

TITUS COUNTY, TEXAS
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2020

Titus County, Texas
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 Year ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Titus County, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2020, and the respective changes in financial position, and where applicable, statement of cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability and contributions to TCDRS on pages 3 through 11 and pages 43 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Arnold, Walker, Arnold & Co., P.C.
December 18, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Titus, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities and performance for the year ended September 30, 2020. The information presented here should be read in conjunction with the independent auditor's report and the County's financial statements.

FINANCIAL HIGHLIGHTS

The County's total combined net position was \$35.6 million at September 30, 2020. This is a decrease of \$2.7 million as compared to \$2.4 million the prior year. Revenues decreased \$823 thousand. The County received proceeds of \$950 thousand from the settlement of a suit related to a bridge construction issue in the prior year. The net pension liability increased by \$286 thousand which caused an increase to expenses.

The total cost of all the County's activities were down by \$474 thousand, or about 2.5% as compared to the prior year.

The general fund balance is \$5.86 million at September 30, 2020 which is an increase of \$67 thousand as compared to \$300 thousand increase the prior year. Transfers out to other funds decreased \$646 thousand. Revenue decreased \$662 thousand or 6%. Taxes were less than the prior year by \$340 thousand. In the previous year a settlement of taxes owed by a major taxpayer was received. Charges for services revenue was down \$220 thousand mainly because of the pandemic in 2020. Expenditures increased \$190 thousand or 2%. Increases to public safety costs account for most of the increase.

During the year, \$228 thousand of fixed assets were added. Some minor building renovations were made. Some vehicles were purchased for the sheriff's department and a vehicle was purchased for use in road maintenance.

There is \$5.75 million in the debt service fund balance. Special revenue funds reflect fund balances of \$1.84 million. There is approximately \$3.68 million remaining in the capital projects funds for the purchase of right of way, future road construction, or for debt service reduction.

Approximately 95% of the taxes levied for 2019-20 were collected by September 30, 2020.

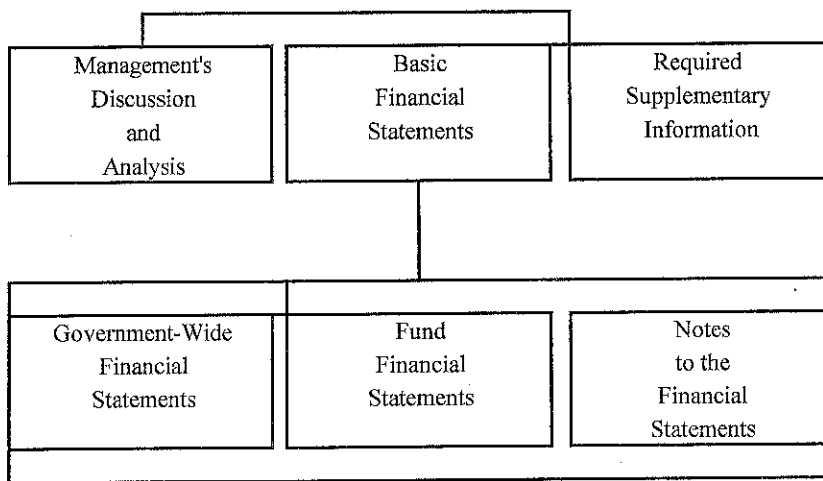
\$4.3 million of principal on debt was paid. The County issued refunding bonds during the year in the amount of \$56.45 million. Interest rates on future payments on these bonds are less than those retired. This resulted in an economic gain of \$5.2 million in present value.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide information about the County's activities as a whole and present a longer-term view of the County's property and debt obligations. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as a commissary operation.
 - *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong. This fund contains District Court Clerk funds for pending cases.

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



Summary ⇔ Detail

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

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

Figure A-2. Major Features of the County's Government-wide Fund Financial Statements

<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: self insurance	Instances in which the City is the trustee or agent for someone else's resources
<i>Required financial statements</i>	*Statement of net position	*Balance sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position *Statement of cash flows	*Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*-not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

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

The County has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County's combined net position was approximately \$35.6 million at September 30, 2020.

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

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	23,770	24,210	137	139	23,907	24,349
Capital and non-current assets	132,417	141,716	169	214	132,586	141,930
TOTAL ASSETS	156,187	165,926	306	353	156,493	166,279
Deferred outflow-pension plan	890	2,625	-	-	890	2,625
TOTAL DEFERRED OUTFLOWS OF RESOURCES	890	2,625	-	-	890	2,625
Long-term liabilities	115,584	124,602	-	-	115,584	124,602
Other liabilities	799	1,009	-	7	799	1,016
TOTAL LIABILITIES	116,383	125,611	-	7	116,383	125,618
Unavailable revenue-taxes, fines, & fees	4,489	4,759	-	-	4,489	4,759
Deferred inflow-pension plan	895	173	-	-	895	173
TOTAL DEFERRED INFLOWS OF RESOURCES	5,384	4,932	-	-	5,384	4,932
Net position						
Invested in capital assets net of related debt	18,383	20,836	169	214	18,552	21,050
Restricted	11,272	11,676	-	-	11,272	11,676
Unrestricted	5,655	5,496	137	132	5,792	5,628
TOTAL NET POSITION	35,310	38,008	306	346	35,616	38,354

Net position invested in capital assets net of related debt reflects the book value of the County's capital assets in excess of the debt which financed those assets. The \$5.8 million of unrestricted net position represents resources available to fund the programs of the County for the next fiscal year.

The \$11.3 million is restricted as follows:

Restricted for debt service	5,754
Restricted for capital projects	3,683
Restricted for special revenue funds	1,835
	<u>11,272</u>

Net position of the County decreased from \$38.4 million to \$35.6 million, or \$2.7 million. The County's governmental funds expenditures exceeded revenues by \$336 thousand. \$8.43 million of the amount receivable from the Texas Department of Transportation was collected this year. \$228 thousand was expended on capital outlay this year. \$6.2 million was expended on debt principal. Depreciation expense of \$1.1 million was recorded. The net pension liability recorded on the government wide statements as required by GASB 68 increased by \$286 thousand.

Changes in net position.

The County's total revenues were \$16.1 million. 63% of this came from property taxes, 18% came from sales taxes and other taxes, and 14% came from charges for services. Total revenues were less because of the lawsuit settlement related to bridge construction of \$950 thousand that was received the prior year.

The total cost of all programs was \$18.8 million. Approximately 37% of this was for public safety, 19% was for highways, streets and bridges, and 19% was for debt service costs.

Net position decreased by \$2.7 million from the excess of expenses over revenues.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
<u>Program Revenues</u>						
Charges for service	2,030	2,621	220	194	2,250	2,815
Operating Grants and Contributions	423	440	-	-	423	440
<u>General Revenues</u>						
Property taxes	10,138	9,784	-	-	10,138	9,784
Other taxes	2,932	2,324	-	-	2,932	2,324
Investment earnings	270	400	-	-	270	400
Lawsuit settlement	-	950	-	-	-	950
Other	84	207	-	-	84	207
Total Revenues	<u>15,877</u>	<u>16,726</u>	<u>220</u>	<u>194</u>	<u>16,097</u>	<u>16,920</u>
Expenses						
General government	1,276	1,337	-	-	1,276	1,337
Judicial	1,074	1,112	-	-	1,074	1,112
Legal	407	447	-	-	407	447
Financial	1,219	1,157	-	-	1,219	1,157
Public facility	227	361	-	-	227	361
Public safety	6,767	6,206	130	99	6,897	6,305
Health and welfare	220	217	-	-	220	217
Highways, streets, and bridges	3,503	3,158	-	-	3,503	3,158
County extension	99	86	-	-	99	86
Miscellaneous	26	25	-	-	26	25
Elections	-	-	220	258	220	258
Debt service	3,670	4,849	-	-	3,670	4,849
Total Expenses	<u>18,488</u>	<u>18,955</u>	<u>350</u>	<u>357</u>	<u>18,838</u>	<u>19,312</u>
Transfers in (out)	(90)	(40)	90	40	-	-
Increase (Decrease) in Net Position	(2,701)	(2,269)	(40)	(123)	(2,741)	(2,392)
Beginning Net Position	38,008	40,245	346	469	38,354	40,714
Prior Period Adjustment	3	32	-	-	3	32
Ending Net Position	<u>35,310</u>	<u>38,008</u>	<u>306</u>	<u>346</u>	<u>35,616</u>	<u>38,354</u>

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

- The cost of all *governmental* activities this year was \$18.49 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$10.1 million.
- Some of the cost was paid by those who directly benefited from the programs (\$2 million), or by grants and contributions (\$423 thousand).

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

	Total Cost of Services		Net Costs of Services	
	2020	2019	2020	2019
General Government	1,276	1,337	881	880
Public Safety	6,767	6,206	6,394	5,396
Judicial	1,074	1,112	533	456
Highways, Streets, and Bridges	3,503	3,158	2,841	2,480

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported fund balance in its governmental funds of approximately \$17.1 million at September 30, 2020. This balance is composed of the following in thousands

General	5,860
Special revenue	1,835
Debt service	5,754
Capital projects	3,684
	<u>17,133</u>

The general fund increased \$67 thousand. Reasons for this are discussed on page 4. The capital project fund balance increased \$54 thousand. The debt service fund balances decreased \$463 thousand or 7%. Decreases to tax revenue explain most of this. Special revenue fund balances increased \$6 thousand.

General Fund Budgetary Highlights

Several budget amendments were made during the year. Even with these amendments, actual expenditures were less than budgeted by \$1.1 million, or 10%. Actual revenues were \$20 thousand less than budgeted. \$1 million was budgeted as a decrease to fund balance. Actually, the fund balance increased \$67 thousand from the excess of revenues over expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Land	341	341	-	-
Buildings and improvements	12,120	12,120	-	-
Machinery and equipment	7,615	7,885	336	643
Roads and bridges	14,945	14,945	-	-
Totals at historical cost	<u>35,021</u>	<u>35,291</u>	<u>336</u>	<u>643</u>
Total accumulated depreciation	<u>23,650</u>	<u>23,048</u>	<u>167</u>	<u>429</u>
Net capital assets	<u><u>11,371</u></u>	<u><u>12,243</u></u>	<u><u>169</u></u>	<u><u>214</u></u>

Sheriff Department vehicles and a vehicle for Road & Bridge were purchased.

