	5,144,197
118,600,093	112,262,589	106,268,838	100,211,385	95,067,188
<u>\$127,340,234</u>	<u>\$118,600,093</u>	<u>\$112,262,589</u>	<u>\$106,268,838</u>	<u>\$100,211,385</u>
\$ 2,880,645	\$ 2,766,179	\$ 2,603,268	\$ 2,479,326	\$ 2,288,264
1,967,270	1,889,094	1,777,845	1,695,794	1,591,328
(2,104,618)	14,410,175	6,862,327	431,691	6,017,830
(6,478,481)	(5,836,806)	(5,165,273)	(4,619,338)	(4,320,808)
(86,853)	(74,479)	(74,547)	(66,784)	(69,597)
<u>(37,331)</u>	<u>(14,625)</u>	<u>132,837</u>	<u>(195,479)</u>	<u>(309,813)</u>
(3,859,368)	13,139,538	6,136,457	(274,790)	5,197,204
111,992,958	98,853,420	92,716,963	92,991,753	87,794,549
<u>\$108,133,590</u>	<u>\$111,992,958</u>	<u>\$ 98,853,420</u>	<u>\$ 92,716,963</u>	<u>\$ 92,991,753</u>
<u>\$ 19,206,644</u>	<u>\$ 6,607,135</u>	<u>\$ 13,409,169</u>	<u>\$ 13,551,875</u>	<u>\$ 7,219,632</u>
84.92%	94.43%	88.06%	87.25%	92.80%
\$ 28,103,852	\$ 26,987,062	\$ 25,397,782	\$ 24,225,635	\$ 22,733,251
68.34%	24.48%	52.80%	55.94%	31.76%

Taylor County, Texas

Schedule of Employer Contributions – Texas County and District Retirement System (Exhibit B-4)

September 30, 2021

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Year Ending Sept 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2012	1,780,807	1,942,512	(161,705)	21,000,084	9.3%
2013	1,929,162	1,993,828	(64,666)	21,554,883	9.3%
2014	2,117,298	2,117,298	-	22,240,501	9.5%
2015	2,288,264	2,288,264	-	22,733,251	10.1%
2016	2,171,561	2,191,985	(20,424)	24,225,635	9.0%
2017	2,291,049	2,339,300	(48,251)	25,397,782	9.2%
2018	2,460,393	2,460,393	-	24,240,325	10.2%
2019	3,147,665	3,147,665	-	28,615,138	11.0%
2020	3,612,954	3,612,954	-	30,107,951	12.0%
2021	4,158,684	4,158,684	-	34,655,700	12.0%

Taylor County, Texas  
Schedule of Changes in Total OPEB Liability and Related Ratios (Exhibit B-5)  
September 30, 2021

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total OPEB Liability				
Service cost	\$ 750,716	\$ 662,974	\$ 698,530	\$ 604,648
Interest on total OPEB liability	304,806	403,223	349,389	353,784
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience of the total OPEB liability	441,536	(1,320,024)	271,581	-
Changes of assumptions	1,275,995	923,758	(577,793)	666,182
Benefit payments	(683,154)	(313,787)	(508,086)	(295,291)
Net change in total OPEB liability	2,089,899	356,144	233,621	1,329,323
Total OPEB liability, beginning	11,050,087	10,693,943	10,460,322	9,130,999
Total OPEB liability, ending	<u>\$13,139,986</u>	<u>\$11,050,087</u>	<u>\$10,693,943</u>	<u>\$10,460,322</u>
Covered-employee payroll	\$27,824,291	\$25,161,658	\$23,865,750	\$22,596,834
Total OPEB liability as a percentage of covered-employee payroll	47.22%	43.92%	44.81%	46.29%

Note: No assets are accumulated in a trust that meet the criteria in GASB Statement No. 74, paragraph 4 for the OPEB plan.

Note: GASB No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the County will present information for those years for which information is available.

**Note 1 - Budgetary Information**

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

1. The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means of financing them for the succeeding year, and delivers the proposed budget to Commissioners Court.
2. Commissioners Court holds budget sessions with each department head.
3. Commissioners Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners Court formally adopts the budget in the open court meeting.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
6. The formally adopted budget may legally be amended by commissioners in accordance with article 689A 11 or 689A 20 of Vernon's Annotated Civil Statutes.
7. Annual budgets are legally adopted for the General Fund, Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. The budgets are adopted on a basis consistent with generally accepted accounting principles.
8. An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2020 budget were approved by the Commissioners Court as provided by law.
9. Unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

The County had negative budget to actual variances in the following fund:

The General Fund had a negative budget variance in capital outlay. Capital outlay shows a budget variance of \$1,162,940 because the related capital outlay was budgeted in various functions, whereas capital outlay is reported on a separate line item in the financial statements.

