

AUSTIN COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2021

Austin County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2021

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Judge and Commissioner's Court
Austin County, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the employees' retirement system information on pages 3–12 and 70-73 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 Austin County, Texas' basic financial statements. The combining and individual nonmajor 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* 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 nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022, on our consideration of the Austin County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County, Texas' 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 Austin County, Texas' internal control over financial reporting and compliance.



BEYER & COMPANY
Certified Public Accountants
October 20, 2022

Management's Discussion and Analysis

As management of Austin County, Texas, we offer readers of Austin County, Texas' financial statements this narrative overview and analysis of the financial activities of Austin County, Texas for the fiscal year ended September 30, 2021.

Financial Highlights

- . The assets of Austin County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$40,204,685 (Net Position). Of this amount, \$14,264,889 or 35% (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total Net Position increased by \$7,133,980. This increase is mainly attributable to the following: operating grants and contributions increased by \$3,999,535, ad valorem taxes increased by \$1,219,365 and careful budget management.
- . Austin County, Texas' total restricted Net Position on September 30, 2021, is \$13,609,210 or 34% of Net Position.
- . Austin County, Texas' total debt increased by \$494,605 (1.56 percent) during the current fiscal year. The key factor is an increase in GASB 68 payable.

Overview of the Financial Statements

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of Austin County, Texas' finances, in a manner like a private-sector business.

The statement of Net Position presents information on all of Austin County, Texas' assets, and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of Austin County, Texas is improving or deteriorating.

The statement of activities presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of Austin County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Austin County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. The business-type activities of Austin County, Texas include the Internal Service Fund.

The government-wide financial statements include only Austin County, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Austin County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Austin County, Texas can be divided into three categories: governmental funds, fiduciary funds, and proprietary funds.

Governmental funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Austin County, Texas maintains forty (40) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the F/M and lateral fund, the road and bridge fund, and the Infrastructure Projects fund each of which are considered to be major funds. Data from the other thirty-six (36) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Austin County, Texas adopts an annual appropriated budget for its general fund, the F/M and lateral fund, and the road and bridge fund. A budgetary comparison statement has been provided for the general fund, the road and bridge fund, and the F/M and lateral fund. The basic governmental fund financial statements can be found on pages 15-22 of this report.

Proprietary funds: Austin County maintains one type of proprietary fund. The Internal Service Fund for Austin County, Texas, consists solely of the Employee Insurance Fund. This fund was created to provide coverage for employee health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Austin County, Texas also has seven agency funds which are fiduciary fund types. The fiduciary fund types can be found on page 27 of this report.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-69 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Austin County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 70-73 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds and the fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 74-80 and on page 81 of this report. The single audit section can be found on pages 82-91.

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of Austin County, Texas, assets exceeded liabilities by \$40,204,685 at the close of the most recent fiscal year.

A portion of Austin County, Texas' net position (31 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. Austin County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Austin County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

AUSTIN COUNTY, TEXAS NET POSITION

	Governmental Activities		Total	
	2021	2020	2021	2020
Current and Other Assets	\$33,789,094	\$42,501,002	\$33,789,094	\$42,501,002
Capital Assets:	38,863,691	25,151,053	38,863,691	25,151,053
Total Assets	72,652,785	67,652,055	72,652,785	67,652,055
Total Deferred Outflows of Resources	3,565,595	1,574,648	3,565,595	1,574,648
Long-Term Liabilities	32,156,009	31,661,405	32,156,009	31,661,405
Other Liabilities	2,242,260	3,342,728	2,242,260	3,342,728
Total Liabilities	34,398,269	35,004,133	34,398,269	35,004,133
Total Deferred Inflows of Resources	1,615,426	1,151,865	1,615,426	1,151,865
Invested in Capital Assets, Net of Related Debt	12,330,586	9,162,439	12,330,586	9,162,439
Restricted	13,609,210	9,495,968	13,609,210	9,495,968
Unrestricted	14,264,889	14,412,298	14,264,889	14,412,298
Total Net Position	\$40,204,685	\$33,070,705	\$40,204,685	\$33,070,705

A portion of Austin County, Texas' Net Position (34 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted Net Position* \$14,264,889 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Austin County, Texas is able to report positive balances in all three categories of Net Position, both for the government as a whole, as well as for its separate governmental activities.

The government's total Net Position increased by \$7,133,980. This increase is mainly attributable to the following: operating grants and contributions increased by 3,999,535, ad valorem taxes increased by \$1,219,365 and careful budget management.

Governmental activities: There were no business-type activities so any analysis regarding governmental activities will be the same as the analysis of the Government-wide Financial Analysis.

**AUSTIN COUNTY, TEXAS
CHANGE IN NET POSITION**

	Governmental Activities		Total	
	2021	2020	2021	2020
Revenues:				
Program Revenues:				
Charges for Services	\$3,447,136	\$3,692,035	\$3,447,136	\$3,692,035
Operating Grants and Contributions	4,961,235	961,700	4,961,235	961,700
Capital Grants and Contributions	884,642	167,975	884,642	167,975
General Revenues:				
Maintenance and Operations				
Taxes	20,802,292	19,582,927	20,802,292	19,582,927
Sales Taxes	2,190,039	1,930,974	2,190,039	1,930,974
Other Taxes	70,016	35,939	70,016	35,939
Unrestricted Investment Earnings	110,833	586,198	110,833	586,198
Miscellaneous	1,667,393	1,343,119	1,667,393	1,343,119
Total Revenue	34,133,586	28,300,867	34,133,586	28,300,867
Expenses:				
General Administration	5,904,445	5,239,322	5,904,445	5,239,322
Legal	483,733	522,910	483,733	522,910
Judicial	1,354,307	1,360,493	1,354,307	1,360,493
Financial Administration	849,853	810,778	849,853	810,778
Public Facilities	1,857,907	1,131,034	1,857,907	1,131,034
Public Safety	9,150,645	9,482,694	9,150,645	9,482,694
Public Transportation	6,060,999	6,293,209	6,060,999	6,293,209
Culture and Recreation	156,480	141,232	156,480	141,232
Health and Welfare	169,716	94,037	169,716	94,037
Conservation - Agriculture	194,638	178,461	194,638	178,461
Interest and Fiscal Charges	816,883	1,189,481	816,883	1,189,481
Total Expenses	26,999,606	26,443,651	26,999,606	26,443,651
Increase in Net Position Before Transfers and Special Items	7,133,980	1,857,216	7,133,980	1,857,216
Transfers	0	0	0	0
Increase in Net Position	7,133,980	1,857,216	7,133,980	1,857,216
Net Position at 9/30/2020	33,070,705	31,213,489	33,070,705	31,213,489
Net Position at 9/30/2021	\$40,204,685	\$33,070,705	\$40,204,685	\$33,070,705

For the most part, the increases and decreases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, Austin County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of Austin County, Texas' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Austin County, Texas' financing requirements. Unassigned *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Austin County, Texas' governmental funds reported combined ending fund balances of \$29,563,650, an decrease of \$7,642,351 in comparison with the prior year. Approximately 43% of this total amount \$12,856,552 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or committed*.

The general fund is the chief operating fund of Austin County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,650,858, while total fund balance reached a balance of \$13,722,412. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 83 percent of total general fund expenditures, while total fund balance represents 83 percent of that same amount.

The fund balance of the general fund increased by \$456,247 during the current fiscal year. This is a result of intergovernmental (operating grants and contributions) increased by \$621,646 and careful budget management.

At the end of the current fiscal year, restricted fund balance of the road and bridge fund was \$3,653,347, while total fund balance reached a balance of \$3,674,009. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 68 percent of total road and bridge fund expenditures, while total fund balance represents 68 percent of that same amount.

The fund balance of the road and bridge fund decreased by \$910,124 during the current fiscal year. Key factors in this increase are as follows:

- . Transportation expenditures increased by \$1,747,139.

At the end of the current fiscal year, restricted fund balance of the F/M and Lateral fund was \$4,854,223, while total fund balance reached a balance of \$4,854,223. As a measure of the F/M and Lateral fund fund's liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures. Restricted balance represents 155 percent of total F/M and Lateral fund expenditures, while total fund balance represents 155 percent of that same amount.

The fund balance of the F/M and Lateral Fund increased by \$1,415,993 during the current fiscal year. Key factors in this increase are as follows:

- . Intergovernmental (operating grants and contributions) increased by \$590,738 and careful budget management.

The Infrastructure Projects fund is a construction fund, and any analysis would be illusory.

Budgetary Highlights:

Differences between the original budget and the final amended budget in the general fund were an increase of \$3,340,087 in appropriations. This increase is a result of an increase in EMS Building/Sealy which increased by \$2,571,084 in Capital Repairs; the major portion was the EMS building in Sealy.

Capital Asset and Debt Administration

Capital assets:

Austin County, Texas' investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$38,863,691 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure. The total increase in Austin County, Texas' investment in capital assets for the current fiscal year was 54.52 percent.

The County had the following construction: Austin County Jail and Sheriff's Office, the Austin County Justice Center, and the EMS Building.

AUSTIN COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Total	
	2021	2020	2021	2020
Land	\$784,790	\$597,660	\$784,790	\$597,660
Construction in Progress	23,409,573	11,654,224	23,409,573	11,654,224
Building and Improvements	4,842,929	5,102,839	4,842,929	5,102,839
Machinery and Equipment	2,583,448	2,452,828	2,583,448	2,452,828
Infrastructure	7,216,918	5,334,678	7,216,918	5,334,678
Intangible	26,033	8,824	26,033	8,824
Total	\$38,863,691	\$25,151,053	\$38,863,691	\$25,151,053

Additional information on Austin County, Texas' capital assets can be found in note IV C on page 42 of this report.