Long-Term Debt

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

	Governmental Activities	
	2020	2019
Bonds payable	<u>114,187</u>	<u>120,880</u>
	<u><u>114,187</u></u>	<u><u>120,880</u></u>

The County is receiving a guaranteed \$8.43 million each year over twenty years from the State to assist in paying off the debt obtained to build the Loop. The County issued refunding bonds in November 2019 and again in September 2020 in the amount of \$56.45 million to gain better interest rates on future payments which resulted in an economic gain of \$5.2 million in present value. Approximately \$4.3 million was paid on principal.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property tax values within the County held strong as evidenced by the reporting from Titus County Appraisal District. The freeze adjusted taxable value for the year ending September 30, 2020 was \$2,021,615,632 while the value for the year ending September 30, 2020 is \$2,064,608,417. This is an increase of \$42,992,785.

After several years of steady devaluation, including four years of legal challenges, the County settled with the Luminant power plant to establish multi-year values and the plant closed at the end of 2017. This settlement resulted in a payment of approximately \$1.4 million in 2018 for back taxes, penalties and interest. These amounts were returned to multiple funds including the general fund as well as the interest & sinking fund. Because the County had been budgeting on a reduced value, the elimination of the value of the power plant had minimal impact on tax revenues. In late 2020, SWEPCO notified its employees of the planned closure of the Welch Power Plant in 2028. Due to the fact that this closure is more than eight years away, the impact of this possible closure has not been reflected in the property values.

The tax rate for the subsequent year's budget was reduced to \$0.4679 which is a reduction of \$0.0063 per \$100 valuation. The M&O rate for 2021 is \$0.4044. In 2020, the M&O rate was \$0.3980. The I&S tax rate for 2021 is \$0.0635. In 2020, the I&S was \$0.0762. The total tax rate in 2019 was \$0.4790. Over the past two years, the total tax rate has decreased by \$0.0111.

The General Fund balance at September 30, 2020 is approximately \$5.86 million. The 2020-2021 general fund budgeted expenditures are \$83,585 less than the previous year's budgeted expenditures which is a decrease of approximately 0.72%. The 2020-2021 general fund budgeted revenues are \$455,228 more than the previous year's budgeted revenues which is an increase of approximately 4.6% and is the result of the planned transfer of funds remaining in the Self-Funded Health Insurance Fund. These funds are now available due to the fact that Titus County moved to a fully funded health insurance plan managed by the Texas Association of Counties on January 1, 2020. The County expects to finish 2021 with a lower fund balance reflecting a planned reduction of approximately \$496,522. The 2020-2021 budget includes an allowance for an increase in staff for the district attorney's office effective January 1, 2021 as requested by the DA elect, David Colley. Raises were not included in the budget for the second consecutive year. The budget also includes three new grants. They are Help America Vote Act-Security Grant, Help America Vote-CARES, and Coronavirus Relief Fund Grant.

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

In May of 2006, the citizens of Titus County passed an election to construct a loop around the southern end of Mt. Pleasant and Titus County. The total loop project cost was estimated to be \$168 million. This state highway is a State of Texas TxDOT Pass-Through Toll Project whereby the local taxing authorities provide the initial monies, and the state reimburses at a pre-arranged dollar amount. The reimbursement by TxDOT of \$168 million occurs over twenty years after completion, however the County bears the interest cost related to the bonds issued. Currently in the sixth year of reimbursement, the County receives \$4,215,500 every six months toward the \$168 million total reimbursement. In September 2006, the County issued the first \$1.8 million in bonds for this project. In September 2007, the County issued a second series of bonds for \$29.665 million. In September 2009, a third series of bonds for \$39 million was issued. In June 2012, the last two series were issued: Series 2012A for \$36.68 million and Series 2012B for \$44.345 million. The bonds will be paid back over a 20-25 year period. The bonds are refinanced as allowed in an effort to reduce the interest rate. During the past year, two portions of the remaining bonds were refinanced. The notes to the financial statements provide additional information.

By fiscal year end, the County received instructions from the Atlanta TxDOT office to begin the selection of a Right of Way acquisition consultant for the FM 1735 road widening project. The County is responsible for the purchase of all right of way and the relocation of all necessary utilities related to the project. At year end, \$3.68 million was earmarked and held in reserve for the project, which according to TxDOT estimates should be more than adequate for these costs as well as the cost of the consultant. The fund was established in 2004 with the sale of bonds for the benefit of two TxDOT projects. The first of the two projects was completed in 2015, and the remaining balance will pay for FM 1735. Any leftover funds will be returned to Interest & Sinking Funds once the project is complete.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

TITUS COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,287,408	\$ 128,692	\$ 8,416,100
Accounts Receivable (Net)	4,967,870	-	4,967,870
Inventories	-	7,461	7,461
Prepaid Items	5,183	269	5,452
Restricted Cash & Cash Equivalents	10,509,748	-	10,509,748
Capital Assets:			
Land Purchase and Improvements	341,512	-	341,512
Infrastructure, Net	3,295,383	-	3,295,383
Buildings, Net	5,794,445	-	5,794,445
Furniture and Equipment, Net	1,940,133	169,215	2,109,348
Receivable-Texas Department of Transportation	121,045,424	-	121,045,424
Total Assets	<u>156,187,106</u>	<u>305,637</u>	<u>156,492,743</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pension Plan	889,663	-	889,663
Total Deferred Outflows of Resources	<u>889,663</u>	<u>-</u>	<u>889,663</u>
LIABILITIES			
Accounts Payable	528,880	129	529,009
Unearned Revenues	269,962	-	269,962
Noncurrent Liabilities:			
Debt Due Within One Year	6,664,687	-	6,664,687
Bonds Payable - Noncurrent	107,369,497	-	107,369,497
Net Pension Liability	1,550,003	-	1,550,003
Total Liabilities	<u>116,383,029</u>	<u>129</u>	<u>116,383,158</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Taxes, fines & fees	4,488,319	-	4,488,319
Deferred Inflow Related to Pension Plan	895,233	-	895,233
Total Deferred Inflows of Resources	<u>5,383,552</u>	<u>-</u>	<u>5,383,552</u>
NET POSITION			
Net Investment in Capital Assets	18,382,713	169,215	18,551,928
Restricted for:			
Restricted for Capital Acquisition	3,683,582	-	3,683,582
Restricted for Debt Service	5,753,870	-	5,753,870
Restricted for Other Purposes	1,835,365	-	1,835,365
Unrestricted Net Position	5,654,658	136,293	5,790,951
Total Net Position	<u>\$ 35,310,188</u>	<u>\$ 305,508</u>	<u>\$ 35,615,696</u>

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

TITUS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,275,752	\$ 394,940	\$ -
Judicial	1,074,077	539,014	2,167
Legal	407,046	1,258	23,776
Financial	1,219,053	307,323	-
Public Facility	226,585	71,307	-
Public Safety	6,767,170	22,104	350,626
Health & Welfare	219,974	32,400	45,955
Highways, Streets, & Bridges	3,502,847	661,828	-
County Extension	99,073	-	-
Miscellaneous	26,035	-	-
Interest on Debt	3,669,775	-	-
Total Governmental Activities	18,487,387	2,030,174	422,524
BUSINESS-TYPE ACTIVITIES:			
Commissary	130,679	197,196	-
Election	220,386	22,638	-
Total Business-Type Activities	351,065	219,834	-
TOTAL PRIMARY GOVERNMENT	\$ 18,838,452	\$ 2,250,008	\$ 422,524

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Other Taxes

Investment Earnings

Miscellaneous Revenue

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (880,812)	\$ -	\$ (880,812)
(532,896)	-	(532,896)
(382,012)	-	(382,012)
(911,730)	-	(911,730)
(155,278)	-	(155,278)
(6,394,440)	-	(6,394,440)
(141,619)	-	(141,619)
(2,841,019)	-	(2,841,019)
(99,073)	-	(99,073)
(26,035)	-	(26,035)
(3,669,775)	-	(3,669,775)
(16,034,689)	-	(16,034,689)
-	66,517	66,517
-	(197,748)	(197,748)
-	(131,231)	(131,231)
(16,034,689)	(131,231)	(16,165,920)
8,602,850	-	8,602,850
1,535,703	-	1,535,703
2,931,790	-	2,931,790
270,305	-	270,305
83,609	153	83,762
(90,000)	90,000	-
13,334,257	90,153	13,424,410
(2,700,432)	(41,078)	(2,741,510)
38,007,577	346,586	38,354,163
3,043	-	3,043
\$ 35,310,188	\$ 305,508	\$ 35,615,696

GOVERNMENTAL FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 5,623,504	\$ 5,753,870	\$ 3,677,708
Accounts Receivable (Net)	4,666,912	109,457	-
Notes Receivable (Interfund)	349,540	-	-
Prepaid Items	5,183	-	-
Total Assets	<u>\$ 10,645,139</u>	<u>\$ 5,863,327</u>	<u>\$ 3,677,708</u>
LIABILITIES			
Accounts Payable	\$ 107,861	\$ -	\$ -
Unearned Revenues	14,748	-	-
Total Liabilities	<u>122,609</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue -Taxes, Fines & Fees	4,662,545	109,457	-
Total Deferred Inflows of Resources	<u>4,662,545</u>	<u>109,457</u>	<u>-</u>
FUND BALANCES			
Capital Projects	-	-	3,677,708
Retirement of Long-Term Debt Reported in Special Revenue Funds	-	5,753,870	-
Unassigned Fund Balance	5,859,985	-	-
Total Fund Balances	<u>5,859,985</u>	<u>5,753,870</u>	<u>3,677,708</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,645,139</u>	<u>\$ 5,863,327</u>	<u>\$ 3,677,708</u>