The Road and Bridge Fund had a negative budget variance in capital outlay. Capital outlay shows a budget variance of \$685,819 because the related capital outlay was budgeted in various functions, whereas capital outlay is reported on a separate line item in the financial statements.

The ARPA Local Recovery fund has a project length budget and is not budgeted by fiscal year.

**Note 2 - Net Pension Liability – Texas County & District Retirement System**

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.6%, average, over career including inflation
Investment rate of return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at services retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

**Changes in Assumptions**

The following assumptions changed between the prior year to the current year actuarial valuations: the real rate of return decreased from 5.25% to 5.00%, inflation decreased from 2.75% to 2.50%, the long-term investment return decreased from 8.00% to 7.50%, and the payroll growth percentage decreased from 3.25% to 3.00%.

**Changes of Benefit Terms**

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

**Changes in the Size or Composition of the Population Covered by the Benefit Terms**

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

**Note 3 - Total OPEB Liability**

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Individual entry-age normal
Amortization method	Straight-line
Remaining amortization period	Does not apply
Inflation	Does not apply
Discount rate	2.00%
Salary increases	0.50% to 5.00%, not including wage inflation of 3.25%
Health Care Trend Rates	Pre-65: Initial rate of 7.0% declining to an ultimate rate of 4.15% after 16 years Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.15% after 15 years
Participation Rates	50% for employees who retire prior to age 65 20% for employees who retire after age 65
Mortality	For healthy retirees, the RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014.

**Changes in Assumptions**

There was a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

**Changes of Benefit Terms**

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

**Changes in the Size or Composition of the Population Covered by the Benefit Terms**

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.



Combining Statements  
September 30, 2021

# Taylor County, Texas

Taylor County, Texas  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit C-1)  
September 30, 2021

	Capital Projects Funds	Special Revenue Funds	Debt Service Fund	Total Nonmajor Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 229,559	\$ 6,817,662	\$ 1,390,580	\$ 8,437,801
Investments	-	3,007,088	-	3,007,088
Accounts receivable, net				
Property taxes	-	-	48,282	48,282
Other	-	61,395	3,938	65,333
Inventory	-	63,448	-	63,448
Due from other funds	-	224,664	-	224,664
Total assets	<u>\$ 229,559</u>	<u>\$ 10,174,257</u>	<u>\$ 1,442,800</u>	<u>\$ 11,846,616</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 125,360	\$ -	\$ 125,360
Payroll liabilities	-	23,471	-	23,471
Deferred revenue	-	24,037	-	24,037
Due to other funds	-	344,993	-	344,993
Total liabilities	-	517,861	-	517,861
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	-	-	39,595	39,595
Total deferred inflows of resources	-	-	39,595	39,595
<b>Fund Balances</b>				
Nonspendable	-	63,448	-	63,448
Restricted for				
Capital projects	229,559	-	-	229,559
Debt service	-	-	1,403,205	1,403,205
Grants	-	2,784	-	2,784
Technology	-	259,065	-	259,065
Security	-	350,226	-	350,226
Enabling legislation	-	2,340,448	-	2,340,448
Law enforcement	-	733,156	-	733,156
Assigned for				
Other purposes	-	5,912,024	-	5,912,024
Unassigned	-	(4,755)	-	(4,755)
Total fund balances	<u>229,559</u>	<u>9,656,396</u>	<u>1,403,205</u>	<u>11,289,160</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 229,559</u>	<u>\$ 10,174,257</u>	<u>\$ 1,442,800</u>	<u>\$ 11,846,616</u>

Taylor County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit C-2)  
Year Ended September 30, 2021