Long-term debt:

At the end of the current fiscal year, Austin County, Texas had the following bonded debt.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental</u>						
<u>Activities:</u>						
General Obligation						
Bonds	\$27,835,000		\$1,090,000	\$26,745,000	\$1,155,000	\$25,590,000
	<u>27,835,000</u>	<u>0</u>	<u>1,090,000</u>	<u>26,745,000</u>	<u>1,155,000</u>	<u>25,590,000</u>
Grand Total	<u>\$27,835,000</u>	<u>\$0</u>	<u>\$1,090,000</u>	<u>\$26,745,000</u>	<u>\$1,155,000</u>	<u>\$25,590,000</u>

Austin County, Texas' total bonded debt decreased by \$1,090,000 (-3.92 percent) during the current fiscal year. The key factor in this decrease was the principal payment of \$1,090,000.

Additional information on Austin County, Texas' long-term debt can be found in note IV F on pages 45-48 of this report.

Outlook

The County expects its finances to remain approximately the same as in the past. Inflation will play a factor but will affect both revenues and expenditures equally. There are no major events planned in the future.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the County. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Requests for Information

This financial report is designed to provide our citizen's taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report, contact the Austin County Judge's Office, Austin County Courthouse, One East Main Street, Bellville, Texas 77418-1521, or (979) 865-5911.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government Governmental Activities	Total
<i>ASSETS</i>		
Cash and Cash Equivalents	\$31,555,864	\$31,555,864
Receivables (net of allowance for uncollectibles)	2,141,104	2,141,104
Prepaid Items	92,126	92,126
Capital assets not being depreciated:		
Land	784,790	784,790
Construction in Progress	23,409,573	23,409,573
Total Capital assets being depreciated, net		
Building and Improvements	4,842,929	4,842,929
Machinery and Equipment	2,583,448	2,583,448
Infrastructure	7,216,918	7,216,918
Intangible	26,033	26,033
Total Assets	<u>\$72,652,785</u>	<u>\$72,652,785</u>
DEFERRED OUTFLOWS OF RESOURCES		
GASB 68		
Contributions (after 12/31/20)	1,197,770	1,197,770
Differences between expected and actual experience	434,917	434,917
Changes of Assumptions	1,932,908	1,932,908
Total Deferred Outflows of Resources	<u>3,565,595</u>	<u>3,565,595</u>
LIABILITIES:		
Accounts Payable	\$2,164,681	\$2,164,681
Accrued Wages	33,541	33,541
Accrued Interest Payable	44,038	44,038
Noncurrent Liabilities:		
Due within one year	2,169,576	2,169,576
Due in more than one year	29,986,433	29,986,433
Total Liabilities	<u>34,398,269</u>	<u>34,398,269</u>
DEFERRED INFLOWS OF RESOURCES		
Gain on Bond Refunding	145,454	145,454
Net difference between projected and actual earnings	1,469,972	1,469,972
Total Deferred Inflows of Resources	<u>1,615,426</u>	<u>1,615,426</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	12,330,586	12,330,586
Restricted		
Administrative	971,036	971,036
Archives	99,888	99,888
Health	3,196,984	3,196,984
Judicial	173,209	173,209
Public Safety	660,433	660,433
Public Transportation	8,507,660	8,507,660
Unrestricted	14,264,889	14,264,889
Total Net Position	<u>\$40,204,685</u>	<u>\$40,204,685</u>

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
					Governmental Activities	Total
Primary Government						
Government Activities:						
General Administration	\$5,904,445	\$782,140	\$1,110,352	\$0	(\$4,011,953)	(\$4,011,953)
Legal	483,733	16,284			(467,449)	(467,449)
Judicial	1,354,307	254,910	10,325		(1,089,072)	(1,089,072)
Financial Administration	849,853	430,037			(419,816)	(419,816)
Public Facilities	1,857,907				(1,857,907)	(1,857,907)
Public Safety	9,150,645	980,642	137,017		(8,032,986)	(8,032,986)
Public Transportation	6,060,999	983,123	674,926	884,642	(3,518,308)	(3,518,308)
Culture and Recreation	156,480				(156,480)	(156,480)
Health and Welfare	169,716	0	3,028,615		2,858,899	2,858,899
Conservation - Agriculture	194,638				(194,638)	(194,638)
Interest and Fiscal Charges	816,883				(816,883)	(816,883)
Total Government Activities	26,999,606	3,447,136	4,961,235	884,642	(17,706,593)	(17,706,593)
Total Primary Government	\$26,999,606	\$3,447,136	\$4,961,235	\$884,642	(17,706,593)	(17,706,593)
General Revenues						
Property Taxes, Levies for General Purposes					20,802,292	20,802,292
Sales Taxes					2,190,039	2,190,039
Other Taxes					70,016	70,016
Unrestricted Investment Earnings					110,833	110,833
Miscellaneous					1,667,393	1,667,393
Total General Revenues and Transfers					24,840,573	24,840,573
Change in Net Position					7,133,980	7,133,980
Net Position - Beginning					33,070,705	33,070,705
Net Position - Ending					\$40,204,685	\$40,204,685

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

AUSTIN COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Road and Bridge	F/M and Lateral Fund	Infrastructure Projects	Other Governmental Funds	Total Governmental Funds
<i>ASSETS</i>						
Cash and Cash Equivalents	\$12,981,186	\$4,563,181	\$5,082,046	\$4,072,436	\$5,364,425	\$32,063,274
Receivables (net of allowance for uncollectibles)	772,455	130,782	86,272		4,640	994,149
Prepaid Items	71,554	20,572				92,126
Due from Other Funds	1,196,548	55,409		241,900		1,493,857
Total Assets	<u>\$15,021,743</u>	<u>\$4,769,944</u>	<u>\$5,168,318</u>	<u>\$4,314,336</u>	<u>\$5,369,065</u>	<u>\$34,643,406</u>
<i>LIABILITIES AND FUND BALANCES:</i>						
<i>Liabilities</i>						
Accounts Payable	\$570,075	\$986,710	\$227,823	\$352,141	\$27,932	\$2,164,681
Accrued Wages	28,237	4,986			318	33,541
Bank Overdraft					661,805	661,805
Due to Other Funds	165,658			1,029,367	298,832	1,493,857
Total Liabilities	<u>763,970</u>	<u>991,696</u>	<u>227,823</u>	<u>1,381,508</u>	<u>988,887</u>	<u>4,353,884</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>						
Deferred Property Taxes	535,361	104,239	86,272			725,872
Total Deferred Inflows of Resources	<u>535,361</u>	<u>104,239</u>	<u>86,272</u>	<u>0</u>	<u>0</u>	<u>725,872</u>
<i>Fund Balances:</i>						
<i>Non-Spendable</i>						
Prepaid Items	71,554	20,572				92,126
<i>Restricted</i>						
Administrative					971,036	971,036
Archives					99,888	99,888
Construction				2,932,828		2,932,828
Health					3,196,984	3,196,984
Judicial					173,209	173,209
Public Safety					660,433	660,433
Public Transportation		3,653,437	4,854,223			8,507,660
<i>Committed</i>						
Culture and Recreation					72,934	72,934
Unassigned	13,650,858				(794,306)	12,856,552
Total Fund Balance	<u>13,722,412</u>	<u>3,674,009</u>	<u>4,854,223</u>	<u>2,932,828</u>	<u>4,380,178</u>	<u>29,563,650</u>
Total Liabilities and Fund Balances	<u>\$15,021,743</u>	<u>\$4,769,944</u>	<u>\$5,168,318</u>	<u>\$4,314,336</u>	<u>\$5,369,065</u>	<u>\$34,643,406</u>

The accompanying notes are an integral part of this statement.

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

Total Fund Balances - governmental funds balance sheet	\$29,563,650
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Amounts reported for governmental activities in the statement of Net Position ("SNP") are different because:

Capital assets used in governmental activities are not reported in the funds.	38,863,691
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,240,707
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	156,266
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	725,872
Gain on Bond Refunding	(145,454)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(32,200,047)

Net Position of governmental activities - statement of Net Position	<u>\$40,204,685</u>
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The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Road and Bridge	F/M and Lateral Fund	Infrastructure Projects	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>						
Taxes						
Property	\$13,420,689	\$2,364,257	\$2,858,720		\$2,166,570	\$20,810,236
Sales	2,190,039					2,190,039
Other	70,016					70,016
Intergovernmental	1,277,701	884,642	674,926		3,008,610	5,845,879
Licenses and Permits	84,470	780,578				865,048
Charges for Services	900,575				253,202	1,153,777
Fines and Forfeitures	1,134,976	118,075				1,253,051
Interest	35,478	11,826	5,913	47,009	8,824	109,050
Miscellaneous	1,157,112	195,630	1,000		313,651	1,667,393
Total Revenues	20,271,056	4,355,008	3,540,559	47,009	5,750,857	33,964,489
<i>EXPENDITURES</i>						
Current:						
General Administration	2,877,163			2,000	174,015	3,053,178
Legal	461,780				17,698	479,478
Judicial	1,285,310				52,444	1,337,754
Financial Administration	770,920				44,490	815,410
Public Facilities	2,104,433					2,104,433
Public Safety	8,278,211				344,178	8,622,389
Public Transportation		5,340,546	2,933,759			8,274,305
Culture and Recreation	134,210				15,019	149,229
Health and Welfare	40,931				128,704	169,635
Conservation - Agriculture	192,851					192,851
Capital Projects -						
Capital Outlay and Other				11,755,348		11,755,348
Debt Service						
Principal Retirement	265,263	51,874	177,604		1,090,000	1,584,741
Interest Retirement	48,017	4,786	13,203		1,084,157	1,150,163
Total Expenditures	16,459,089	5,397,206	3,124,566	11,757,348	2,950,705	39,688,914
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,811,967	(1,042,198)	415,993	(11,710,339)	2,800,152	(5,724,425)
<i>OTHER FINANCING SOURCES (USES):</i>						
Other Financing Sources - Capital Lease		482,074				482,074
Operating Transfers In			1,000,000		346,720	1,346,720
Operating Transfers Out	(3,355,720)	(350,000)			(41,000)	(3,746,720)
Total Other Financing Sources (Uses)	(3,355,720)	132,074	1,000,000	0	305,720	(1,917,926)
Net Changes in Fund Balances	456,247	(910,124)	1,415,993	(11,710,339)	3,105,872	(7,642,351)
Fund Balances - Beginning	13,266,165	4,584,133	3,438,230	14,643,167	1,274,306	37,206,001
Fund Balances - Ending	13,722,412	3,674,009	4,854,223	2,932,828	4,380,178	29,563,650

The accompanying notes are an integral part of this statement.