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

Other Funds	Total Governmental Funds
\$ 2,492,065	\$ 17,547,147
191,501	4,967,870
-	349,540
-	5,183
<u>\$ 2,683,566</u>	<u>\$ 22,869,740</u>
\$ 414,442	\$ 522,303
255,214	269,962
<u>669,656</u>	<u>792,265</u>
172,671	4,944,673
<u>172,671</u>	<u>4,944,673</u>
5,874	3,683,582
-	5,753,870
1,835,365	1,835,365
-	5,859,985
<u>1,841,239</u>	<u>17,132,802</u>
<u>\$ 2,683,566</u>	<u>\$ 22,869,740</u>

TITUS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	\$	17,132,802
<p>The County uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to Increase (decrease) net position.</p>		
		1,389,422
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position. Also, a receivable from TxDOT to help pay debt payments is included.</p>		
		20,692,986
<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. The net effect of including the 2020 capital outlays and debt principal payments is to increase (decrease) net position.</p>		
		6,433,929
<p>Included in the items related to debt is the recognition of the County's proportionate share of the net pension was a Deferred Resource Outflow in the amount of \$889,663, a Deferred Resource Inflow in the amount of \$895,233 and a net pension liability in the amount of \$1,550,003. The impact of this on Net Position is (\$1,555,573). Changes from the current year reporting resulted in a decrease in net position in the amount of (\$286,139). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$1,555,573).</p>		
		(1,555,573)
<p>The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,100,109)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.</p>		
		(7,683,269)
Net Position of Governmental Activities	\$	35,310,188

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

TITUS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Capital Projects
REVENUES:			
Taxes	\$ 9,019,374	\$ 1,519,220	\$ -
Licenses and Permits	39,433	-	-
Intergovernmental Revenue and Grants	329,505	8,431,000	-
Charges for Services	1,095,582	-	-
Fines	-	-	-
Other Revenue	199,156	102,745	53,608
Total Revenues	<u>10,683,050</u>	<u>10,052,965</u>	<u>53,608</u>
EXPENDITURES:			
Current:			
General Government	1,013,377	-	-
Judicial	840,532	-	-
Legal	249,919	-	-
Financial	1,199,103	-	-
Public Facility	223,328	-	-
Public Safety	6,012,181	-	-
Health & Welfare	219,974	-	-
Highways, Streets, & Bridges	-	-	-
County Extension	95,816	-	-
Miscellaneous	-	-	-
Debt Service:			
Principal on Debt	-	6,205,000	-
Interest on Debt	-	4,307,467	-
Other Debt Service	-	519,875	-
Capital Outlay	178,024	-	-
Total Expenditures	<u>10,032,254</u>	<u>11,032,342</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>650,796</u>	<u>(979,377)</u>	<u>53,608</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds (interfund)	-	-	-
Premium on Issuance of Debt	-	187,000	-
Proceeds from Refunding Bonds	-	56,450,000	-
Transfers In	29,366	-	-
Transfers Out (Use)	(613,061)	-	-
Payment to Bond Refunding Escrow Agent	-	(56,120,350)	-
Loan repayments (interfund)	-	-	-
Total Other Financing Sources (Uses)	<u>(583,695)</u>	<u>516,650</u>	<u>-</u>
Net Change in Fund Balances	67,101	(462,727)	53,608
Fund Balance - October 1 (Beginning)	<u>5,792,884</u>	<u>6,216,597</u>	<u>3,624,100</u>
Fund Balance - September 30 (Ending)	<u>\$ 5,859,985</u>	<u>\$ 5,753,870</u>	<u>\$ 3,677,708</u>

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

	Other Funds	Total Governmental Funds
\$	2,395,540	\$ 12,934,134
	661,831	701,264
	165,173	8,925,678
	174,226	1,269,808
	39,345	39,345
	6,121	361,630
	<u>3,442,236</u>	<u>24,231,859</u>
	-	1,013,377
	211,934	1,052,466
	116,277	366,196
	3,667	1,202,770
	-	223,328
	227,142	6,239,323
	-	219,974
	2,666,410	2,666,410
	-	95,816
	26,035	26,035
	-	6,205,000
	-	4,307,467
	-	519,875
	<u>50,905</u>	<u>228,929</u>
	<u>3,302,370</u>	<u>24,366,966</u>
	<u>139,866</u>	<u>(135,107)</u>
	45,245	45,245
	-	187,000
	-	56,450,000
	125,641	155,007
	(29,366)	(642,427)
	-	(56,120,350)
	<u>(275,004)</u>	<u>(275,004)</u>
	<u>(133,484)</u>	<u>(200,529)</u>
	6,382	(335,636)
	<u>1,834,857</u>	<u>17,468,438</u>
\$	<u>1,841,239</u>	<u>\$ 17,132,802</u>

TITUS COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	(335,636)
The County uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) the change in net position.		71,751
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase (decrease) the change in net position.		6,433,929
The impact of adjusting the net pension liabilities as required by GASB 68 was to increase expense by \$(286,139)		(286,139)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(1,100,109)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.		(7,484,228)
Change in Net Position of Governmental Activities	\$	(2,700,432)

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

TITUS COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 8,836,623	\$ 8,836,623	\$ 9,019,374	\$ 182,751
Licenses and Permits	20,000	20,000	39,433	19,433
Intergovernmental Revenue and Grants	211,800	304,143	329,505	25,362
Charges for Services	1,306,500	1,306,500	1,095,582	(210,918)
Other Revenue	234,136	236,636	199,156	(37,480)
Total Revenues	10,609,059	10,703,902	10,683,050	(20,852)
EXPENDITURES:				
Current:				
General Government	1,362,703	1,326,703	1,013,377	313,326
Judicial	948,383	951,383	840,532	110,851
Legal	262,315	264,815	249,919	14,896
Financial	1,240,377	1,240,377	1,199,103	41,274
Public Facility	679,949	679,949	223,328	456,621
Public Safety	6,097,925	6,178,416	6,012,181	166,235
Health & Welfare	202,139	220,139	219,974	165
Public Safety:				
County Extension	97,598	97,598	95,816	1,782
Capital Outlay:				
Capital Outlay	172,400	199,252	178,024	21,228
Total Expenditures	11,063,789	11,158,632	10,032,254	1,126,378
Excess (Deficiency) of Revenues Over (Under) Expenditures	(454,730)	(454,730)	650,796	1,105,526
OTHER FINANCING SOURCES (USES):				
Transfers In	11,315	11,315	29,366	18,051
Transfers Out (Use)	(591,920)	(591,920)	(613,061)	(21,141)
Total Other Financing Sources (Uses)	(580,605)	(580,605)	(583,695)	(3,090)
Net Change	(1,035,335)	(1,035,335)	67,101	1,102,436
Fund Balance - October 1 (Beginning)	5,792,884	5,792,884	5,792,884	-
Fund Balance - September 30 (Ending)	\$ 4,757,549	\$ 4,757,549	\$ 5,859,985	\$ 1,102,436

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

PROPRIETARY FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 128,692	\$ 1,250,009
Inventories	7,461	-
Prepaid Items	269	-
Total Current Assets	136,422	1,250,009
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements	-	79,790
Buildings	-	151,858
Accumulated Depreciation - Buildings	-	(81,396)
Improvements other than Buildings	-	4,994
Accumulated Depreciation - Other Improvements	-	(4,994)
Furniture and Equipment	336,144	118,603
Accumulated Depreciation - Furniture & Equipment	(166,929)	(118,603)
Total Noncurrent Assets	169,215	150,252
Total Assets	305,637	1,400,261
LIABILITIES		
Current Liabilities:		
Accounts Payable	129	6,577
Total Liabilities	129	6,577
NET POSITION		
Net Investment in Capital Assets	169,215	150,252
Unrestricted Net Position	136,293	1,243,432
Total Net Position	\$ 305,508	\$ 1,393,684

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

TITUS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT D-2

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Charges for Services	\$ 219,834	\$ 1,884,110
Other Revenue	153	-
Total Operating Revenues	219,987	1,884,110
OPERATING EXPENSES:		
Public Safety	130,679	3,553
Elections	175,992	-
Highways, Streets, & Bridges	-	201,034
Insurance Coverage & Medical Claims	-	2,002,149
Depreciation	44,394	3,043
Total Operating Expenses	351,065	2,209,779
Operating Income (Loss)	(131,078)	(325,669)
NONOPERATING REVENUES (EXPENSES):		
Transfer In/(Out)	90,000	397,420
Total Nonoperating Revenue (Expenses)	90,000	397,420
Change in Net Position	(41,078)	71,751
Total Net Position - October 1 (Beginning)	346,586	1,314,628
Prior Period Adjustment	-	7,305
Total Net Position - September 30 (Ending)	\$ 305,508	\$ 1,393,684

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

TITUS COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT D-3

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 219,987	\$ 284,735
Cash Received from Assessments - Other Funds	-	1,840,530
Cash Payments to Employees for Services	(134,939)	(150,970)
Cash Payments for Insurance Claims	-	(2,102,652)
Cash Payments for Suppliers	(180,652)	(52,741)
Net Cash Provided by (Used for) Operating Activities	<u>(95,604)</u>	<u>(181,098)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer In/(Out)	<u>90,000</u>	<u>397,420</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,604)	216,322
Cash and Cash Equivalents at Beginning of the Year	<u>134,296</u>	<u>1,033,687</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 128,692</u>	<u>\$ 1,250,009</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss)	\$ (131,078)	\$ (325,669)
Adjustments to Reconcile Operating Income To Net Cash Provided by (Used For) Operating Activities:		
Depreciation	44,394	3,043
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (Increase) in Receivables	-	241,155
Decrease (Increase) in Inventories	(2,452)	-
Increase (Decrease) in Accounts Payable	(6,468)	(99,627)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (95,604)</u>	<u>\$ (181,098)</u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,407,002
Total Assets	<u>\$ 1,407,002</u>
LIABILITIES	
District Court cases payable/pending	\$ 873,061
County Clerk cash bonds	212,701
Bail Bonds Board deposits	321,240
Total Liabilities	<u>\$ 1,407,002</u>