	Capital Projects Funds	Special Revenue Funds	Debt Service Fund	Total Nonmajor Funds
<b>Revenues</b>				
Taxes				
Property taxes	\$ -	\$ -	\$ 4,435,106	\$ 4,435,106
Intergovernmental and grants	-	1,219,392	-	1,219,392
Fines and fees	-	1,011,084	-	1,011,084
Investment earnings	1,872	12,803	3,672	18,347
Miscellaneous	-	1,107,650	33,100	1,140,750
Total revenues	1,872	3,350,929	4,471,878	7,824,679
<b>Expenditures</b>				
Current				
General government	-	991,436	-	991,436
Judicial	-	15,336	-	15,336
Legal	-	54,202	-	54,202
Elections	-	128,986	-	128,986
Public facilities	-	99,144	-	99,144
Public safety	-	1,777,062	-	1,777,062
Road and bridge	-	43,127	-	43,127
Health and welfare	-	278,350	-	278,350
Debt service				
Debt principal	-	-	1,765,000	1,765,000
Debt interest and agent fees	-	-	2,651,106	2,651,106
Debt issuance costs	45,238	-	-	45,238
Capital outlay				
Capital outlay	2,482,711	23,027	-	2,505,738
Total expenditures	2,527,949	3,410,670	4,416,106	10,354,725
Excess (deficiency) of revenues over (under) expenditures	(2,526,077)	(59,741)	55,772	(2,530,046)
<b>Other financing sources (uses)</b>				
Transfers out	(112,186)	-	-	(112,186)
Proceeds from debt issuance	3,045,238	-	379,976	3,425,214
Proceeds from sale of fixed assets	-	25,490	-	25,490
Total other financing sources	2,933,052	25,490	379,976	3,338,518
Net change in fund balances	406,975	(34,251)	435,748	808,472
Fund balances at beginning of year	(177,416)	9,690,647	967,457	10,480,688
Fund balances at end of year	\$ 229,559	\$ 9,656,396	\$ 1,403,205	\$ 11,289,160

Taylor County, Texas  
Combining Balance Sheet – Capital Projects Funds (Exhibit C-3)  
September 30, 2021

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	Law Enforcement Center Fund	Asbestos Removal Fund	Total Capital Projects Funds
Assets			
Cash and cash equivalents	\$ 229,559	\$ -	\$ 229,559
Total assets	\$ 229,559	\$ -	\$ 229,559
Fund Balances			
Restricted for capital projects	229,559	-	229,559
Total fund balances	229,559	-	229,559
Total liabilities and fund balances	\$ 229,559	\$ -	\$ 229,559

Taylor County, Texas  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Funds  
(Exhibit C-4)  
September 30, 2021

	Law Enforcement Center Fund	Asbestos Removal Fund	Total Capital Projects Funds
Revenues			
Investment earnings	\$ 1,865	\$ 7	\$ 1,872
Total revenues	1,865	7	1,872
Expenditures			
Debt service			
Debt issuance costs	45,238	-	45,238
Capital outlay			
Capital outlay	2,482,711	-	2,482,711
Total expenditures	2,527,949	-	2,527,949
Excess (deficiency) of revenues over (under) expenditures	(2,526,084)	7	(2,526,077)
Other financing sources (uses)			
Proceeds from debt issuance	3,045,238	-	3,045,238
Transfers out	(107,545)	(4,641)	(112,186)
Total other financing sources	2,937,693	(4,641)	2,933,052
Net change in fund balances	411,609	(4,634)	406,975
Fund balances at beginning of year	(182,050)	4,634	(177,416)
Fund balances at end of year	\$ 229,559	\$ -	\$ 229,559

	Settlement Proceeds	Errors and Omissions	County Clerk Restricted Fees	Dist Clerk Restricted Fees	Commissioners Special NAR
<b>Assets</b>					
Cash and cash equivalents	\$ 546,749	\$ 1,018,702	\$ 201,703	\$ 565,461	\$ 98,650
Investments	2,004,735	-	1,002,353	-	-
Accounts receivable, net	-	383	23,337	1,051	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,551,484</b>	<b>\$ 1,019,085</b>	<b>\$ 1,227,393</b>	<b>\$ 566,512</b>	<b>\$ 98,650</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,500	\$ 60	\$ 113	\$ -	\$ -
Payroll liabilities	-	-	1,265	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>1,500</b>	<b>60</b>	<b>1,378</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted for					
Grants	-	-	-	-	-
Technology	-	-	-	-	-
Security	-	-	-	-	-
Enabling legislation	-	-	1,226,015	566,512	-
Law enforcement	-	-	-	-	-
Assigned for					
Other purposes	2,549,984	1,019,025	-	-	98,650
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>2,549,984</b>	<b>1,019,025</b>	<b>1,226,015</b>	<b>566,512</b>	<b>98,650</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,551,484</b>	<b>\$ 1,019,085</b>	<b>\$ 1,227,393</b>	<b>\$ 566,512</b>	<b>\$ 98,650</b>

Taylor County, Texas  
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-5)  
 September 30, 2021