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

Net Changes in Fund Balances - total governmental funds (\$7,642,351)

Amounts reported for governmental activities in the statement of Net Position
("SNP") are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	13,712,638
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	(122,474)
(Increase) decrease in Compensated absences from beginning of period to end of period.	(29,342)
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	251,917
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(7,944)
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(482,074)
Increase in Bond Issuance Premium	0

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Deferred Inflow of Resources-Contribution. This is the change in these amounts this year.	(26,515)
Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	1,882,668
Deferred Inflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	(481,743)
Deferred Outflow-Differences between expected and actual experience. This is the change in these amounts this year.	134,794
Net Pension Payable. This is the change in these amounts this year.	(1,631,110)

Internal Service funds are used by management to account for funds for Self-Insurance.

The net revenue of certain activities of Internal service funds is reported with governmental activities.	(90,588)
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Amortization of Gain in Bond Refunding is an income in the SOA but not income in the funds.	18,182
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Amortization of Bond Issuance Premiums and Gain on Bond Refinancing is an income in the SOA but not income in the funds.	63,181
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Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	1,584,741
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Change in Net Position of governmental activities - statement of activities	<u>\$7,133,980</u>
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The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<i>REVENUES</i>				
Taxes				
Property	\$13,454,757	\$13,454,757	\$13,420,689	(\$34,068)
Sales	1,900,000	1,900,000	2,190,039	290,039
Other	35,000	35,000	70,016	35,016
Intergovernmental	170,300	1,157,059	1,277,701	120,642
License and Permits	60,000	60,100	84,470	24,370
Charges for Services	1,005,000	1,005,100	900,575	(104,525)
Fines and Forfeitures	1,097,500	1,048,336	1,134,976	86,640
Interest	130,000	130,000	35,478	(94,522)
Miscellaneous	296,850	1,262,632	1,157,112	(105,520)
Total Revenues	18,149,407	20,052,984	20,271,056	218,072

EXPENDITURES

Current:

General Administration				
County Clerk	439,771	439,771	389,702	50,069
County Judge	401,422	401,622	295,673	105,949
Human Resources	89,781	89,781	79,505	10,276
Other	1,410,518	1,998,804	1,810,201	188,603
System Tech.	301,454	312,454	296,543	15,911
Veteran's Service	16,068	16,068	5,539	10,529
Legal				
County/ District Attorney	443,150	474,699	461,780	12,919
Judicial				
County Court at Law	305,936	305,936	287,674	18,262
County, District, Justice, Juvenile Courts	340,965	360,965	350,135	10,830
District Clerk	170,659	170,659	157,319	13,340
District Judge	103,248	104,011	101,400	2,611
Justice of the Peace No. 1	105,705	105,705	101,316	4,389
Justice of the Peace No. 2	33,747	33,747	32,114	1,633
Justice of the Peace No. 3	150,563	150,563	143,223	7,340
Justice of the Peace No. 4	148,996	148,996	112,129	36,867
Financial Administration				
County Auditor	244,610	244,125	220,103	24,022
County Treasurer	142,989	142,989	122,007	20,982
Tax Assessor-Collector	422,465	478,637	428,810	49,827
Public Facilities				
Buildings and Yards	358,686	354,463	312,534	41,929
Capital Repairs	969,563	3,540,647	1,714,451	1,826,196
Wendt Street Building	47,600	96,227	77,448	18,779
Public Safety				
Constable No. 1	19,892	19,892	17,734	2,158
Constable No. 2	20,507	20,507	19,701	806
Constable No. 3	37,851	38,836	35,738	3,098
Constable No. 4	38,021	39,063	37,471	1,592
Emergency Management	47,689	47,689	39,352	8,337
EMS	3,013,844	3,138,363	2,824,889	313,474
Jail	2,008,418	2,008,417	1,716,012	292,405
Juvenile Probation	141,179	141,178	127,886	13,292
Sheriff	3,805,845	3,693,664	3,459,428	234,236

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation				
Knox Library	\$68,756	\$68,756	\$53,334	\$15,422
West End Library	58,749	59,460	57,693	1,767
History and Visitor Information Center	24,300	24,300	23,183	1,117
Health and Welfare				
County Health Department	15,380	15,380	4,291	11,089
Other Health and Child Care	35,000	36,640	36,640	0
Conservation - Agriculture				
Agriculture Extension Service	214,947	215,347	192,851	22,496
Debt Service				
Principal Retirement	265,263	265,263	265,263	0
Interest Retirement	48,017	48,017	48,017	0
Total Expenditures	16,511,554	19,851,641	16,459,089	3,392,552
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,637,853	201,343	3,811,967	3,610,624
OTHER FINANCING SOURCES (USES):				
Operating Transfers In/Out	(1,459,000)	(2,009,000)	(3,355,720)	(1,346,720)
Total Other Financing Sources (Uses)	(1,459,000)	(2,009,000)	(3,355,720)	(1,346,720)
Net Changes in Fund Balances	178,853	(1,807,657)	456,247	2,263,904
Fund Balances - Beginning	13,266,165	13,266,165	13,266,165	
Fund Balances - Ending	\$13,445,018	\$11,458,508	\$13,722,412	\$2,263,904

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
ROAD AND BRIDGE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$2,370,567	\$2,370,567	\$2,364,257	(\$6,310)
Intergovernmental		884,642	884,642	0
Licenses and Permits	745,000	745,000	780,578	35,578
Fines and Forfeitures	105,000	105,000	118,075	13,075
Interest	45,000	45,000	11,826	(33,174)
Miscellaneous	55,250	212,582	195,630	(16,952)
Total Revenues	3,320,817	4,362,791	4,355,008	(7,783)
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	2,914,157	7,027,744	4,858,472	2,169,272
Debt Service				
Principal Retirement	51,874	51,874	51,874	0
Interest Retirement	4,786	4,786	4,786	0
Total Expenditures	2,970,817	7,084,404	4,915,132	2,169,272
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	350,000	(2,721,613)	(560,124)	2,161,489
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(350,000)	(350,000)	(350,000)	0
Total Other Financing Sources (Uses)	(350,000)	(350,000)	(350,000)	0
Net Changes in Fund Balances - Budgetary Basis	\$0	(\$3,071,613)	(910,124)	\$2,161,489
Reconciliation from cash basis to modified accrual basis:				
Other Financing Sources - Capital Lease			482,074	
Purchase of Equipment			(482,074)	
Net Changes in Fund Balances - Modified Accrual Basis			(910,124)	
Fund Balances - Beginning			4,584,133	
Fund Balances - Ending			\$3,674,009	

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS

F/M AND LATERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Property	\$2,876,263	\$2,876,263	\$2,858,720	(\$17,543)
Intergovernmental	69,764	656,327	674,926	18,599
Interest	23,000	23,000	5,913	(17,087)
Miscellaneous	1,500	2,500	1,000	(1,500)
Total Revenues	2,970,527	3,558,090	3,540,559	(17,531)
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	2,779,721	6,900,413	2,933,759	3,966,654
Debt Service				
Principal Retirement	177,604	177,604	177,604	0
Interest Retirement	13,203	13,203	13,203	0
Total Expenditures	2,970,528	7,091,220	3,124,566	3,966,654
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(1)	(3,533,130)	415,993	3,949,123
OTHER FINANCING SOURCES (USES):				
Transfers In		1,000,000	1,000,000	0
Total Other Financing Sources (Uses)	0	1,000,000	1,000,000	0
Net Changes in Fund Balances	(1)	(2,533,130)	1,415,993	3,949,123
Fund Balances - Beginning	3,438,230	3,438,230	3,438,230	
Fund Balances - Ending	\$3,438,229	\$905,100	\$4,854,223	\$3,949,123

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$154,395	\$245,918	\$154,395
Receivables (net of allowance for uncollectibles)	1,871	936	1,871
Total Current Assets	156,266	246,854	156,266
TOTAL ASSETS	\$156,266	\$246,854	\$156,266
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities			
Current Liabilities (Payable from Current Assets)		\$0	\$0
Total Current Liabilities	0	0	0
TOTAL LIABILITIES	0	0	0
NET POSITION			
Restricted - Expendable	156,266	246,854	156,266
TOTAL NET POSITION	\$156,266	\$246,854	\$156,266

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

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

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
OPERATING REVENUES:			
Charges for Services	\$274,922	\$276,679	\$274,922
Reinsurance	22,810	109,011	22,810
TOTAL OPERATING REVENUES	297,732	385,690	297,732
OPERATING EXPENSES			
Administrative Fees	800,243	605,645	800,243
Claims paid	5,680	3,027	5,680
Other	105		105
Prescriptions	1,984,075	1,889,251	1,984,075
Reinsurer			0
TOTAL OPERATING EXPENSES	2,790,103	2,497,923	2,790,103
OPERATING INCOME (LOSS)	(2,492,371)	(2,112,233)	(2,492,371)
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	1,783	8,221	1,783
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,783	8,221	1,783
Income Before Transfers	(2,490,588)	(2,104,012)	(2,490,588)
Transfers In	2,400,000	2,200,000	2,400,000
Change in Net Position	(90,588)	95,988	(90,588)
Total Net Position - Beginning	246,854	150,866	246,854
Total Net Position - Ending	\$156,266	\$246,854	\$156,266