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

Titus County, Texas
NOTES TO THE FINANCIAL STATEMENTS
At September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of Titus County with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

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

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

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

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The County reports the following major governmental funds:

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

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

Governmental Funds:

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

Proprietary Funds:

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

Fiduciary Funds:

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

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the County considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
3. Capital assets, which include land, buildings, machinery and equipment and roads and bridges are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Buildings, machinery and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

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

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

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

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

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	261,722	-	261,722	
Buildings and Improvements	11,962,772	5,960,825	6,001,947	
Machinery and Equipment	7,765,856	5,527,750	2,238,106	
County Roads & Bridges	<u>14,945,000</u>	<u>11,350,112</u>	<u>3,594,888</u>	
Change in Net Position	<u>34,935,350</u>	<u>22,838,687</u>	<u>12,096,663</u>	<u>12,096,663</u>
Receivable-TxDot--Balance at beginning of year				<u>129,476,424</u>
This does not include fixed assets of the internal service funds.				
<u>Long-term liabilities at the Beginning of the year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			<u>120,880,101</u>	
Change in Net Position				<u>(120,880,101)</u>
Net Adjustment to Net Position				<u>20,692,986</u>

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

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

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current year Capital Outlay</u>			
Buildings and improvements	-	-	-
Machinery and equipment	228,929	228,929	228,929
Total Capital Outlay	<u>228,929</u>	<u>228,929</u>	<u>228,929</u>
Book value of land donated	-	-	-
<u>Debt Principal Payments</u>			
Bond Principal	6,205,000	6,205,000	6,205,000
Total Principal Payments	<u>6,205,000</u>	<u>6,205,000</u>	<u>6,205,000</u>
Total Adjustments to Net Position		<u><u>6,433,929</u></u>	<u><u>6,433,929</u></u>

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

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	180,555	(180,555)	-
Uncollected taxes (assumed collectible) from Current Year Levy	277,079	277,079	277,079
Uncollected Taxes (assumed collectible) from Prior Year Levy	179,275	-	179,275
Effect of prior year tax entry	20,428	(20,428)	-
Collection on TxDot receivable	8,431,000	(8,431,000)	(8,431,000)
<u>Reclassify Proceeds of Bonds, Loans, and Capital Leases</u>			
Interfund loans, beginning of year	579,299	-	(579,299)
Proceeds of refunding bonds	56,450,000	(56,450,000)	(56,450,000)
Premium on refunding bonds issued	187,000	(187,000)	(187,000)
Deposits to escrow with refunding agent	56,120,350	56,120,350	56,120,350
Amortization of Bond Premium	1,157,567	1,157,567	1,157,567
Loan payments between funds	275,004	275,004	275,004
Loan proceeds between funds	45,245	(45,245)	(45,245)
Total		<u><u>(7,484,228)</u></u>	<u><u>(7,683,269)</u></u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

County Policies and Legal and Contractual Provisions Governing Deposits

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

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

As of September 30, 2020, the following are the County's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash, Money Markets and FDIC Insured Accounts	20,332,850	100.0%	20,332,850	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 20,332,850</u>	100.0%	<u>\$ 20,332,850</u>	<u>-</u>	<u>-</u>	

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

- Depository: Guaranty Bank and Trust
- The market value of securities pledged as of September 30, 2020 was \$21,705,641.
- The combined balances of cash, savings, and time deposit accounts amounted to \$21,443,454 as of September 30, 2020.
- Total amount of FDIC coverage at September 30, 2020 was \$500,000.

Investments

County Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

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

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

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the County limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2020, the County did not invest in commercial paper.

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

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

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

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

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

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

As of September 30, 2020, TITUS COUNTY, TEXAS had no investments subject to the fair value measurement. TITUS COUNTY, TEXAS has no investments other than at the depository bank.

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND TRANSFERS & BALANCES

Transfers between funds were as follows:

Transfers to Non-major Governmental Funds from:

General Fund	65,641
Enterprise Funds	60,000
Total	<u>125,641</u>

Transfers to Internal Service Funds from:

General Fund	<u>397,420</u>
Total	<u>397,420</u>

Transfers to Enterprise Funds from:

General Fund	<u>150,000</u>
Total	<u>150,000</u>

Transfers to General Fund from:

Non-major Governmental Funds	<u>29,366</u>
Total	<u>29,366</u>

Total	<u>702,427</u>
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There were no Due to/from balances at September 30, 2020.

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

Road & Bridge #1	-
Road & Bridge #2	146,666
Road & Bridge #3	70,875
Road & Bridge #4	<u>132,000</u>
	<u>349,541</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2020, were as follows:

	Property Taxes	Fees of Office	Intergover- nmental	Other	Total Receivables
Governmental Activities:					
General Fund	492,376	8,731,765	-	4,367	9,228,508
Major Debt Service Fund	121,619	-	-	-	121,619
Non-major Governmental Funds	191,858	-	18,830	-	210,688
Internal Service Funds	-	-	-	-	-
Total-Governmental Activities	<u>805,853</u>	<u>8,731,765</u>	<u>18,830</u>	<u>4,367</u>	<u>9,560,815</u>
Amount not scheduled for collection during the subsequent year	<u>80,585</u>	<u>4,512,358</u>	<u>-</u>	<u>-</u>	<u>4,592,943</u>
Proprietary Activities:					
Non-major Proprietary Funds	-	-	-	-	-
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Payables at September 30, 2020, were as follows:

	Accounts	Salaries and Benefits	Due to Other Governments	Other	Total Payables
Governmental Activities:					
General Fund	58,809	8,363	15,394	25,295	107,861
Non-major Governmental Funds	33,607	-	-	380,835	414,442
Internal Service Funds	4,970	1,607	-	-	6,577
Total-Governmental Activities	<u>97,386</u>	<u>9,970</u>	<u>15,394</u>	<u>406,130</u>	<u>528,880</u>
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Proprietary Activities:					
Non-major Proprietary Funds	129	-	-	-	129
Amount not scheduled for collection during the subsequent year	<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129</u>

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended September 30, 2020, was as follows:

	Primary Government			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	
Governmental Activities:				
District:				
Land	341,512	-	-	341,512
Buildings and Improvements	12,119,624	-	-	12,119,624
Machinery and Equipment	7,884,459	228,929	(498,190)	7,615,198
County Roads and Bridges	14,945,000	-	-	14,945,000
Totals at Historic Cost	<u>35,290,595</u>	<u>228,929</u>	<u>(498,190)</u>	<u>35,021,334</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(6,051,477)	(273,702)	-	(6,325,179)
Machinery and Equipment	(5,646,353)	(526,902)	498,190	(5,675,065)
Roads	(11,350,112)	(299,505)	-	(11,649,617)
Total Accumulated Depreciation	<u>(23,047,942)</u>	<u>(1,100,109)</u>	<u>498,190</u>	<u>(23,649,861)</u>
Governmental Activities Capital Assets, Net	<u>12,242,653</u>	<u>(871,180)</u>	<u>-</u>	<u>11,371,473</u>
Business-type Activities:				
Furniture and Equipment	642,931	-	(308,274)	334,657
Less Accumulated Depreciation				
Furniture and Equipment	(429,322)	(44,394)	308,274	(165,442)
Business-type Activities Capital Assets, Net:	<u>213,609</u>	<u>(44,394)</u>	<u>-</u>	<u>169,215</u>

Depreciation expense was charged to proprietary activities functions as follows:

Elections	<u>44,394</u>
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Depreciation expense was charged to governmental functions as follows:

General government	201,100
Public Safety	321,319
Highways, streets, and bridges	577,690
Total Depreciation Expense	<u>1,100,109</u>

The above includes internal service funds depreciation of \$3,043.

G. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended September 30, 2020.

<u>Description</u>	<u>Interest Rate</u>	<u>Payable at 10/1/2019</u>	<u>Additions (Reductions)</u>	<u>Payable at 9/30/2020</u>	<u>Due within one year</u>
Toll Revenue Bonds-Series 2012-A	3-5%	33,620,000	(31,570,000)	2,050,000	1,000,000
Bond Premium-Series 2012-A		2,481,904	(2,150,984)	330,920	165,460
Pass-Through Toll Revenue and Limited Tax Bonds-Series 2012-B	3-5%	36,200,000	(25,795,000)	10,405,000	1,890,000
Bond Premium-Series 2012-B		856,768	(399,824)	456,944	57,118
Unlimited Tax Refunding Bonds-Series 2016	2%-5.00%	27,135,000	(1,225,000)	25,910,000	1,290,000
Bond Premium--Series 2016		372,324	(37,232)	335,092	37,232
Unlimited Tax Refunding Bonds-Series 2017	2%-5.00%	19,240,000	(1,525,000)	17,715,000	1,605,000
Bond Premium--Series 2017		974,105	(97,410)	876,695	97,410
Unlimited Tax Refunding Bonds-Series 2019	3%-3.25%	-	30,610,000	29,940,000	150,000
Bond Premium--Series 2019		-	(670,000)	187,000	12,467
			(12,467)	174,533	
General Obligation Refunding Bonds Series 2020	1%-2.30%	-	25,840,000	25,840,000	360,000
		<u>120,880,101</u>	<u>(6,845,917)</u>	<u>114,034,184</u>	<u>6,664,687</u>

The debt service fund long-term debt as of September 30, 2020, follows:

(A) Unlimited Tax and Pass-Through Toll Revenue Bonds Series 2012-A Due in annual installments with interest at 3-5%.	2,050,000
(B) Unamortized Bond Premium-Series 2012-A	330,920
(C) Pass-Through Toll Revenue and Limited Tax Bonds Series 2012-B Due in annual installments with interest at 3-5%.	10,405,000
(D) Unamortized Bond Premium- Series 2012-B	456,944
(E) Unlimited Tax Refunding Bonds-Series 2016 Due in annual installments with interest at 2-5%	25,910,000
(F) Unamortized Bond Premium-- Series 2016	335,092
(G) Unlimited Tax Refunding Bonds Series 2017 Due in annual installments with interest at 2-5%	17,715,000
(H) Unamortized Bond Premium--Series 2017	876,695
(I) Unlimited Tax Refunding Bonds-Series 2019 Due in annual installments with interest at 3%-3.25%	29,940,000
(J) Unamortized Bond Premium--Series 2019	174,533
(K) General Obligation Refunding Bonds-Series 2020 Due in annual installments with interest at 1%-2.3%	25,840,000
	<u>114,034,184</u>

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

The annual requirements to amortize bonded debt and certificates of obligation as of September 30, 2020, follows:

Year Ended September 30	General Obligations		Total Requirements
	Principal	Interest	
2021	6,295,000	3,723,517	10,018,517
2022	6,470,000	3,562,182	10,032,182
2023	5,685,000	4,333,888	10,018,888
2024	5,850,000	4,169,893	10,019,893
2025	7,460,000	2,564,434	10,024,434
2026-2030	41,165,000	9,102,155	50,267,155
2031-2035	38,935,000	2,317,166	41,252,166
	<u>111,860,000</u>	<u>29,773,235</u>	<u>141,633,235</u>

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

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

In November 2016, the County issued the Unlimited Tax Refunding Bonds, Series 2016. Proceeds were used to refund a portion of the Series 2007 and Series 2009 bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.7 million and an economic gain of approximately \$2.91 million in present value. The principal balance of the refunded bonds at September 30, 2019 is, Series 2007, \$18.23 million and Series 2009, \$27.39 million.

In July 2018, the County issued the Tax Refunding Bonds, Series 2016. Proceeds were used to refund a portion of the Series 2009 bonds. This transaction resulted in a reduction in future debt service payments of approximately \$1.76 million and an economic gain of approximately \$1.49 million in present value. The principal balance of the refunded bonds at September 30, 2019 is \$27.39 million.

In November 2019, the County issued the Unlimited Tax Refunding Bonds, Series 2019. Proceeds were used to refund a portion of the Series 2012A bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.3 million and an economic gain of approximately \$2.58 million in present value. The principal balance of the refunded bonds at September 30, 2020 is, Series 2012A, \$32.66 million.

In September 2020, the County issued the General Obligation Refunding Bonds, Series 2020. Proceeds were used to refund a portion of the Series 2012B bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.1 million and an economic gain of approximately \$2.7 million in present value. The principal balance of the refunded bonds at September 30, 2020 is \$34.375 million.

The state is repaying the \$168.62 million pass-through reimbursements to the County to assist in paying off the debt. The remaining balance to be received is \$121.05 million.

H. RECEIVABLE- TEXAS DEPARTMENT OF TRANSPORTATION

The Loop construction was completed in a prior year. In exchange for assuming maintenance and ownership of the completed loop, the state has begun payments on the \$168.62 million pass through reimbursements. This is payable over a maximum of twenty years beginning at a minimum of \$8.431 million per year. The balance is \$121.05 million at September 30, 2020.

I. DEFINED BENEFIT PENSION PLANS

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

Benefits Provided

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

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated as if the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms.

At December 31, 2018 and 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2018</u>	<u>2019</u>
Inactive employees or beneficiaries currently receiving benefits	101	117
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	<u>142</u>	<u>142</u>
	<u>243</u>	<u>259</u>

Contributions

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

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 10.97% and 11.82% in calendar years 2018 and 2019. The County's contributions to TCDRS for the year ended September 30, 2020 was \$658,525 and was equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.25% per year
Investment Rate of Return	8.0% per year

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

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

The long-term expected rate of return on pension plan investments is 8.0% for 2018 and 8% for 2019 measurement dates. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

I. DEFINED BENEFIT PENSION PLANS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equity	14.5%	5.20%
International Equity	14.0%	5.20-5.70%
Various	43.5%	2.30-8.40%
Hedge Funds	8.0%	7.30%
Private Equity	20.0%	8.20%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1% for 2018 and 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at December 31, 2017	\$ 31,076,142	\$ 27,354,621	\$ 3,721,521
Changes for the year:			
Service cost	733,222	-	733,222
Interest	2,497,852	-	2,497,852
Effects of plan changes	-	-	-
Effects of economic/demographic gains/losses	50,119	-	50,119
Changes of assumptions	-	-	-
Contributions - employer	-	617,761	(617,761)
Contributions - employee	-	394,197	(394,197)
Net investment income	-	4,493,159	(4,493,159)
Benefit payments, including refund of contributions	(1,981,948)	(1,981,948)	-
Administrative expense	-	(23,490)	23,490
Other changes	-	(28,916)	28,916
Net changes	\$ 1,299,245	\$ 3,470,763	\$ (2,171,518)
Balance at December 31, 2018	\$ 32,375,387	\$ 30,825,384	\$ 1,550,003

I. DEFINED BENEFIT PENSION PLANS (continued)

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

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

Measurement Date	1% Decrease in Discount Rate		Discount Rate	1% Increase in Discount Rate	
	7.1%	8.1%	8.1%	9.1%	
12/31/2015 County's net pension liability/(Asset)	\$ 5,840,713	\$ 2,463,863	\$ 2,463,863	\$ (350,127)	
12/31/2016 County's net pension liability/(Asset)	\$ 6,267,969	\$ 2,750,950	\$ 2,750,950	\$ (184,333)	
12/31/2017 County's net pension liability/(Asset)	\$ 4,789,840	\$ 1,142,267	\$ 1,142,267	\$ (1,941,859)	
12/31/2018 County's net pension liability/(Asset)	\$ 7,466,655	\$ 3,721,521	\$ 3,721,521	\$ 552,806	
12/31/2019 County's net pension liability/(Asset)	\$ 5,380,499	\$ 1,550,003	\$ 1,550,003	\$ (1,690,248)	

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the County recognized pension expense of \$658,525.

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	37,589	98,006
Changed is actuarial assumptions	29,936	-
Difference between projected and actual investment earnings	-	797,227
Contributions subsequent to the measurement date	822,138	-
Total	<u>889,663</u>	<u>895,233</u>

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

Year ended September 30:	
2021	(227,510)
2022	(251,327)
2023	114,737
2024	(463,608)
Thereafter	-

J. FEDERAL GRANTS

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

K. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2020, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

L. DEFERRED INFLOWS OF RESOURCES

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

M. COMMITMENTS AND CONTINGENCIES

The County has no significant commitments or contingencies at September 30, 2020.

N. LITIGATION

The County has no pending litigation at September 30, 2020.

O. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2020, the financial statement issuance date.

REQUIRED SUPPLEMENTAL INFORMATION

TITUS COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
A. Total Pension Liability			
Service Cost	\$ 733,222	\$ 741,000	\$ 741,116
Interest (on the Total Pension Liability)	2,497,852	2,402,266	2,291,246
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	50,119	(122,041)	(147,937)
Changes of Assumptions	-	-	119,741
Benefit Payments, Including Refunds of Employee Contributions	(1,981,948)	(1,690,475)	(1,578,557)
Net Change in Total Pension Liability	\$ 1,299,245	\$ 1,330,750	\$ 1,425,609
Total Pension Liability - Beginning	31,076,142	29,745,392	28,319,783
Total Pension Liability - Ending	\$ 32,375,387	\$ 31,076,142	\$ 29,745,392
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 617,761	\$ 628,913	\$ 544,966
Contributions - Employee	394,197	392,371	374,365
Net Investment Income	4,493,159	(540,344)	3,721,554
Benefit Payments, Including Refunds of Employee Contributions	(1,981,948)	(1,690,475)	(1,578,557)
Administrative Expense	(23,490)	(21,971)	(19,022)
Other	(28,916)	(16,998)	(9,014)
Net Change in Plan Fiduciary Net Position	\$ 3,470,763	\$ (1,248,504)	\$ 3,034,292
Plan Fiduciary Net Position - Beginning	27,354,621	28,603,125	25,568,833
Plan Fiduciary Net Position - Ending	\$ 30,825,384	\$ 27,354,621	\$ 28,603,125
C. Net Pension Liability	\$ 1,550,003	\$ 3,721,521	\$ 1,142,267
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.21%	88.02%	96.16%
E. Covered Payroll	\$ 5,664,481	\$ 5,682,979	\$ 5,533,682
F. Net Pension Liability as a Percentage of Covered Payroll	27.36%	65.49%	20.64%

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

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

FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 803,722	\$ 773,990	\$ 775,708
2,143,517	2,086,698	1,930,792
-	(104,759)	-
(30,731)	(988,255)	262,203
-	261,759	-
(1,306,278)	(1,226,425)	(1,017,764)
\$ 1,610,230	\$ 803,008	\$ 1,950,939
26,709,553	25,906,546	23,955,607
\$ 28,319,783	\$ 26,709,554	\$ 25,906,546
\$ 488,096	\$ 568,251	\$ 608,019
362,319	355,952	374,877
1,790,994	(322,243)	1,566,641
(1,306,278)	(1,226,425)	(1,017,764)
(19,491)	(17,646)	(18,516)
7,503	73,199	49,608
\$ 1,323,143	\$ (568,912)	\$ 1,562,865
24,245,690	24,814,602	23,251,737
\$ 25,568,833	\$ 24,245,690	\$ 24,814,602
\$ 2,750,950	\$ 2,463,864	\$ 1,091,944
90.29%	90.78%	95.79%
\$ 5,287,521	\$ 5,161,280	\$ 5,262,480
52.03%	47.74%	20.74%