Contingency Fund	VIT Escrow	JP PRC 1-1 Technology Fee	JP PRC 1-1 Security Fee	JP PRC 1-2 Technology Fee	JP PRC 1-2 Security Fee	JP PRC 2 Technology Fee
\$ 481,807	\$ 80,304	\$ 39,980	\$ 5,590	\$ 33,268	\$ 1,566	\$ 45,806
-	-	-	-	-	-	-
-	1,303	15	5	155	25	34
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 481,807</u>	<u>\$ 81,607</u>	<u>\$ 39,995</u>	<u>\$ 5,595</u>	<u>\$ 33,423</u>	<u>\$ 1,591</u>	<u>\$ 45,840</u>
\$ -	\$ 12	\$ 168	\$ -	\$ -	\$ -	\$ -
-	-	22	-	-	-	27
-	-	-	-	-	-	-
-	-	-	-	92	6,352	-
-	12	190	-	92	6,352	27
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	39,805	-	33,331	-	45,813
-	-	-	5,595	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
481,807	81,595	-	-	-	-	-
-	-	-	-	-	(4,761)	-
<u>481,807</u>	<u>81,595</u>	<u>39,805</u>	<u>5,595</u>	<u>33,331</u>	<u>(4,761)</u>	<u>45,813</u>
<u>\$ 481,807</u>	<u>\$ 81,607</u>	<u>\$ 39,995</u>	<u>\$ 5,595</u>	<u>\$ 33,423</u>	<u>\$ 1,591</u>	<u>\$ 45,840</u>

	JP PRC 2 Security Fee	JP PRC 3 Technology Fee	JP PRC 3 Security Fee	JP PRC 4 Technology Fee	JP PRC 4 Security Fee
<b>Assets</b>					
Cash and cash equivalents	\$ 84,563	\$ 73,851	\$ 111,392	\$ 1,498	\$ 19,961
Investments	-	-	-	-	-
Accounts receivable, net	10	68	21	1	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 84,573</b>	<b>\$ 73,919</b>	<b>\$ 111,413</b>	<b>\$ 1,499</b>	<b>\$ 19,961</b>
<b>Liabilities</b>					
Accounts payable	\$ 158	\$ -	\$ 146	\$ -	\$ -
Payroll liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	97	-	-	-
<b>Total liabilities</b>	<b>158</b>	<b>97</b>	<b>146</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted for					
Grants	-	-	-	-	-
Technology	-	73,822	-	1,499	-
Security	84,415	-	111,267	-	19,961
Enabling legislation	-	-	-	-	-
Law enforcement	-	-	-	-	-
Assigned for					
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>84,415</b>	<b>73,822</b>	<b>111,267</b>	<b>1,499</b>	<b>19,961</b>
<b>Total liabilities and fund balances</b>	<b>\$ 84,573</b>	<b>\$ 73,919</b>	<b>\$ 111,413</b>	<b>\$ 1,499</b>	<b>\$ 19,961</b>

Taylor County, Texas  
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-5)  
September 30, 2021

County Clerk Technology Fee	Dist Clerk Technology Fee	Courthouse Security	District Attorney Special	D.A. Narcotic Forfeiture	Election Service Contract	Juvenile Jury Fund
\$ 40,977	\$ 23,526	\$ 126,743	\$ 61,595	\$ 659,619	\$ 337,079	\$ 22,935
-	-	-	-	-	-	-
184	108	2,245	-	-	-	23
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 41,161</u>	<u>\$ 23,634</u>	<u>\$ 128,988</u>	<u>\$ 61,595</u>	<u>\$ 659,619</u>	<u>\$ 337,079</u>	<u>\$ 22,958</u>
\$ -	\$ -	\$ -	\$ 202	\$ -	\$ -	\$ 20,823
-	-	-	-	-	29	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	202	-	29	20,823
-	-	-	-	-	-	-
-	-	-	-	-	-	-
41,161	23,634	-	-	-	-	-
-	-	128,988	-	-	-	-
-	-	-	-	-	-	-
-	-	-	61,393	659,619	-	-
-	-	-	-	-	337,050	2,135
-	-	-	-	-	-	-
<u>41,161</u>	<u>23,634</u>	<u>128,988</u>	<u>61,393</u>	<u>659,619</u>	<u>337,050</u>	<u>2,135</u>
<u>\$ 41,161</u>	<u>\$ 23,634</u>	<u>\$ 128,988</u>	<u>\$ 61,595</u>	<u>\$ 659,619</u>	<u>\$ 337,079</u>	<u>\$ 22,958</u>