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

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

	Internal Service Self Insurance	Internal Service Self Insurance	Total Proprietary Funds
	Current Year	Prior Year	Current Year
Cash flows from Operating Activities			
Receipts from Customers and Users	\$296,797	\$384,754	\$296,797
Payments to Suppliers	(2,790,103)	(2,497,923)	(2,790,103)
Net Cash Provided(Used) By Operating Activities:	(2,493,306)	(2,113,169)	(2,493,306)
Cash Flows from Non-Capital and Related Financing Activities			
Transfers Out	2,400,000	2,200,000	2,400,000
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	2,400,000	2,200,000	2,400,000
Cash Flows from Investing Activities			
Interest Received	1,783	8,221	1,783
Net Cash Provided(Used) By Investing Activities	1,783	8,221	1,783
Net Increase (Decrease) in Cash Equivalents	(91,523)	95,052	(91,523)
Cash and Cash Equivalents at Beginning of Year	245,918	150,866	245,918
Cash and Cash Equivalents at End of Year	\$154,395	\$245,918	\$154,395

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

(continued)

(continued)

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
Reconciliation of Operating Income to net cash provided(Used) By Operating Activities			
Operating Income (Loss)	(\$2,492,371)	(\$2,112,233)	(\$2,492,371)
Changes in Current Items			
Decrease(Increase) in Accounts Receivable	(935)	(936)	(935)
Increase(Decrease) in Accounts Payable	0	0	0
Net Cash Provided(Used) by Operating Activities	(\$2,493,306)	(\$2,113,169)	(\$2,493,306)
Noncash Investing, Capital, and Financing Activities:			
Borrowing from capital debt	\$0	\$0	\$0

Note: The above funds are all Enterprise Funds.

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

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

	Agency Funds							
	Juvenile Probation State	Cash Fund	Drainage District No. 1	Court Costs	Bellville ISD Truancy	County Officer Monies	Sealy ISD Truancy	Total
ASSETS								
Cash and Cash Equivalents	\$33,558	\$9,638	\$65,319	\$341,654	\$237	\$3,548,417	\$10	\$3,998,833
Receivables	0	0	0	2,843	0	0	0	2,843
Total Assets	\$33,558	\$9,638	\$65,319	\$344,497	\$237	\$3,548,417	\$10	\$4,001,676
LIABILITIES:								
Accounts Payable	3,156	0	0	64,622	0		10	\$67,788
Due to Others	30,402	9,638	65,319	279,875	237	3,548,417	0	3,933,888
Total Liabilities	\$33,558	\$9,638	\$65,319	\$344,497	\$237	\$3,548,417	\$10	\$4,001,676

Note: The Agency funds were the only fiduciary fund type of the County in the 2021 year.

AUSTIN COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Agency Funds							
	Juvenile Probation State	Cash Fund	Drainage District No. 1	Court Costs	Bellville ISD Truancy	County Officer Monies	Sealy ISD Truancy	Total
ADDITIONS								
Contributions:								
Interest Income			\$302					\$302
Court Fees				299,130		3,548,417	10	3,847,557
Other Income	2,805							2,805
Intergovernmental	179,157							179,157
Total Contributions	181,962	0	302	299,130	0	3,548,417	10	4,029,821
Investment Earnings:								
Interest Received								0
Total Investment Earnings	0	0	0	0	0	0	0	0
Less Investment Expense								
Net Investment Earnings	0	0	0	0	0	0	0	0
TOTAL ADDITIONS	181,962	0	302	299,130	0	3,548,417	10	4,029,821
DEDUCTIONS								
Distributions to other governments and Others				291,136		4,576,772		4,867,908
Distributions to others								0
Distributions to other governments								0
Other Services and Charges	210,242		278				10	210,530
Total Deductions	210,242	0	278	291,136	0	4,576,772	10	5,078,438
Change in Net Position	(28,280)	0	24	7,994	0	(1,028,355)	0	(1,048,617)
Net Position-Beginning	58,682	9,638	65,295	271,881	237	4,576,772	0	4,982,505
Net Position-Ending	\$30,402	\$9,638	\$65,319	\$279,875	\$237	\$3,548,417	\$0	\$3,933,888

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

AUSTIN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

I. Summary of Significant Accounting Policies

A. Reporting entity

Austin County operates under a County Judge – Commissioners’ Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), environmental protection (sanitation), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

B. Government-Wide and Fund Financial Statements

The County’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the County accompanied by a total column. Fiduciary activities of the County are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the County’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities, which are presented as internal balances and eliminated in the total primary government column.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The County has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road and Bridge Fund* accounts for certain revenues and expenditures related to the construction and maintenance of roads and bridges within all County precincts.

The *Road and Bridge F/M and Lateral Fund* account for certain revenues and expenditures related to the construction and maintenance of roads and bridges within all County precincts.

The *Infrastructure Projects Fund* account for bond proceeds used for the construction of an Austin County Jail and Sheriff's Office and an Austin County Justice Center.

C. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

C. Assets, Liabilities, and Net Position or Equity (continued)

2. Receivables and Payables (continued)

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

All property tax receivables are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2021 and 10 percent of the delinquent outstanding property taxes at September 30, 2021.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2021.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. There were prepaid items at September 30, 2021.

4. Restricted Assets

There were no restricted assets at September 30, 2021.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County had the following construction: Austin County Jail and Sheriff's Office, the Austin County Justice Center, and the EMS Building,

Property, plant, and equipment of the primary government, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
System Infrastructure	30
Vehicles	5
Office Equipment	5
Computer Equipment	5

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government-wide financial statements.

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balances – Governmental Funds

As of September 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of Commissioners' Court. Commissioners' Court is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Commissioners' Court.

Unassigned — all other spendable amounts.

As of September 30, 2021, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$92,126
Restricted	
Administrative	971,036
Archives	99,888
Construction	2,932,828
Health	3,196,984
Judicial	173,209
Public Safety	660,433
Public Transportation	8,507,660
Committed	
Culture and Recreation	72,934
Unassigned	12,856,552
Total Fund Balance	<u>\$29,563,650</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Commissioners' Court or the finance committee has provided otherwise in its commitment or assignment actions. In fiscal year 2011, the Commissioners' Court adopted a minimum fund balance policy for the General Fund. The policy requires the County to maintain, at all times, an unassigned fund balance at fiscal year end of not less than 3 months of regular general fund operating expenditures.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

10. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 government only has one item that qualifies for reporting in this category. It is deferred under GASB 68. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government only has two items that qualify for reporting in this category. They are deferred under Gain on Bond Refunding and GASB 68. The County reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the County and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Pursuant to GASB 65 we have included deferred ad valorem taxes as deferred inflows in the fund financial statements.

11. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$32,200,047 difference are as follows:

Bonds Payable	\$26,745,000
Unamortized Bond Premium	982,950
Notes Payable	29,048
Capital Lease Payable	1,708,935
Accrued Interest Payable	44,038
Compensated Absences	497,450
Net Pension Payable	<u>2,192,626</u>
	<u>\$32,200,047</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$38,863,691 difference are as follows:

Capital Assets Not Being Depreciated	\$24,194,363
Capital Assets Being Depreciated	107,774,676
Depreciation Expense	(93,105,348)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$38,863,691</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles)." The details of this \$725,872 difference are as follows:

Property Taxes Receivable	\$779,155
Allowance for Doubtful Accounts	<u>(53,283)</u>
Net	<u><u>\$725,872</u></u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$3,240,707 difference are as follows:

Fines and Fees Receivable	\$2,811,570
Allowance for Doubtful Accounts	(1,666,486)
GASB 68	
Contributions (after 12/31/20)	1,197,770
Changes of assumptions	1,932,908
Net difference between projected and actual earnings	(1,469,972)
Differences between expected and actual experience	<u>434,917</u>
Net	<u><u>\$3,240,707</u></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.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$13,712,638 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$12,025,901
Capital Outlay - Additions - Being Depreciated	3,683,683
Capital Outlay - Deletions - Net	(113,964)
Depreciation Expense	(1,882,982)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>\$13,712,638</u></u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioners' Court.

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash.

When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

Budgets for all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2021 fiscal year were adopted for the General Fund, the F/M and Lateral Fund, and the Road and Bridge Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2021, expenditures did not exceed appropriations in any fund.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2021, except for the Austin County Recycling fund which had a deficit fund balance of \$25,485, the Tax Increment Finance Zone No. 1 fund which had a deficit fund balance of \$761, the Tire Collection Event fund which had a deficit fund balance of \$13,240, and the Tax Road Bonds Series 2009 fund which had a deficit fund balance of \$754,820. These deficits are expected to be liquidated by future resources of the funds.

IV. Detailed Notes on All Funds

A. Deposits and investments

Legal and Contractual Provisions Governing Deposits and Investments:

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

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

Deposits:

Custodial credit risk - deposits. At year end, the carrying amount of the County's bank balance was \$36,669,523. All the bank balance was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by an agent in the County's name. The amount of securities pledged and held by the County's depository in the County's name is \$55,521,159 and the FDIC coverage is \$250,000. The book balance of the cash and cash equivalents was \$31,550,764.

Investments:

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds.

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

All funds participate in a pooling of cash and investment income in order to maximize investment opportunities. Each fund may liquidate its equity in the pool on demand.