TITUS COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2020

	2020	2019	2018
Actuarially Determined Contribution	\$ 658,525	\$ 626,793	\$ 607,742
Contributions in Relation to the Actuarially Determined Contributions	(658,525)	(626,793)	(607,742)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 5,664,481	\$ 5,682,979	\$ 5,533,682
Contributions as a Percentage of Covered Employee Payroll	11.63%	11.02%	10.98%

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

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

	2017	2016	2015
\$	529,564	\$ 507,590	\$ 588,071
	(529,564)	(507,590)	(588,071)
\$	-	\$ -	-
\$	5,287,521	\$ 5,161,280	\$ 5,262,480
	10.01%	9.83%	11.17%

COMBINING SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

TITUS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	Security Fees	Jury Fund	Law Library	Special Project R&B
ASSETS				
Cash and Cash Equivalents	\$ 15,834	\$ 94,468	\$ 10,857	\$ 56,003
Accounts Receivable (Net)	-	14,071	-	-
Total Assets	<u>\$ 15,834</u>	<u>\$ 108,539</u>	<u>\$ 10,857</u>	<u>\$ 56,003</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 1,644	\$ -
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,644</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -Taxes, Fines & Fees	-	14,071	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>14,071</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	15,834	94,468	9,213	56,003
Total Fund Balances	<u>15,834</u>	<u>94,468</u>	<u>9,213</u>	<u>56,003</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 15,834</u>	<u>\$ 108,539</u>	<u>\$ 10,857</u>	<u>\$ 56,003</u>

R&B #1	R&B #2	R&B #3	R&B #4	SAVNS Grant	HAVA Cares Grant	Justice Court Tech	Justice Court Tech #2
\$ 103,037	\$ 198,736	\$ 211,866	\$ 355,575	\$ (2,003)	\$ 28,903	\$ 35,766	\$ 9,760
39,650	39,650	39,650	39,650	2,003	-	-	-
<u>\$ 142,687</u>	<u>\$ 238,386</u>	<u>\$ 251,516</u>	<u>\$ 395,225</u>	<u>\$ -</u>	<u>\$ 28,903</u>	<u>\$ 35,766</u>	<u>\$ 9,760</u>
\$ 7,846	\$ 16,289	\$ 2,136	\$ 4,598	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	28,903	-	-
<u>7,846</u>	<u>16,289</u>	<u>2,136</u>	<u>4,598</u>	<u>-</u>	<u>28,903</u>	<u>-</u>	<u>-</u>
39,650	39,650	39,650	39,650	-	-	-	-
<u>39,650</u>	<u>39,650</u>	<u>39,650</u>	<u>39,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
95,191	182,447	209,730	350,977	-	-	35,766	9,760
<u>95,191</u>	<u>182,447</u>	<u>209,730</u>	<u>350,977</u>	<u>-</u>	<u>-</u>	<u>35,766</u>	<u>9,760</u>
<u>\$ 142,687</u>	<u>\$ 238,386</u>	<u>\$ 251,516</u>	<u>\$ 395,225</u>	<u>\$ -</u>	<u>\$ 28,903</u>	<u>\$ 35,766</u>	<u>\$ 9,760</u>

TITUS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	HAVA Security Fund	District Clerk Tech.	Victim of Crime	Homeland Security Grant
ASSETS				
Cash and Cash Equivalents	\$ 56,832	\$ 10,586	\$ 96,681	\$ (16,827)
Accounts Receivable (Net)	-	-	-	16,827
Total Assets	<u>\$ 56,832</u>	<u>\$ 10,586</u>	<u>\$ 96,681</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 41,917	\$ -
Unearned Revenues	56,832	-	54,764	-
Total Liabilities	<u>56,832</u>	<u>-</u>	<u>96,681</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -Taxes, Fines & Fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	-	10,586	-	-
Total Fund Balances	<u>-</u>	<u>10,586</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 56,832</u>	<u>\$ 10,586</u>	<u>\$ 96,681</u>	<u>\$ -</u>

County Clerk R&M	District Clerk R&M	District Attorney	County Attorney	District Clerk RPF	Vehicle Inventory Tax	Family & Protective Services	Corona Virus Relief
\$ 189,863	\$ 13,914	\$ 2,057	\$ 2,035	\$ 17,214	\$ 298,306	\$ -	\$ 114,715
-	-	-	-	-	-	-	-
<u>\$ 189,863</u>	<u>\$ 13,914</u>	<u>\$ 2,057</u>	<u>\$ 2,035</u>	<u>\$ 17,214</u>	<u>\$ 298,306</u>	<u>\$ -</u>	<u>\$ 114,715</u>
\$ -	\$ -	\$ -	\$ 777	\$ -	\$ 286,936	\$ -	\$ -
-	-	-	-	-	-	-	114,715
-	-	-	777	-	286,936	-	114,715
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
189,863	13,914	2,057	1,258	17,214	11,370	-	-
189,863	13,914	2,057	1,258	17,214	11,370	-	-
<u>\$ 189,863</u>	<u>\$ 13,914</u>	<u>\$ 2,057</u>	<u>\$ 2,035</u>	<u>\$ 17,214</u>	<u>\$ 298,306</u>	<u>\$ -</u>	<u>\$ 114,715</u>

TITUS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	Sheriff Sized	District Attorney Sized	District Attorney Drug Forf.	Sheriff Forfeiture
ASSETS				
Cash and Cash Equivalents	\$ 22,244	\$ 29,738	\$ 190,195	\$ 19,949
Accounts Receivable (Net)	-	-	-	-
Total Assets	<u>\$ 22,244</u>	<u>\$ 29,738</u>	<u>\$ 190,195</u>	<u>\$ 19,949</u>
LIABILITIES				
Accounts Payable	\$ 22,244	\$ 29,738	\$ -	\$ -
Unearned Revenues	-	-	-	-
Total Liabilities	<u>22,244</u>	<u>29,738</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -Taxes, Fines & Fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	-	-	190,195	19,949
Total Fund Balances	<u>-</u>	<u>-</u>	<u>190,195</u>	<u>19,949</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 22,244</u>	<u>\$ 29,738</u>	<u>\$ 190,195</u>	<u>\$ 19,949</u>

Capital Murder	State Criminal Alien Assist.	Sheriff Commissary	Juvenile Board	Pre-Trial Intervention	CH 19 FY 2020	Co. & Dist. Court Tech.	Pre-Trial Class C Misd.
\$ 72,000	\$ 6,845	\$ 47,131	\$ -	\$ 15,000	\$ -	\$ 15,091	\$ -
-	-	-	-	-	-	-	-
<u>\$ 72,000</u>	<u>\$ 6,845</u>	<u>\$ 47,131</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,091</u>	<u>\$ -</u>
\$ -	\$ -	\$ 317	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	317	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
72,000	6,845	46,814	-	15,000	-	15,091	-
72,000	6,845	46,814	-	15,000	-	15,091	-
<u>\$ 72,000</u>	<u>\$ 6,845</u>	<u>\$ 47,131</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,091</u>	<u>\$ -</u>

TITUS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	Vital Statistics	Co. Clerk Archive	Justice Courthouse Security	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and Cash Equivalents	\$ 10,738	\$ 139,574	\$ 13,508	\$ 2,486,191
Accounts Receivable (Net)	-	-	-	191,501
Total Assets	<u>\$ 10,738</u>	<u>\$ 139,574</u>	<u>\$ 13,508</u>	<u>\$ 2,677,692</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 414,442
Unearned Revenues	-	-	-	255,214
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>669,656</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -Taxes, Fines & Fees	-	-	-	172,671
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,671</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Reported in Special Revenue Funds	10,738	139,574	13,508	1,835,365
Total Fund Balances	<u>10,738</u>	<u>139,574</u>	<u>13,508</u>	<u>1,835,365</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,738</u>	<u>\$ 139,574</u>	<u>\$ 13,508</u>	<u>\$ 2,677,692</u>

Bell Tower	Total Nonmajor Governmental Funds
\$ 5,874	\$ 2,492,065
-	191,501
<u>\$ 5,874</u>	<u>\$ 2,683,566</u>
\$ -	\$ 414,442
-	255,214
-	<u>669,656</u>
-	172,671
-	<u>172,671</u>
5,874	5,874
-	1,835,365
<u>5,874</u>	<u>1,841,239</u>
<u>\$ 5,874</u>	<u>\$ 2,683,566</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Security Fees	Jury Fund	Law Library	Special Project R&B
REVENUES:				
Taxes	\$ -	\$ 195,085	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	2,414	-	-
Charges for Services	9,533	6,665	17,326	-
Fines	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>9,533</u>	<u>204,164</u>	<u>17,326</u>	<u>-</u>
EXPENDITURES:				
Current:				
Judicial	-	166,805	30,371	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	31,994	-	-	-
Highways, Streets, & Bridges	-	-	-	14,867
Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>31,994</u>	<u>166,805</u>	<u>30,371</u>	<u>14,867</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,461)</u>	<u>37,359</u>	<u>(13,045)</u>	<u>(14,867)</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds (interfund)	-	-	-	-
Transfers In	10,142	-	10,000	22,500
Transfers Out (Use)	-	-	-	-
Loan repayments (interfund)	-	-	-	-
Total Other Financing Sources (Uses)	<u>10,142</u>	<u>-</u>	<u>10,000</u>	<u>22,500</u>
Net Change in Fund Balance	(12,319)	37,359	(3,045)	7,633
Fund Balance - October 1 (Beginning)	<u>28,153</u>	<u>57,109</u>	<u>12,258</u>	<u>48,370</u>
Fund Balance - September 30 (Ending)	<u>\$ 15,834</u>	<u>\$ 94,468</u>	<u>\$ 9,213</u>	<u>\$ 56,003</u>