	Juvenile Probation Grants	Juvenile Local	Jail Commissary	Sheriff Forfeiture	County Jury Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 391,561	\$ 738,862	\$ 388,307	\$ 329,924	\$ 1,939
Investments	-	-	-	-	-
Accounts receivable, net	4,710	25,929	377	-	64
Inventory	-	-	63,448	-	-
Due from other funds	-	224,664	-	-	-
<b>Total assets</b>	<b>\$ 396,271</b>	<b>\$ 989,455</b>	<b>\$ 452,132</b>	<b>\$ 329,924</b>	<b>\$ 2,003</b>
<b>Liabilities</b>					
Accounts payable	\$ 65,213	\$ 28,182	\$ 4,218	\$ -	\$ -
Payroll liabilities	18,167	-	3,961	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	300,747	-	-	-	-
<b>Total liabilities</b>	<b>384,127</b>	<b>28,182</b>	<b>8,179</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Nonspendable	-	-	63,448	-	-
Restricted for					
Grants	-	-	-	-	-
Technology	-	-	-	-	-
Security	-	-	-	-	-
Enabling legislation	-	-	-	329,924	2,003
Law enforcement	12,144	-	-	-	-
Assigned for					
Other purposes	-	961,273	380,505	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>12,144</b>	<b>961,273</b>	<b>443,953</b>	<b>329,924</b>	<b>2,003</b>
<b>Total liabilities and fund balances</b>	<b>\$ 396,271</b>	<b>\$ 989,455</b>	<b>\$ 452,132</b>	<b>\$ 329,924</b>	<b>\$ 2,003</b>

Taylor County, Texas  
Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-5)  
September 30, 2021

Specialty Court	Truancy Prevention	Election Subsidy	Juvenile TDA Grant	Lateral Roads	Total Nonmajor Special Revenue Funds
\$ 32,417	\$ 23,116	\$ 54,186	\$ 428	\$ 173,597	\$ 6,817,662
-	-	-	-	-	3,007,088
1,113	234	-	-	-	61,395
-	-	-	-	-	63,448
-	-	-	-	-	224,664
<u>\$ 33,530</u>	<u>\$ 23,350</u>	<u>\$ 54,186</u>	<u>\$ 428</u>	<u>\$ 173,597</u>	<u>\$ 10,174,257</u>
\$ -	\$ -	\$ -	\$ 422	\$ 4,143	\$ 125,360
-	-	-	-	-	23,471
-	-	24,037	-	-	24,037
-	-	27,365	-	10,340	344,993
-	-	51,402	422	14,483	517,861
-	-	-	-	-	63,448
-	-	2,784	-	-	2,784
-	-	-	-	-	259,065
-	-	-	-	-	350,226
33,530	23,350	-	-	159,114	2,340,448
-	-	-	-	-	733,156
-	-	-	-	-	5,912,024
-	-	-	6	-	(4,755)
<u>33,530</u>	<u>23,350</u>	<u>2,784</u>	<u>6</u>	<u>159,114</u>	<u>9,656,396</u>
<u>\$ 33,530</u>	<u>\$ 23,350</u>	<u>\$ 54,186</u>	<u>\$ 428</u>	<u>\$ 173,597</u>	<u>\$ 10,174,257</u>

	Settlement Proceeds	Errors and Omissions	County Clerk Restricted Fees	Dist Clerk Restricted Fees	Commissioners Special NAR
<b>Revenues</b>					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	-	-	644,862	59,299	-
Investment earnings	2,088	1,612	1,861	-	122
Other revenues	94,403	14,878	-	-	41,513
<b>Total revenues</b>	<b>96,491</b>	<b>16,490</b>	<b>646,723</b>	<b>59,299</b>	<b>41,635</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	972,634	-	-
Judicial	-	61	-	-	-
Legal	-	-	-	-	-
Elections	-	-	-	-	-
Public facilities	-	-	-	-	-
Public safety	-	-	-	-	-
Road and bridge	-	-	-	-	-
Health and welfare	278,350	-	-	-	-
<b>Capital outlay</b>					
Capital outlay	-	-	11,044	-	-
<b>Total expenditures</b>	<b>278,350</b>	<b>61</b>	<b>983,678</b>	<b>-</b>	<b>-</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(181,859)</b>	<b>16,429</b>	<b>(336,955)</b>	<b>59,299</b>	<b>41,635</b>
<b>Other financing sources (uses)</b>					
Proceeds from sale of fixed assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(181,859)</b>	<b>16,429</b>	<b>(336,955)</b>	<b>59,299</b>	<b>41,635</b>
<b>Fund balances at beginning of year</b>	<b>2,731,843</b>	<b>1,002,596</b>	<b>1,562,970</b>	<b>507,213</b>	<b>57,015</b>
<b>Fund balances at end of year</b>	<b>\$ 2,549,984</b>	<b>\$ 1,019,025</b>	<b>\$ 1,226,015</b>	<b>\$ 566,512</b>	<b>\$ 98,650</b>