The County's investments are authorized by the County. The County is authorized to invest in obligations of the U.S. Government and its agencies or instrumentalities; direct obligations of Texas and its agencies and instrumentalities; obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; insured or collateralized certificates of deposit; fully collateralized repurchase agreements; and government pools.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County's investments by fair value level are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County has no Level 1 investments (investments valued using prices quoted in active markets for identical securities) or Level 3 investments (investments valued using significant unobservable inputs). As of September 30, 2021, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>	<u>Weighted Average</u>
Texpool	\$5,100	Less than 1 year	Less than 1 year

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk. The County's investment policy is to apply the "prudent investor" standard: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The County's investments were rated as follows: TexPool Funds - AAAM.

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. 100 percent of the County's investments are in Texpool.

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road and Bridge	F/M and Lateral Fund	Other Govern- mental	Total
<u>Receivables</u>					
Taxes					
Property	\$574,334	\$112,069	\$92,752		\$779,155
Sales	208,630				208,630
GASB 34 Fees and Fines	2,811,570				2,811,570
Other Receivable	30,335	26,543		4,640	61,518
Gross Receivables	3,624,869	138,612	92,752	4,640	3,860,873
Less: Allowance for Uncollectibles	1,705,459	7,830	6,480		1,719,769
Net Total Receivables	<u>\$1,919,410</u>	<u>\$130,782</u>	<u>\$86,272</u>	<u>\$4,640</u>	<u>\$2,141,104</u>

C. Capital Assets

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

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$597,660	\$270,552	\$83,422	\$784,790
Construction in Progress	11,654,224	11,755,349		23,409,573
Total capital assets not being depreciated:	12,251,884	12,025,901	83,422	24,194,363
Capital assets being depreciated:				
Building and Improvements	12,068,589	0		12,068,589
Machinery and Equipment	14,100,486	1,385,298	805,689	14,680,095
Infrastructure	78,697,490	2,275,367		80,972,857
Intangibles	30,117	23,018		53,135
Total capital assets being depreciated:	104,896,682	3,683,683	805,689	107,774,676
Less: Accumulated Depreciation for:				
Building and Improvements	6,965,750	259,910		7,225,660
Machinery and Equipment	11,647,658	1,224,136	775,147	12,096,647
Infrastructure	73,362,812	393,127		73,755,939
Intangibles	21,293	5,809		27,102
Total Accumulated Depreciation	91,997,513	1,882,982	775,147	93,105,348
Total Capital Assets Depreciated, Net	12,899,169	1,800,701	30,542	14,669,328
Governmental Activities capital assets, Net	\$25,151,053	\$13,826,602	\$113,964	\$38,863,691

The 2020-2021 depreciation is as follows:

Governmental Activities	
General Administration	\$52,709
Judicial	5,697
Financial Administration	36,117
Public Facilities	23,724
Public Safety	707,780
Public Transportation	1,051,527
Culture and Recreation	5,428
Total Depreciation Expense - Governmental Activities	<u>\$1,882,982</u>

The infrastructure capital assets were not fully depreciated at September 30, 2021.

Construction commitments

The County had the following construction: Austin County Jail and Sheriff's Office, the Austin County Justice Center, and the EMS Building.

D. Interfund Receivables, Payables, and Transfers

There was a \$55,409 amount due from the General fund to the Road and Bridge fund at year's end. This amount was for operating expenditures.

The following interfund balances as of September 30, 2021, were for operating capital.

DUE TO/FROM	DUE	
<i>ACCOUNT</i>	<i>FROM</i>	<i>REASON</i>
GENERAL FUND		
DUE FROM INFRASTRUCTURE PROJECTS	\$738,389	INFRASTRUCTURE PROJECTS
DUE FROM OTHER GOVERNMENTAL FUNDS	458,150	OPERATING FUNDS
ROAD AND BRIDGE FUND		
DUE FROM OTHER GOVERNMENTAL FUNDS	55,409	OPERATING FUNDS
INFRASTRUCTURE PROJECTS		
DUE FROM OTHER GOVERNMENTAL FUNDS	241,900	OPERATING FUNDS
	<u>\$1,493,848</u>	

These amounts are expected to be liquidated in the 2021 year.

There were no advances at September 30, 2021.

The following transfers to the insurance fund were recurring. The transfers to and from the non-major funds were non-recurrent and were for operating capital. The transfer to the insurance fund was for self-insurance.

TRANSFERS		
<i>ACCOUNT</i>	<i>AMOUNT</i>	<i>REASON</i>
GENERAL FUND		
TRANSFER TO SELF INSURANCE FUND	\$2,050,000	HEALTH CARE
TRANSFER TO ROAD AND BRIDGE LATERAL FUND	1,000,000	ROAD AND BRIDGE
TRANSFER TO OTHER GOVERNMENTAL FUNDS	346,720	OPERATING EXPENDITURES
ROAD AND BRIDGE FUND		
TRANSFER TO SELF INSURANCE FUND	350,000	HEALTH CARE
	<u>\$3,746,720</u>	

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$260,368 for the year ended September 30, 2021. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2022	\$249,314
2023	246,885
2024	153,702
2025	<u>14,311</u>
Total	<u>\$ 664,212</u>

Rent expenditures were \$15,200 for the year ended September 30, 2021. Rental income was \$15,325 for the year ended September 30, 2021. Sublease rental income was \$0 for the year ended September 30, 2021.

F. Long-Term Debt

Capital Leases: The government has entered into capital lease agreements as lessee for financing the acquisition of various equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The security pledged for the capital leases is the equipment financed.

Assets acquired through capital leases are as follows:

	JD 325G SKID STEER	LIFEPAK 15	ELECT- TION	2014 HAMM COMPACTOR	PNEUMATIC ROLLER & DUMP TRUCK PCT 1
Asset:	PCT 1	EQUIPMENT	EQUIP	PCT 1	1
Cost	\$49,716	\$508,533	\$129,411	\$72,430	\$165,138
Less: Accum. Depr.	19,887	203,413	51,764	72,430	41,285
Total	\$29,829	\$305,120	\$77,647	\$0	\$123,854

	7 POWER PRO AMBULANCE AND POWER MOWER	2019 FORD F250 PU PCT 4	ENERGY CONSER- VATION	JD 5100E TRACTOR - PCT 1	JD WHEEL LOADER & EQUIPMENT PCT 1
Asset:					
Cost	\$368,022	\$33,519	\$883,000	\$59,068	\$211,668
Less: Accum. Depr.	147,209	13,408	105,960	35,441	52,917
Total	\$220,813	\$20,111	\$777,040	\$23,627	\$158,751

	2013 GRADALL EXCAVATOR	2 FORD PICKUP TRUCKS PCT 3	HEAVY EQUIP- MENT - PCT 1	TOTAL
Asset:				
Cost	\$141,961	\$85,998	\$488,996	\$3,197,461
Less: Accum. Depr.	47,320	21,500	122,249	934,782
Total	\$94,641	\$64,499	\$366,747	\$2,262,678

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

	PNEUMATIC ROLLER & DUMP TRUCK PCT 1	JD WHEEL LOADER & EQUIPMENT PCT 1	7 POWER PRO AMBULANCE	JD 325G SKID STEER PCT 1	JD 5100E TRACTOR - PCT 1
YEAR					
2022	41,285	52,917	73,830	14,601	10,980
2023	41,285	52,917			
2024	41,285	52,917			
2025	41,285	52,917			
TOTAL MINIMUM LEASE PAYMENTS	165,140	211,668	73,830	14,601	10,980
LESS: AMOUNT REPRESENTING INTEREST	10,647	14,168	1	703	507
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$154,493	\$197,500	\$73,829	\$13,898	\$10,473

(continued)	2 FORD PICKUP TRUCKS PCT 3	2013 GRADALL EXCAVATOR	HEAVY EQUIP- MENT - PCT 1	ENERGY CONSER- VATION	LIFEPAK 15 EQUIPMENT
YEAR					
2022	30,548	35,490	98,920	87,603	57,189
2023	30,548	35,490		87,603	57,189
2024	30,548	35,490		87,603	57,189
2025				87,602	57,189
2026				87,602	57,189
2027				87,602	
2028				87,602	
2029				87,602	
2030				87,602	
TOTAL MINIMUM LEASE PAYMENTS	91,644	106,470	98,920	788,421	285,945
LESS: AMOUNT REPRESENTING INTEREST	5,646	7,210	2,595	126,690	41,731
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$85,998	\$99,260	\$96,325	\$661,731	\$244,214

(continued)	ELECT- TION EQUIP	2014 HAMM COMPACTOR PCT 1	2019 FORD F250 PU PCT 4	Total Governmental Activities
YEAR				
2022	\$30,793	\$15,541	12,112	561,809
2023		\$15,541		320,573
2024				305,032
2025				144,791
2026				144,791
2027				87,602
2028				87,602
2029				87,602
2030				87,602
TOTAL MINIMUM LEASE PAYMENTS	30,793	31,082	12,112	1,827,404
LESS: AMOUNT REPRESENTING INTEREST	535	1,757	481	118,469
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$30,258	\$29,325	\$11,631	\$1,708,935

The above debt is to be serviced by the General Fund and the Road and Bridge fund.

Bonds

The government issued a Series 2009 Bond to provide funds for various County projects. The original amount of the bond issued is \$6,000,000. The bond was refunded in the 2018 year with a Series 2018 Bond. The present value of the refunding was a gain of \$216,242. The bond is payable through the year 2039 at a rate of 4% to 5%. The current amount outstanding is \$3,505,000. The refunded bond is a direct obligation and pledge the full faith and credit of the government.

The government issued a Series 2019 Bond to provide funds for various County projects. The original amount of the bond issued is \$ 9,085,000. The bond is payable through the year 2039 at a rate of 3.25 % to 5%. The bond is a direct obligation and pledge the full faith and credit of the government.

The government issued a Series 2020 Bond to provide funds for various County projects. The original amount of the bond issued is \$15,810,000. The bond is payable through the year 2040 at a rate of 3.375 % to 5%. The bond is a direct obligation and pledge the full faith and credit of the government.

Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Refunded Bonds - Series 2018	4.00-5.00%	\$ 2,645,000
Bonds - Series 2019	3.25-5.00%	\$ 8,485,000
Bonds - Series 2020	3.375-5.00%	\$15,310,000

The following is a summary of debt service requirements to maturity.

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2022	1,155,000	1,028,032
2023	1,215,000	968,782
2024	1,275,000	906,532
2025	1,345,000	841,032
2026	1,415,000	772,032
2027 to 2031	7,235,000	2,822,735
2032 to 2036	7,135,000	1,579,028
2037 to 2041	5,970,000	376,068
TOTALS	<u>\$26,745,000</u>	<u>\$9,294,241</u>

The above debt is to be serviced by the Debt Service funds.

Notes

The County had the following notes payable:

The 2- 2014 Belly Dump Load King Trailers, the 2004 KW & 2000 Freight Trucks, and Four Vehicles were refinanced into a new note for \$111,025. Four annual payments of \$30,138. Balance at September 30, 2021 is \$29,109.

The following is a summary of debt service requirements to maturity.

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$29,048	\$1,089	\$30,137
TOTALS	\$29,048	\$1,089	\$30,137

The above debt is to be serviced by the general fund and the F/M and Lateral fund.

The changes in long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental</u>						
<u>Activities:</u>						
General Obligation						
Bonds	\$27,835,000		\$1,090,000	\$26,745,000	\$1,155,000	\$25,590,000
Bond Premium	1,046,130		63,180	982,950	0	982,950
Net Bonds	28,881,130	0	1,153,180	27,727,950	1,155,000	26,572,950
Capital Leases	1,693,544	482,074	466,683	1,708,935	488,078	1,220,857
Notes Payable	57,106		28,058	29,048	29,048	0
TCDRS GASB 68						
Payable	561,516	2,192,626	561,516	2,192,626		2,192,626
Compensated Absences	468,108	497,450	468,108	497,450	497,450	0
	31,661,404	3,172,150	2,677,545	32,156,009	2,169,576	29,986,433
Grand Total	\$31,661,404	\$3,172,150	\$2,677,545	\$32,156,009	\$2,169,576	\$29,986,433

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2021-22 year is \$497,450. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$2,169,576 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2020-2021 is \$816,883.

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any of the three previous years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

	Year ended <u>09/30/21</u>	Year ended <u>09/30/20</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurred Claims (including IBNRs)		
Claim Payments	<u>-0-</u>	<u>-0-</u>
Unpaid Claims, End of Fiscal Year	<u>\$ -0-</u>	<u>\$ -0-</u>

1. General Liability Insurance

The County is insured for general, police officers and automobile liability.

The County pays an annual premium to Travelers Insurance for auto vehicle insurance coverage. The agreement with Travelers provides that Travelers will be self-sustaining through member premiums and will reinsure through commercial companies for claims of combined single limits of \$1,000,000 for each insurance event. The County anticipates no contingent losses.

The County continues to carry commercial fidelity bonds for elected officials and for management.

2. Property and Casualty Insurance

Property, casualty, mobile equipment insurance is provided by Texas Association of Counties.

3. Workers' Compensation Insurance

The County insures against workers' compensation claims through Texas Association of Counties.

4. Group Health and Life Insurance

Austin County maintains a self-funded stop/loss health insurance plan for active employees and their eligible dependents. The stop/loss amounts for the year 2021 are \$100,000 per individual and \$2,921,299 aggregate. The stop/loss amounts for the year 2022 are \$100,000 per individual and \$3,042,333.84 aggregate. Costs are recorded in the fund from which the employees' compensation is paid.

5. Unemployment Compensation Insurance

The County insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC).

B. Related Party Transaction

Tim Lapham, County Judge, purchased the surplus Sheriff's office building for \$1,000.

C. Subsequent Events

On October 11, 2021, the County approved the 50% down payment to TKE for the elevator repair. The County approved to purchase two Ford F350's, with one being purchased using donation funds. The County also approved the HGAC Solid Waste Grant Resolution for the FY 2022-23.

On October 25, 2021, the County accepted the Justice Assistance Grant in the amount of \$27,778.05 from the Texas Office of the Governor.

On December 13, 2021, the County approved to purchase PTP670 Links for San Felipe Tower to Precinct 1 for \$20,418.28.

On February 14, 2022, the County approved to pay Langford Community Management Services \$671,587.16 and Wilson Engineering Company, PLLC \$744,334.59 when grant funds are received.

On February 28, 2022, the county approved to pay TCI \$18,418.42 and \$2,609.00 for furniture needed at the Justice Center. The County approved to pay \$80,000.00 for new Odyssey Servers. The County also approved the bid from Trico Tower Service in the amount of \$522,070.00 for the Wallis communication tower.

On March 28, 2022, the County awarded the bid for bridge construction to Wakefield Bridge, Inc. in the amount of \$250,435.00 for Shelby Road and \$257,180.00 for Emshoff Road. The County approved to purchase a new payroll software from UKG for a yearly cost of \$31,000.00 and a one-time implementation price of \$11,500.00. The County also approved the resolution regarding ARPA fund allocation classifying \$2.9 million as revenue loss.

On April 11, 2022, the County approved a bid for fencing around the Justice Center to FSC Pavement Making in the amount of \$28,888.00.

On April 25, 2022, the County approved the bid from Shellback Construction, LLC in the amount of \$28,468.00 for the Austin County Annex project.

On May 23, 2022, the County awarded the bid to Trico Towers in the amount of \$72,754.00 for the Wallis Communication Tower Building.

On June 13, 2022, the County approved to add a HR/Payroll module from UKG with an additional cost of \$13,608.00 per year with a one-time setup fee of \$2,000.00.

On June 27, 2022, the County approved the contract with Christensen Building Group to build EMS stations for a gross maximum price of \$8,252,136.00 that will be completed in twelve months.

On July 11, 2022, the County approved to purchase a 1 ton cab and chassis for Precinct 2 from Tegeler in the amount of \$41,907.00.

On September 12, 2022, the County approved to apply for the Texas Office of the Governor Grant in the amount of \$32,405 to purchase 5 Level III Bullet Resistant Shields for deputies working as Bellville ISO Resource Officers.

On September 26, 2022, the County accepted a check in the amount of \$74,900 from Verdun Oil & Gas, LLC to pay for damages to Skull Creek Road and Cutoff Road, Pct. 2. The County also approved to purchase and finance a 926M Wheel Loader Fusion QC, Forks and Bucket for Pct. 4 through Government Capital for 4 years with an interest rate of 4.57%, with one payment each year of \$62,754.94 for a total price of \$224,766.72.

On October 10, 2022, the County awarded the construction contract for CDBG DR#20-065-065-C184 for Roadway and Drainage Improvements to Forde Construction Company, Inc. which will be funded through a \$4 million grant.

D. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial. The government is not a defendant in any lawsuits.

E. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)	Net Pension Liability / (Asset)	
	December 31, 2019	December 31, 2020
Total pension liability	\$40,870,618	\$46,397,458
Fiduciary net position	40,309,102	44,204,832
Net pension liability/(asset)	561,516	2,192,626
Fiduciary net position as a % of total pension liability	98.63%	95.27%
Pensionable covered payroll	\$9,757,729	\$11,085,682
Net Pension liability as a % of covered payroll	5.75%	19.78%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exist above or in other tables in this report.

Discount Rate

Discount rate	8.10%	8.10%
Long-term expected rate of return, net of investment expense	8.10%	8.10%
Municipal bond rate	Does not apply	Does not apply

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice..

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

See Appendix C (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a full description of the actuarial assumptions used in the funding valuation.

	Beginning Date	Ending Date
Valuation date	December 31, 2019	December 31, 2020
Measurement date	December 31, 2019	December 31, 2020
Employer's fiscal year	October 1, 2020	September 30, 2021

Long-Term Expected Rate of Return

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

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

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

Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

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

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

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

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

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Projection of Fiduciary Net Position

Calendar Year Ending	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
	(a)	(b)	(c)	(d)	(e)	(a)+(b)-(c)- (d)+(e)
2021	\$44,204,832	\$1,628,857	\$2,939,490	\$44,205	\$3,309,026	\$46,159,020
2022	46,159,020	1,709,815	2,669,850	46,159	3,470,550	48,623,376
2023	48,623,376	1,654,428	2,861,588	48,623	3,648,531	51,016,124
2024	51,016,124	1,608,248	2,998,045	51,016	3,823,477	53,398,788
2025	53,398,788	1,567,064	3,135,950	53,399	3,997,790	55,774,293
2026	55,774,293	1,534,565	3,281,079	55,774	4,171,613	58,143,618
2027	58,143,618	1,506,932	3,446,573	58,144	4,344,389	60,490,222
2028	60,490,222	1,474,368	3,700,571	60,490	4,511,954	62,715,483
2029	62,715,483	1,445,077	3,878,775	62,715	4,673,250	64,892,320
2030	64,892,320	1,411,768	4,128,673	64,892	4,828,044	66,938,567
2031	66,938,567	1,384,755	4,349,088	66,939	4,974,252	68,881,547
2032	68,881,547	1,357,932	4,541,337	68,882	5,113,674	70,742,934
2033	70,742,934	1,330,957	4,715,951	70,743	5,247,550	72,534,747
2034	72,534,747	1,306,695	4,894,018	72,535	5,376,113	74,251,002
2035	74,251,002	1,286,215	4,991,304	74,251	5,502,091	75,973,753
2036	75,973,753	1,264,981	5,158,968	75,974	5,625,909	77,629,701
2037	77,629,701	1,246,222	5,329,177	77,630	5,744,650	79,213,766
2038	79,213,766	1,225,493	5,499,993	79,214	5,857,834	80,717,886
2039	80,717,886	1,204,872	5,662,539	80,718	5,965,259	82,144,760
2040	82,144,760	1,186,361	5,816,627	82,145	6,067,209	83,499,558
2041	83,499,558	1,169,115	5,957,325	83,500	6,164,231	84,792,079
2042	84,792,079	475,735	6,077,514	84,792	6,232,065	85,337,573
2043	85,337,573	437,152	6,199,312	85,338	6,267,520	85,757,595
2044	85,757,595	399,237	6,317,799	85,758	6,293,591	86,046,866
2045	86,046,866	362,965	6,469,517	86,047	6,308,552	86,162,819
2046	86,162,819	326,245	6,592,097	86,163	6,311,418	86,122,222
2047	86,122,222	292,044	6,693,842	86,122	6,303,262	85,937,564
2048	85,937,564	260,091	6,780,675	85,938	6,284,804	85,615,846
2049	85,615,846	232,403	6,819,164	85,616	6,257,897	85,201,366
2050	85,201,366	206,087	6,853,358	85,201	6,224,155	84,693,049
2051	84,693,049	181,502	6,893,021	84,693	6,183,145	84,079,982
2052	84,079,982	158,712	6,895,576	84,080	6,135,629	83,394,667
2053	83,394,667	138,776	6,910,450	83,395	6,082,272	82,621,870
2054	82,621,870	119,201	6,884,995	82,622	6,023,788	81,797,242
2055	81,797,242	102,176	6,899,696	81,797	5,959,963	80,877,888
2056	80,877,888	86,358	6,884,983	80,878	5,890,085	79,888,470
2057	79,888,470	73,825	6,808,220	79,888	5,817,323	78,891,510
2058	78,891,510	62,505	6,697,475	78,892	5,745,300	77,922,948