R&B #1	R&B #2	R&B #3	R&B #4	SAVNS Grant	HAVA Cares Grant	Justice Court Tech	Justice Court Tech #2
\$ 550,114	\$ 550,114	\$ 550,114	\$ 550,113	\$ -	\$ -	\$ -	\$ -
165,458	165,458	165,458	165,457	-	-	-	-
15,028	15,028	15,028	15,028	8,013	1,140	-	-
-	-	-	-	-	-	2,172	1,734
-	-	-	-	-	-	-	-
-	754	-	-	-	29	-	-
<u>730,600</u>	<u>731,354</u>	<u>730,600</u>	<u>730,598</u>	<u>8,013</u>	<u>1,169</u>	<u>2,172</u>	<u>1,734</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
679,006	588,240	750,073	622,043	8,013	4,168	-	-
-	-	-	-	-	-	2,128	6,368
45,245	5,660	-	-	-	-	-	-
<u>724,251</u>	<u>593,900</u>	<u>750,073</u>	<u>622,043</u>	<u>8,013</u>	<u>4,168</u>	<u>2,128</u>	<u>6,368</u>
6,349	137,454	(19,473)	108,555	-	(2,999)	44	(4,634)
45,245	-	-	-	-	-	-	-
-	-	-	-	-	2,999	-	-
-	-	-	-	-	-	-	-
(134,045)	(73,334)	(23,625)	(44,000)	-	-	-	-
<u>(88,800)</u>	<u>(73,334)</u>	<u>(23,625)</u>	<u>(44,000)</u>	-	<u>2,999</u>	-	-
(82,451)	64,120	(43,098)	64,555	-	-	44	(4,634)
177,642	118,327	252,828	286,422	-	-	35,722	14,394
<u>\$ 95,191</u>	<u>\$ 182,447</u>	<u>\$ 209,730</u>	<u>\$ 350,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,766</u>	<u>\$ 9,760</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	HAVA Security Fund	District Clerk Tech.	Victim of Crime	Homeland Security Grant
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	23,168	-	-	16,827
Charges for Services	-	2,260	-	-
Fines	-	-	-	-
Other Revenue	57	-	-	-
Total Revenues	<u>23,225</u>	<u>2,260</u>	<u>-</u>	<u>16,827</u>
EXPENDITURES:				
Current:				
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	31,225	-	-	16,827
Highways, Streets, & Bridges	-	-	-	-
Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>31,225</u>	<u>-</u>	<u>-</u>	<u>16,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,000)</u>	<u>2,260</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds (interfund)	-	-	-	-
Transfers In	8,000	-	-	-
Transfers Out (Use)	-	-	-	-
Loan repayments (interfund)	-	-	-	-
Total Other Financing Sources (Uses)	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	2,260	-	-
Fund Balance - October 1 (Beginning)	-	8,326	-	-
Fund Balance - September 30 (Ending)	<u>\$ -</u>	<u>\$ 10,586</u>	<u>\$ -</u>	<u>\$ -</u>

County Clerk R&M	District Clerk R&M	District Attorney	County Attorney	District Clerk RPF	Vehicle Inventory Tax	Family & Protective Services	Corona Virus Relief
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
51,041	2,664	-	1,258	3,650	-	2,263	42,552
-	-	-	-	-	-	-	-
-	-	-	-	-	2,137	-	-
<u>51,041</u>	<u>2,664</u>	<u>-</u>	<u>1,258</u>	<u>3,650</u>	<u>2,137</u>	<u>2,263</u>	<u>42,552</u>
-	-	-	-	12,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	3,667	-	-
-	-	-	-	-	-	2,263	42,552
-	-	-	-	-	-	-	-
13,907	1,557	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>13,907</u>	<u>1,557</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>3,667</u>	<u>2,263</u>	<u>42,552</u>
<u>37,134</u>	<u>1,107</u>	<u>-</u>	<u>1,258</u>	<u>(8,350)</u>	<u>(1,530)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(11,315)	(3,000)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(11,315)</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
25,819	(1,893)	-	1,258	(8,350)	(1,530)	-	-
<u>164,044</u>	<u>15,807</u>	<u>2,057</u>	<u>-</u>	<u>25,564</u>	<u>12,900</u>	<u>-</u>	<u>-</u>
<u>\$ 189,863</u>	<u>\$ 13,914</u>	<u>\$ 2,057</u>	<u>\$ 1,258</u>	<u>\$ 17,214</u>	<u>\$ 11,370</u>	<u>\$ -</u>	<u>\$ -</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Sheriff Sized	District Attorney Sized	District Attorney Drug Forf.	Sheriff Forfeiture
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	-	-	-	-
Fines	-	-	32,400	6,945
Other Revenue	-	-	2,916	228
Total Revenues	-	-	35,316	7,173
EXPENDITURES:				
Current:				
Judicial	-	-	-	-
Legal	-	-	116,277	-
Financial	-	-	-	-
Public Safety	-	-	-	9,416
Highways, Streets, & Bridges	-	-	-	-
Miscellaneous	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	116,277	9,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(80,961)	(2,243)
OTHER FINANCING SOURCES (USES):				
Loan proceeds (interfund)	-	-	-	-
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Loan repayments (interfund)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(80,961)	(2,243)
Fund Balance - October 1 (Beginning)	-	-	271,156	22,192
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ 190,195	\$ 19,949

Capital Murder	State Criminal Alien Assist.	Sheriff Commissary	Juvenile Board	Pre-Trial Intervention	CH 19 FY 2020	Co. & Dist. Court Tech.	Pre-Trial Class C Misd.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	6,698	-	-	-	1,986	-	-
-	-	-	-	12,284	-	1,617	10,525
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,698	-	-	12,284	1,986	1,617	10,525
-	-	-	-	-	-	-	-
-	-	-	-	2,758	-	-	-
-	-	-	-	-	-	-	-
-	1,405	65,472	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,986	89	-
-	-	-	-	-	-	-	-
-	1,405	65,472	-	2,758	1,986	89	-
-	5,293	(65,472)	-	9,526	-	1,528	10,525
-	-	-	-	-	-	-	-
12,000	-	60,000	-	-	-	-	-
-	-	-	-	(4,526)	-	-	(10,525)
-	-	-	-	-	-	-	-
12,000	-	60,000	-	(4,526)	-	-	(10,525)
12,000	5,293	(5,472)	-	5,000	-	1,528	-
60,000	1,552	52,286	-	10,000	-	13,563	-
\$ 72,000	\$ 6,845	\$ 46,814	\$ -	\$ 15,000	\$ -	\$ 15,091	\$ -

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Vital Statistics	Co. Clerk Archive	Justice Courthouse Security	Total Nonmajor Special Revenue Funds
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 2,395,540
Licenses and Permits	-	-	-	661,831
Intergovernmental Revenue and Grants	-	-	-	165,173
Charges for Services	2,861	47,660	976	174,226
Fines	-	-	-	39,345
Other Revenue	-	-	-	6,121
Total Revenues	<u>2,861</u>	<u>47,660</u>	<u>976</u>	<u>3,442,236</u>
EXPENDITURES:				
Current:				
Judicial	-	-	-	211,934
Legal	-	-	-	116,277
Financial	-	-	-	3,667
Public Safety	2,153	23,835	-	227,142
Highways, Streets, & Bridges	-	-	-	2,666,410
Miscellaneous	-	-	-	26,035
Capital Outlay	-	-	-	50,905
Total Expenditures	<u>2,153</u>	<u>23,835</u>	<u>-</u>	<u>3,302,370</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>708</u>	<u>23,825</u>	<u>976</u>	<u>139,866</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds (interfund)	-	-	-	45,245
Transfers In	-	-	-	125,641
Transfers Out (Use)	-	-	-	(29,366)
Loan repayments (interfund)	-	-	-	(275,004)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(133,484)</u>
Net Change in Fund Balance	708	23,825	976	6,382
Fund Balance - October 1 (Beginning)	<u>10,030</u>	<u>115,749</u>	<u>12,532</u>	<u>1,828,983</u>
Fund Balance - September 30 (Ending)	<u>\$ 10,738</u>	<u>\$ 139,574</u>	<u>\$ 13,508</u>	<u>\$ 1,835,365</u>

Bell Tower	Total Nonmajor Governmental Funds
\$ -	\$ 2,395,540
-	661,831
-	165,173
-	174,226
-	39,345
-	6,121
-	3,442,236
-	211,934
-	116,277
-	3,667
-	227,142
-	2,666,410
-	26,035
-	50,905
-	3,302,370
-	139,866
-	45,245
-	125,641
-	(29,366)
-	(275,004)
-	(133,484)
-	6,382
5,874	1,834,857
\$ 5,874	\$ 1,841,239