Taylor County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Exhibit C-6)  
Year Ended September 30, 2021

Contingency Fund	VIT Escrow	JP PRC 1-1 Technology Fee	JP PRC 1-1 Security Fee	JP PRC 1-2 Technology Fee	JP PRC 1-2 Security Fee	JP PRC 2 Technology Fee
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,978	582	4,787	1,429	3,016
854	1,432	-	-	-	-	-
-	-	-	-	-	-	-
854	1,432	1,978	582	4,787	1,429	3,016
-	-	-	-	-	-	-
-	1,519	4,006	-	5,968	-	779
-	-	-	-	-	-	-
-	-	-	-	-	-	-
99,144	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
99,144	1,519	4,006	-	5,968	-	779
(98,290)	(87)	(2,028)	582	(1,181)	1,429	2,237
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(98,290)	(87)	(2,028)	582	(1,181)	1,429	2,237
580,097	81,682	41,833	5,013	34,512	(6,190)	43,576
\$ 481,807	\$ 81,595	\$ 39,805	\$ 5,595	\$ 33,331	\$ (4,761)	\$ 45,813

	JP PRC 2 Security Fee	JP PRC 3 Technology Fee	JP PRC 3 Security Fee	JP PRC 4 Technology Fee	JP PRC 4 Security Fee
<b>Revenues</b>					
Intergovernmental and grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and fees	890	3,031	893	508	150
Investment earnings	-	-	-	-	-
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>890</b>	<b>3,031</b>	<b>893</b>	<b>508</b>	<b>150</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	-	-	-
Judicial	788	1,622	593	-	-
Legal	-	-	-	-	-
Elections	-	-	-	-	-
Public facilities	-	-	-	-	-
Public safety	-	-	-	-	-
Road and bridge	-	-	-	-	-
Health and welfare	-	-	-	-	-
<b>Capital outlay</b>					
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>788</b>	<b>1,622</b>	<b>593</b>	<b>-</b>	<b>-</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>102</b>	<b>1,409</b>	<b>300</b>	<b>508</b>	<b>150</b>
<b>Other financing sources (uses)</b>					
Proceeds from sale of fixed asset	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>102</b>	<b>1,409</b>	<b>300</b>	<b>508</b>	<b>150</b>
<b>Fund balances at beginning of year</b>	<b>84,313</b>	<b>72,413</b>	<b>110,967</b>	<b>991</b>	<b>19,811</b>
<b>Fund balances at end of year</b>	<b>\$ 84,415</b>	<b>\$ 73,822</b>	<b>\$ 111,267</b>	<b>\$ 1,499</b>	<b>\$ 19,961</b>

Taylor County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue

Funds (Exhibit C-6)

Year Ended September 30, 2021

County Clerk Technology Fee	Dist Clerk Technology Fee	Courthouse Security	District Attorney Special	D.A. Narcotic Forfeiture	Election Service Contract	Juvenile Jury Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,738	\$ -
2,976	3,984	74,876	5,656	-	123,729	-
-	-	-	101	1,023	396	41
-	-	-	-	83,026	-	53
2,976	3,984	74,876	5,757	84,049	192,863	94
-	-	18,802	-	-	-	-
-	-	-	-	-	-	-
-	-	-	7,280	46,922	-	-
-	-	-	-	-	63,426	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4,230
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	18,802	7,280	46,922	63,426	4,230
2,976	3,984	56,074	(1,523)	37,127	129,437	(4,136)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,976	3,984	56,074	(1,523)	37,127	129,437	(4,136)
38,185	19,650	72,914	62,916	622,492	207,613	6,271
\$ 41,161	\$ 23,634	\$ 128,988	\$ 61,393	\$ 659,619	\$ 337,050	\$ 2,135