2059	77,922,948	52,008	6,569,802	77,923	5,676,096	77,003,327
2060	77,003,327	42,436	6,449,777	77,003	5,610,360	76,129,343
2061	76,129,343	34,462	6,322,065	76,129	5,548,436	75,314,047
2062	75,314,047	27,000	6,167,861	75,314	5,491,978	74,589,850
2063	74,589,850	21,433	5,990,686	74,590	5,443,368	73,989,375
2064	73,989,375	16,832	5,804,449	73,989	5,404,530	73,532,299
2065	73,532,299	13,122	5,606,601	73,532	5,377,051	73,242,339
2066	73,242,339	9,916	5,404,365	73,242	5,362,450	73,137,098
2067	73,137,098	7,526	5,189,660	73,137	5,362,376	73,244,203
2068	73,244,203	5,520	4,971,731	73,244	5,378,566	73,583,314
2069	73,583,314	4,254	4,743,448	73,583	5,412,795	74,183,332
2070	74,183,332	2,536	4,525,377	74,183	5,466,445	75,052,753
2071	75,052,753	1487	4,297,528	75,053	5,540,949	76,222,608
2072	76,222,608	822	4,065,367	76,223	5,638,450	77,720,290
2073	77,720,290	536	3,829,261	77,720	5,761,015	79,574,860
2074	79,574,860	431	3,594,228	79,575	5,910,657	81,812,145
2075	81,812,145	248	3,365,679	81,812	6,089,126	84,454,028
2076	84,454,028	6	3,143,761	84,454	6,298,080	87,523,899
2077	87,523,899	5	2,922,769	87,524	6,539,520	91,053,131
2078	91,053,131	4	2,707,864	91,053	6,815,627	95,069,845
2079	95,069,845	0	2,499,672	95,070	7,128,513	99,603,616
2080	99,603,616	0	2,299,028	99,604	7,480,396	104,685,380
2081	104,685,380	0	2,106,149	104,685	7,873,615	110,348,161
2082	110,348,161	0	1,921,241	110,348	8,310,673	116,627,245
2083	116,627,245	0	1,744,473	116,627	8,794,244	123,560,389
2084	123,560,389	0	1,576,066	123,560	9,327,186	131,187,949
2085	131,187,949	0	1,416,242	131,188	9,912,558	139,553,077
2086	139,553,077	0	1,265,130	139,553	10,553,633	148,702,027
2087	148,702,027	0	1,122,853	148,702	11,253,920	158,684,392
2088	158,684,392	0	989,625	158,684	12,017,177	169,553,260
2089	169,553,260	0	865,671	169,553	12,847,430	181,365,466
2090	181,365,466	0	751,174	181,365	13,748,988	194,181,915
2091	194,181,915	0	646,065	194,182	14,726,481	208,068,149
2092	208,068,149	0	550,190	208,068	15,784,893	223,094,784
2093	223,094,784	0	463,376	223,095	16,929,595	239,337,908
2094	239,337,908	0	385,505	239,338	18,166,372	256,879,437
2095	256,879,437	0	316,495	256,879	19,501,448	275,807,511
2096	275,807,511	0	256,140	275,808	20,941,527	296,217,090
2097	296,217,090	0	204,028	296,217	22,493,838	318,210,683
2098	318,210,683	0	159,712	318,211	24,166,183	341,898,943
2099	341,898,943	0	122,694	341,899	25,966,988	367,401,338
2100	367,401,338	0	92,392	367,401	27,905,349	394,846,894

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2019	\$40,870,618	\$40,309,102	\$561,516
Changes of the year:			
Service cost	1,197,385		1,197,385
Interest on total pension liability	3,332,344		3,332,344
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	346,151		346,151
Effect of assumptions changes or inputs	2,543,718		2,543,718
Refund of contributions	(92,880)	(92,880)	0
Benefit payments	(1,799,878)	(1,799,878)	0
Administrative expenses		(32,345)	32,345
Member contributions		775,998	(775,998)
Net investment income		4,163,725	(4,163,725)
Employer contributions		881,314	(881,314)
Other	0	(203)	203
Balances as of December 31, 2020	\$46,397,458	\$44,204,833	\$2,192,625

Sensitive Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$52,229,685	\$46,397,458	\$41,481,555
Fiduciary net position	44,204,832	44,204,832	44,204,832
Net pension liability/(asset)	\$8,024,853	\$2,192,626	(\$2,723,277)

Pension Expense / (Income)	
Pension Expense / (Income)	January 1, 2020 to December 31, 2020
Service cost	\$1,197,385
Interest on total pension liability	3,332,344
Effect of plan changes	0
Administrative expenses	32,345
Member contributions	(775,998)
Expected investment return net of investment expenses	(3,254,395)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	211,357
Recognition of assumption changes or inputs	661,050
Recognition of investment gains or losses	(427,587)
Other	203
Pension expense	<u>\$976,704</u>

As of December 31, 2020, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$434,917
Changes of assumptions	0	1,932,908
Net difference between projected and actual earnings	1,469,972	0
Contributions made subsequent to measurement date	N/A	None

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

Year ending December 31:	
2021	\$405,513
2022	719,481
2023	(45,275)
2024	(181,866)
2025	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2020	
Original Amount	Date Established	Original Recognition Period	Amount Recognized for 2020	Inflows	Outflows
(a)	(b)	(c)	(a) / (c)		
Investment (gains) or losses					
(\$909,330)	12/31/2020	5.0	(\$181,866)	\$727,464	\$0
(2,929,362)	12/31/2019	5.0	(585,872)	1,757,618	0
3,571,328	12/31/2018	5.0	714,266	0	1,428,530
(2,067,104)	12/31/2017	5.0	(413,421)	413,420	0
196,526	12/31/2016	5.0	39,305	0	0
Economic/demographic (gains) or losses					
346,151	12/31/2020	4.0	86,538	0	259,613
201,954	12/31/2019	4.0	50,489	0	100,976
206,251	12/31/2018	4.0	51,563	0	51,562
113,834	12/31/2017	5.0	22,767	0	22,766
Assumption changes or inputs					
2,543,718	12/31/2020	4.0	635,930	0	1,907,788
0	12/31/2019	4.0	0	0	0
0	12/31/2018	4.0	0	0	0
125,600	12/31/2017	5.0	25,120	0	25,120

Appendix A— GASB 68 Plan Description for Austin County

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Austin County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Austin County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2020 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec. 31, 2019	Dec. 31, 2020
Number of inactive employees entitled to but not yet receiving benefits:	221	231
Number of active employees:	244	244
Average monthly salary:	\$3,454	\$3,793
Average age:	47.57	47.66
Average length of service in years:	10.98	10.97
<hr/>		
Number of benefit recipients:	118	124
Average monthly benefit:	\$1,212	\$1,280

Appendix C—Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2020 financial reporting metrics are the same as those used in the December 31, 2020 actuarial valuation analysis for Austin County.

The following is a description of the assumptions used in the December 31, 2020 actuarial valuation analysis for Austin County. This information may also be found in the Austin County December 31, 2020 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

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

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	3.00%

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

Table 1
Merit Salary Increase

Years of Service	Entry Age			
	Before 30	Ages 30- 39	Ages 40- 49	50 and later
0	5.00%	4.50%	4.00%	3.50%
1	4.25	3.75	3.25	2.75
2	3.85	3.35	2.85	2.35
3	3.50	3.00	2.50	2.00
4	3.15	2.65	2.25	1.85
5	2.90	2.55	2.15	1.70
6	2.65	2.30	1.95	1.55
7	2.45	2.10	1.75	1.40
8	2.30	1.95	1.60	1.25
9	2.15	1.80	1.45	1.10
10	2.00	1.70	1.40	1.05
11	1.90	1.50	1.25	1.00
12	1.80	1.50	1.15	0.95
13	1.70	1.40	1.05	0.90
14	1.60	1.30	0.95	0.85
15	1.50	1.23	0.90	0.80
16	1.40	1.15	0.85	0.75
17	1.30	1.05	0.80	0.70
18	1.23	0.97	0.75	0.65
19	1.15	0.90	0.70	0.60
20	1.10	0.85	0.65	0.55
21	1.05	0.80	0.60	0.50
22	1.00	0.75	0.55	0.50
23	0.95	0.70	0.50	0.50
24	0.90	0.65	0.50	0.50
25	0.85	0.60	0.50	0.50
26	0.80	0.60	0.50	0.50
27	0.75	0.60	0.50	0.50
28	0.70	0.60	0.50	0.50
29	0.65	0.60	0.50	0.50
30 & up	0.60	0.60	0.50	0.50

Demographic Assumptions

TCDRS system-wide demographic assumptions:

Replacement of Terminated Members — New employees are assumed to replace any terminated members and have similar entry ages.