NON-MAJOR INTERNAL SERVICE FUNDS

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2020

	Maintenance Building	Insurance Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 77,668	\$ 1,172,341	\$ 1,250,009
Total Current Assets	<u>77,668</u>	<u>1,172,341</u>	<u>1,250,009</u>
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	79,790	-	79,790
Buildings	151,858	-	151,858
Accumulated Depreciation - Buildings	(81,396)	-	(81,396)
Improvements other than Buildings	4,994	-	4,994
Accumulated Depreciation - Other Improvements	(4,994)	-	(4,994)
Furniture and Equipoment	118,603	-	118,603
Accumulated Depreciation - Furniture & Equipment	(118,603)	-	(118,603)
Total Noncurrent Assets	<u>150,252</u>	<u>-</u>	<u>150,252</u>
Total Assets	<u>227,920</u>	<u>1,172,341</u>	<u>1,400,261</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,970	1,607	6,577
Total Liabilities	<u>4,970</u>	<u>1,607</u>	<u>6,577</u>
NET POSITION			
Net Investment in Capital Assets	150,252	-	150,252
Unrestricted Net Position	72,698	1,170,734	1,243,432
Total Net Position	<u>\$ 222,950</u>	<u>\$ 1,170,734</u>	<u>\$ 1,393,684</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Maintenance Building	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES:			
Charges for Services	\$ 11,312	\$ 1,872,798	\$ 1,884,110
Total Operating Revenues	<u>11,312</u>	<u>1,872,798</u>	<u>1,884,110</u>
OPERATING EXPENSES:			
Public Safety	3,553	-	3,553
Highways, Streets, & Bridges	201,034	-	201,034
Insurance Coverage & Medical Claims	-	2,002,149	2,002,149
Depreciation	3,043	-	3,043
Total Operating Expenses	<u>207,630</u>	<u>2,002,149</u>	<u>2,209,779</u>
Operating Income (Loss)	<u>(196,318)</u>	<u>(129,351)</u>	<u>(325,669)</u>
NONOPERATING REVENUES (EXPENSES):			
Transfer In	175,000	222,420	397,420
Total Nonoperating Revenue (Expenses)	<u>175,000</u>	<u>222,420</u>	<u>397,420</u>
Change in Net Position	(21,318)	93,069	71,751
Total Net Position - October 1 (Beginning)	236,963	1,077,665	1,314,628
Prior Period Adjustment	7,305	-	7,305
Total Net Position - September 30 (Ending)	<u>\$ 222,950</u>	<u>\$ 1,170,734</u>	<u>\$ 1,393,684</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Maintenance Building	Insurance Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 11,312	\$ 273,423	\$ 284,735
Cash Received from Assessments - Other Funds	-	1,840,530	1,840,530
Cash Payments to Employees for Services	(150,970)	-	(150,970)
Cash Payments for Insurance Claims	-	(2,102,652)	(2,102,652)
Cash Payments for Suppliers	(52,741)	-	(52,741)
Net Cash Provided by (Used for) Operating Activities	<u>(192,399)</u>	<u>11,301</u>	<u>(181,098)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer In/(Out)	<u>175,000</u>	<u>222,420</u>	<u>397,420</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(17,399)	233,721	216,322
Cash and Cash Equivalents at the Beginning of the Year	<u>95,067</u>	<u>938,620</u>	<u>1,033,687</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 77,668</u>	<u>\$ 1,172,341</u>	<u>\$ 1,250,009</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided By (Used For) Operating Activities:</u>			
Operating Income (Loss)	\$ (196,318)	\$ (129,351)	\$ (325,669)
Adjustments to Reconcile Operating Income			
To Net Cash Provided by (Used For) Operating Activities:			
Depreciation	3,043	-	3,043
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Receivables	-	241,155	241,155
Increase (Decrease) in Accounts Payable	876	(100,503)	(99,627)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (192,399)</u>	<u>\$ 11,301</u>	<u>\$ (181,098)</u>

NON-MAJOR ENTERPRISE FUNDS

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 SEPTEMBER 30, 2020

EXHIBIT I-1

	Sheriff Commissary	Election Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 15,434	\$ 113,258	\$ 128,692
Inventories	7,461	-	7,461
Prepaid Items	-	269	269
Total Current Assets	<u>22,895</u>	<u>113,527</u>	<u>136,422</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	1,486	334,658	336,144
Accumulated Depreciation - Furniture & Equipment	(1,486)	(165,443)	(166,929)
Total Noncurrent Assets	<u>-</u>	<u>169,215</u>	<u>169,215</u>
Total Assets	<u>22,895</u>	<u>282,742</u>	<u>305,637</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	129	129
Total Liabilities	<u>-</u>	<u>129</u>	<u>129</u>
NET POSITION			
Net Investment in Capital Assets	-	169,215	169,215
Unrestricted Net Position	22,895	113,398	136,293
Total Net Position	<u>\$ 22,895</u>	<u>\$ 282,613</u>	<u>\$ 305,508</u>

EXHIBIT I-2

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Sheriff Commissary	Election Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 197,196	\$ 22,638	\$ 219,834
Other Revenue	153	-	153
Total Operating Revenues	<u>197,349</u>	<u>22,638</u>	<u>219,987</u>
OPERATING EXPENSES:			
Public Safety	130,679	-	130,679
Elections	-	175,992	175,992
Depreciation	-	44,394	44,394
Total Operating Expenses	<u>130,679</u>	<u>220,386</u>	<u>351,065</u>
Income (Loss) Before Transfers	66,670	(197,748)	(131,078)
Transfers In/(Out)	(60,000)	150,000	90,000
Change in Net Position	6,670	(47,748)	(41,078)
Total Net Position - October 1 (Beginning)	<u>16,225</u>	<u>330,361</u>	<u>346,586</u>
Total Net Position - September 30 (Ending)	<u>\$ 22,895</u>	<u>\$ 282,613</u>	<u>\$ 305,508</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Sheriff Commissary	Election Fund	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 197,349	\$ 22,638	\$ 219,987
Cash Payments to Employees for Services	-	(134,939)	(134,939)
Cash Payments for Suppliers	(133,131)	(47,521)	(180,652)
Net Cash Provided by (Used for) Operating Activities	<u>64,218</u>	<u>(159,822)</u>	<u>(95,604)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer In/(Out)	<u>(60,000)</u>	<u>150,000</u>	<u>90,000</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	-	-	-
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	4,218	(9,822)	(5,604)
Cash and Cash Equivalents at the Beginning of the Year	11,216	123,080	134,296
Cash and Cash Equivalents at the End of the Year	<u>\$ 15,434</u>	<u>\$ 113,258</u>	<u>\$ 128,692</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided By (Used For) Operating Activities:</u>			
Operating Income (Loss)	\$ 66,670	\$ (197,748)	\$ (131,078)
<u>Adjustments to Reconcile Operating Income To Net Cash Provided by (Used For) Operating Activities:</u>			
Depreciation	-	44,394	44,394
<u>Effect of Increases and Decreases in Current Assets and Liabilities:</u>			
Decrease (Increase) in Inventories	(2,452)	-	(2,452)
Increase (Decrease) in Accounts Payable	-	(6,468)	(6,468)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 64,218</u>	<u>\$ (159,822)</u>	<u>\$ (95,604)</u>

SUPPLEMENTAL INFORMATION

Titus County, Texas
 BUDGETARY COMPARISON SCHEDULE
 Debt Service Fund
 for the year ended September 30, 2020

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	1,516,003	1,516,003	1,519,220	3,217
Intergovernmental	8,431,000	8,431,000	8,431,000	-
Miscellaneous	60,000	60,000	102,745	42,745
Total revenues	10,007,003	10,007,003	10,052,965	45,962
EXPENDITURES				
Debt service-principal	5,535,000	6,205,000	6,205,000	-
Debt service-interest	4,979,412	4,307,467	4,307,467	-
Other debt service	4,000	520,650	519,875	775
Total expenditures	10,518,412	11,033,117	11,032,342	775
Excess of revenues over (under) expenditures	(511,409)	(1,026,114)	(979,377)	46,737
OTHER FINANCING SOURCES (USES)				
Premium on issuance of debt	-	187,000	187,000	-
Proceeds from refunding bonds	-	56,450,000	56,450,000	-
Payment to bond refunding escrow agent	-	(56,120,350)	(56,120,350)	-
Total other sources (uses)	-	516,650	516,650	-
Excess of revenues and other sources over (under) expenditures and other uses	(511,409)	(509,464)	(462,727)	46,737
FUND BALANCE				
Beginning of year	6,216,597	6,216,597	6,216,597	-
Prior Period Adjustment	-	-	-	-
End of year	5,705,188	5,707,133	5,753,870	46,737

REPORTS ON INTERNAL CONTROL, COMPLIANCE & FEDERAL AWARDS



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Titus County, Texas, as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Titus County's Response to Findings

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

Purpose of this Report

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

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

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

December 18, 2020



CPAs & Advisors

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

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

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

Report on Compliance for Each Major Federal Program

We have audited Titus County’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended September 30, 2020. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

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

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

December 18, 2020

Titus County, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2020

I. Summary of the Auditor's Results:

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

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

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

None

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

NONE

Titus County, Texas
SCHEDULE OF STATUS OF PRIOR FINDINGS
For the year ended September 30, 2020

19-1 District Clerk--The District Clerk's bank accounts are now being reconciled monthly.

Titus County, Texas
CORRECTIVE ACTION PLAN
For the year ended September 30, 2020

VIEWS AND PLANNED CORRECTIVE ACTIONS

N/A

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

Titus County, Texas
 SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
 For the year ended September 30, 2020

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL HIGHWAY ADMINISTRATION			
<u>Passed Through Texas Department of Transportation</u>			
Pass through Toll Reimbursement	20.205	2006-004-01	<u>8,431,000</u>
Total Passed Through TXDOT			<u>8,431,000</u>
TOTAL FEDERAL HIGHWAY ADMINISTRATION			<u>8,431,000</u>
DEPARTMENT OF JUSTICE			
<u>Passed Through Texas Office of Attorney General</u>			
Texas VINE (SAVNS)	N/A	20192044900-505-01	8,013
Indigent Defense	N/A	212-20-225	23,777
Portable Radio Equipment	N/A	3361002	<u>16,827</u>
Total Passed Through Texas OAG			<u>48,617</u>
TOTAL DEPARTMENT OF JUSTICE			<u>48,617</u>
DEPARTMENT OF JUSTICE			
DEPARTMENT OF HEALTH & HUMAN SERVICES			
<u>Passed Through Texas Department of Family & Protective Services</u>			
Title IV-E Child Welfare Services	93.658	HHS000285000025	<u>2,263</u>
Total Passed Through DFPS			<u>2,263</u>
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>2,263</u>
ELECTION ASSISTANCE COMMISSION			
<u>Passed Through State of Texas</u>			
HAVA Election Security	90.404	TX18101001-01-225	23,168
HAVA Cares Act	90.404	TX20101CARES-225	<u>-</u>
Total Passed Through State of Texas			<u>23,168</u>
TOTAL ELECTION ASSISTANCE COMMISSION			<u>23,168</u>
DEPARTMENT OF TREASURY			
<u>Passed Through Texas Division of Emergency Management</u>			
Corona Virus Relief	21.019	N/A	<u>42,552</u>
Total Passed Through Texas Division of Emergency Management			<u>42,552</u>
TOTAL DEPARTMENT OF TREASURY			<u>42,552</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>8,547,600</u>

Titus County, Texas
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

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

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

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus and utilizes the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

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

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