	Juvenile Probation Grants	Juvenile Local	Jail Commissary	Sheriff Forfeiture	County Jury Fund
<b>Revenues</b>					
Intergovernmental and grants	\$ 992,695	\$ 31,852	\$ -	\$ -	\$ -
Fines and fees	-	37,560	-	-	1,427
Investment earnings	603	1,244	497	417	-
Other revenues	-	-	797,143	76,634	-
<b>Total revenues</b>	<b>993,298</b>	<b>70,656</b>	<b>797,640</b>	<b>77,051</b>	<b>1,427</b>
<b>Expenditures</b>					
Current					
General government	-	-	-	-	-
Judicial	-	-	-	-	-
Legal	-	-	-	-	-
Elections	-	-	-	-	-
Public facilities	-	-	-	-	-
Public safety	983,309	121,174	637,541	7,138	-
Road and bridge	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay					
Capital outlay	-	11,983	-	-	-
<b>Total expenditures</b>	<b>983,309</b>	<b>133,157</b>	<b>637,541</b>	<b>7,138</b>	<b>-</b>
Excess (deficit) of revenues over expenditures	9,989	(62,501)	160,099	69,913	1,427
Other financing sources (uses)					
Proceeds from sale of fixed assets:	-	-	-	25,490	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,490</b>	<b>-</b>
Net change in fund balance	9,989	(62,501)	160,099	95,403	1,427
Fund balances at beginning of year	2,155	1,023,774	283,854	234,521	576
Fund balances at end of year	\$ 12,144	\$ 961,273	\$ 443,953	\$ 329,924	\$ 2,003

Taylor County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds (Exhibit C-6)  
Year Ended September 30, 2021

Specialty Court	Truancy Prevention	Election Subsidy	Juvenile TDA Grant	Lateral Roads	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 68,034	\$ 23,670	\$ 34,403	\$ 1,219,392
25,058	14,393	-	-	-	1,011,084
-	-	192	4	316	12,803
-	-	-	-	-	1,107,650
25,058	14,393	68,226	23,674	34,719	3,350,929
-	-	-	-	-	991,436
-	-	-	-	-	15,336
-	-	-	-	-	54,202
-	-	65,560	-	-	128,986
-	-	-	-	-	99,144
-	-	-	23,670	-	1,777,062
-	-	-	-	43,127	43,127
-	-	-	-	-	278,350
-	-	-	-	-	23,027
-	-	65,560	23,670	43,127	3,410,670
25,058	14,393	2,666	4	(8,408)	(59,741)
-	-	-	-	-	25,490
-	-	-	-	-	25,490
25,058	14,393	2,666	4	(8,408)	(34,251)
8,472	8,957	118	2	167,522	9,690,647
<u>\$ 33,530</u>	<u>\$ 23,350</u>	<u>\$ 2,784</u>	<u>\$ 6</u>	<u>\$ 159,114</u>	<u>\$ 9,656,396</u>

Taylor County, Texas  
Combining Statement of Net Position – Internal Service Funds (Exhibit C-7)  
September 30, 2021

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	<u>Self Insurance Fund</u>	<u>Employee Benefits Fund</u>	<u>Total Internal Service Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 71,090	\$ 783,363	\$ 854,453
Accounts receivable	-	182,071	182,071
Total assets	<u>71,090</u>	<u>965,434</u>	<u>1,036,524</u>
<b>Liabilities</b>			
Accounts payable	4,980	138,925	143,905
Accrued liabilities	-	435,183	435,183
Total liabilities	<u>4,980</u>	<u>574,108</u>	<u>579,088</u>
<b>Net position</b>			
Unrestricted	<u>66,110</u>	<u>391,326</u>	<u>457,436</u>
Total net position	<u>\$ 66,110</u>	<u>\$ 391,326</u>	<u>\$ 457,436</u>

Taylor County, Texas

Combining Statement of Revenues, Expenditures and Changes in Net Position – Internal Service Funds  
(Exhibit C-8)  
Year Ended September 30, 2021

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	<u>Self Insurance Fund</u>	<u>Employee Benefits Fund</u>	<u>Total Internal Service Funds</u>
Operating revenues			
Charges for services	\$ -	\$ 6,674,044	\$ 6,674,044
Stop loss revenue	-	1,070,817	1,070,817
Total operating revenues	-	7,744,861	7,744,861
Operating expenses			
Contracted services	-	2,111,276	2,111,276
Claims	197,616	6,830,120	7,027,736
Total operating expenses	197,616	8,941,396	9,139,012
Operating loss	(197,616)	(1,196,535)	(1,394,151)
Nonoperating revenues			
Investment earnings	195	1,400	1,595
Settlement proceeds	96,224	28,153	124,377
Refunds	-	498,151	498,151
Total nonoperating revenues	96,419	527,704	624,123
Net loss before transfers	(101,197)	(668,831)	(770,028)
Transfers			
Transfers in	150,000	-	150,000
Net transfers	150,000	-	150,000
Change in net position	48,803	(668,831)	(620,028)
Net position at beginning of year	17,307	1,060,157	1,077,464
Net position at end of year	<u>\$ 66,110</u>	<u>\$ 391,326</u>	<u>\$ 457,436</u>

Taylor County, Texas  
Combining Statement of Cash Flows – Internal Service Funds (Exhibit C-9)  
Year Ended September 30, 2021

	Self Insurance Fund	Employee Benefits Fund	Total Internal Service Funds
Operating activities			
Cash received from			
Interfund services provided	\$ -	\$ 6,571,527	\$ 6,571,527
Insurance providers	-	1,070,817	1,070,817
Cash payments for			
Claims	(192,636)	(6,786,155)	(6,978,791)
Insurance premiums	-	(2,111,276)	(2,111,276)
Net cash used for operating activities	<u>(192,636)</u>	<u>(1,255,087)</u>	<u>(1,447,723)</u>
Non-capital financing activities			
Transfers, net	150,000	-	150,000
Settlement proceeds	96,224	28,153	124,377
Refunds	-	498,151	498,151
Net cash from non-capital financing activities	<u>246,224</u>	<u>526,304</u>	<u>772,528</u>
Investing activities			
Interest and dividends	195	1,400	1,595
Net cash from investing activities	<u>195</u>	<u>1,400</u>	<u>1,595</u>
Change in cash and cash equivalents	53,783	(727,383)	(673,600)
Cash and cash equivalents - beginning of year	<u>17,307</u>	<u>1,510,746</u>	<u>1,528,053</u>
Cash and cash equivalents - end of year	<u>\$ 71,090</u>	<u>\$ 783,363</u>	<u>\$ 854,453</u>
Reconciliation of operating loss to net cash used for operating activities			
Operating loss	(197,616)	(1,196,535)	(1,394,151)
Net change in			
Accounts receivable	-	(102,517)	(102,517)
Accounts payable	4,980	(7,907)	(2,927)
Accrued liabilities	-	51,872	51,872
Total adjustments	<u>4,980</u>	<u>(58,552)</u>	<u>(53,572)</u>
Net cash used for operating activities	<u>\$ (192,636)</u>	<u>\$ (1,255,087)</u>	<u>\$ (1,447,723)</u>



Single Audit Section  
September 30, 2021

Taylor County, Texas



**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 Members of the Commissioners Court  
Taylor County, Texas  
Abilene, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Taylor County, Texas (the County) 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 March 21, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
March 21, 2022



## **Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Honorable Judge and Members of the Commissioners Court  
Taylor County, Texas  
Abilene, Texas

### **Report on Compliance for the Major Federal Program**

We have audited Taylor County, Texas’s (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County’s major federal program for the year ended September 30, 2021. The County’s major federal program is 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 the compliance for the County’s major federal program 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 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 the major federal program. However, our audit does not provide a legal determination of the County’s compliance.

#### **Opinion on the 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 its major federal program 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and address.

Abilene, Texas  
March 21, 2022

Taylor County, Texas  
Schedule of Expenditures of Federal Awards  
September 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture Passed through Texas Department of Agriculture National School Lunch Program	10.555	806780706	\$ 23,670
U.S. Department of Justice Passed through Texas Office of the Governor Edward Byrne Memorial Justice Assistance	16.738	2019-DJ-BX-0369 / 2020-DJ-BX-0619	41,708
U.S. Department of Treasury COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	3,638,653
Passed through Texas Division of Emergency Management COVID-19 Coronavirus Relief Fund	21.019	2020-410	313,356
U.S. Election Assistance Commission Passed through Texas Secretary of State COVID-19 Help America Vote Act	90.404	TX20101CARES-221 / TX18101001-01-221	56,888
U.S. Department of Health and Human Services Passed through Texas Office of the Attorney General Child Support Enforcement	93.563	17-C0086	89,687
Passed through Texas Department of Family and Protective Services Title IV-E	93.658	HHS000285100006	<u>70,251</u>
Total federal financial assistance			<u>\$ 4,234,213</u>

**Note 1 - General**

The accompanying schedule of expenditures of federal awards (the schedule) includes federal award activity of Taylor County, Texas (the County) under programs of the federal government for the year ended September 30, 2020. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The County has not elected to use the 10% de minimis cost rate.

**Section I - Summary of Auditor's Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

Name of Federal Program	Federal Financial Assistance Listing / CFDA Number
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

The audit disclosed no findings required to be reported.

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**Section III – Federal Award Findings and Questioned Costs**

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The audit disclosed no findings and questioned costs required to be reported.