Disability — The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

Table 2
Annual Rates of Disability

Age	Work Related Male and Female	All Other Causes Male and Female	Age	Work Related Male and Female	All Other Causes Male and Female
less than			43	0.004%	0.058%
25	0.000%	0.000%	44	0.004	0.063
25	0.000	0.000	45	0.004	0.069
26	0.000	0.000	46	0.005	0.076
27	0.000	0.000	47	0.006	0.084
28	0.000	0.008	48	0.007	0.095
29	0.000	0.008	49	0.009	0.109
30	0.000	0.009	50	0.010	0.125
31	0.000	0.010	51	0.012	0.142
32	0.000	0.010	52	0.013	0.162
33	0.000	0.011	53	0.015	0.183
34	0.000	0.014	54	0.018	0.203
35	0.001	0.018	55	0.018	0.222
36	0.001	0.022	56	0.018	0.238
37	0.002	0.028	57	0.018	0.250
38	0.002	0.033	58	0.018	0.259
39	0.002	0.038	59	0.018	0.270
40	0.002	0.042	60 & Above	0.018	0.000
41	0.003	0.047			
42	0.003	0.053			

Mortality

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Family Composition — For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Service Retirement — Members eligible for service retirement are assumed to retire at the rates shown in Table 3.

Table 3
Annual Rates of Service Retirement

Age	Male	Female
40-44	4.5%	4.5%
45-49	9.0	9.0
50	10.0	10.0
51	9.0	9.0
52	9.0	9.0
53	9.0	9.0
54	10.0	10.0
55	10.0	10.0
56	10.0	10.0
57	10.0	10.0
58	12.0	12.0
59	12.0	12.0
60	12.0	12.0
61	12.0	12.0

Age	Male	Female
62	20.0%	20.0%
63	15.0	15.0
64	15.0	15.0
65	25.0	25.0
66	25.0	25.0
67	22.0	22.0
68	20.0	20.0
69	20.0	20.0
70	22.0	22.0
71	22.0	22.0
72	22.0	22.0
73	22.0	22.0
74	22.0	22.0

Employer-specific demographic assumptions:

Other Terminations of Employment — The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement are illustrated in Table 4. The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

Table 4
Annual Rates of Termination

Years of Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	Male	Female	Male	Female	Male	Female	Male	Female
0	30.1%	32.6%	25.0%	27.2%	21.3%	23.0%	20.1%	21.7%
1	20.5	22.3	17.3	18.7	14.7	15.9	13.9	14.9
2	15.3	16.6	13.0	14.0	11.0	12.0	10.4	11.3
3	12.2	13.1	10.4	11.3	8.8	9.5	8.3	9.0
4	10.0	10.9	8.6	9.4	7.4	7.9	6.9	7.5
5	8.9	9.7	7.7	8.5	6.6	7.2	6.2	6.8
6	7.9	8.6	6.9	7.5	5.9	6.4	5.5	6.0
7	7.0	7.7	6.2	6.8	5.3	5.8	5.0	5.4
8	5.9	6.3	5.2	5.6	4.4	4.8	4.1	4.5
9	5.6	6.0	5.0	5.4	4.2	4.6	4.1	4.3
10	5.0	5.3	4.5	4.9	3.8	4.1	3.6	3.9
11	4.3	4.7	4.0	4.3	3.4	3.7	3.2	3.4
12	4.0	4.2	3.6	4.0	3.1	3.3	2.9	3.2
13	3.5	3.8	3.2	3.6	2.8	3.1	2.6	2.9
14	3.2	3.3	3.0	3.2	2.5	2.7	2.3	2.5
15	2.7	3.0	2.6	2.8	2.2	2.4	2.1	2.3
16	2.3	2.5	2.3	2.4	1.9	2.1	1.8	2.0
17	2.1	2.3	2.0	2.2	1.7	1.8	1.6	1.7
18	1.8	1.9	1.7	1.9	1.4	1.6	1.4	1.5
19	1.5	1.7	1.5	1.7	1.4	1.4	1.3	1.4
20	1.4	1.6	1.4	1.6	1.2	1.3	1.2	1.3
21	1.3	1.5	1.3	1.5	1.1	1.2	1.1	1.2
22	1.2	1.4	1.2	1.4	1.0	1.1	1.0	1.1
23	1.1	1.3	1.1	1.3	0.9	1.0	0.9	1.0
24	1.1	1.2	1.1	1.2	0.9	1.0	0.9	0.9
25	1.0	1.1	1.0	1.1	0.8	0.9	0.8	0.9
26	1.0	1.0	1.0	1.0	0.8	0.9	0.8	0.8
27	0.9	0.9	0.9	0.9	0.7	0.8	0.7	0.7
28	0.9	0.8	0.9	0.8	0.7	0.8	0.7	0.7
29	0.8	0.7	0.8	0.7	0.6	0.7	0.6	0.6
30 & Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Withdrawals — Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in Table 5. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

Table 5
Probability of Withdrawal

Years of Service	Probability	Years of Service	Probability
0	100%	15	40
1	100	16	38
2	100	17	36
3	100	18	33
4	100	19	30
5	100	20	28
6	100	21	26
7	100	22	24
8	47	23	22
9	46	24	20
10	45	25	18
11	44	26	16
12	43	27	14
13	42	28	12
14	41	29	10

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31							
	2020	2019	2018	2017	2016	2015	2014	2013 - 2011
Total Pension Liability								
Service cost	\$1,197,385	\$1,090,885	\$1,055,346	\$1,028,884	\$1,038,798	\$918,709	\$832,613	N/A
Interest on total pension liability	3,332,344	3,115,382	2,910,242	2,715,110	2,531,778	2,384,025	2,204,104	N/A
Effect of plan changes	0	0	0	0	0	(133,185)	0	N/A
Effect of assumption changes or inputs	2,543,718	0	0	125,600	0	327,037	0	N/A
Effect of economic/demographic (gains) or losses	346,151	201,954	206,251	113,834	(259,495)	(214,376)	258,063	N/A
Benefit payments/refunds of contributions	<u>(1,892,758)</u>	<u>(1,781,746)</u>	<u>(1,571,920)</u>	<u>(1,628,679)</u>	<u>(1,508,304)</u>	<u>(1,338,866)</u>	<u>(1,087,601)</u>	<u>N/A</u>
Net change in total pension liability	5,526,840	2,626,475	2,599,919	2,354,749	1,802,777	1,943,344	2,207,179	N/A
Total pension liability, beginning	<u>40,870,618</u>	<u>38,244,143</u>	<u>35,644,224</u>	<u>33,289,476</u>	<u>31,486,699</u>	<u>29,543,355</u>	<u>27,336,176</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$46,397,458</u>	<u>\$40,870,618</u>	<u>\$38,244,143</u>	<u>\$35,644,225</u>	<u>\$33,289,476</u>	<u>\$31,486,699</u>	<u>\$29,543,355</u>	<u>N/A</u>
Fiduciary Net Position								
Employer contributions	\$881,314	\$711,339	\$691,653	\$659,993	\$686,673	\$656,924	\$636,162	N/A
Member contributions	775,998	683,041	649,875	626,867	595,627	562,162	519,123	N/A
Investment income net of investment expenses	4,163,725	5,746,616	(671,837)	4,618,209	2,201,096	103,366	1,919,505	N/A
Benefit payments/refunds of contributions	(1,892,758)	(1,781,746)	1,571,920	(1,628,679)	(1,508,304)	(1,338,866)	(1,087,601)	N/A
Administrative expenses	(32,345)	(30,717)	(28,105)	(23,891)	(23,932)	(21,387)	(22,071)	N/A
Other	<u>(203)</u>	<u>(10,429)</u>	<u>(3,106)</u>	<u>(4,866)</u>	<u>5,548</u>	<u>96,664</u>	<u>87,228</u>	<u>N/A</u>
Net change in fiduciary net position	3,895,731	5,318,104	2,210,400	4,247,633	1,956,708	58,863	2,052,346	N/A
Fiduciary net position, beginning	<u>40,309,102</u>	<u>34,990,998</u>	<u>35,924,437</u>	<u>31,676,805</u>	<u>29,720,096</u>	<u>29,661,233</u>	<u>27,608,887</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$44,204,833</u>	<u>\$40,309,102</u>	<u>\$38,134,837</u>	<u>\$35,924,438</u>	<u>\$31,676,804</u>	<u>\$29,720,096</u>	<u>\$29,661,233</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$2,192,625</u>	<u>\$561,516</u>	<u>\$109,306</u>	<u>(\$280,213)</u>	<u>\$1,612,672</u>	<u>\$1,766,603</u>	<u>(\$117,878)</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	95.27%	98.63%	91.49%	100.79%	95.16%	94.39%	100.40%	N/A
Pensionable covered payroll	\$11,085,682	\$9,757,729	\$9,283,934	\$8,955,242	\$8,508,954	\$8,030,891	\$7,414,444	N/A
Net pension liability/(asset) as % of covered payroll	19.78%	5.75%	35.04%	-3.13%	18.95%	22.00%	-1.59%	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2011	\$491,888	\$491,888	\$0	\$6,156,098	8.00%
2012	516,398	516,398	0	6,328,404	8.20%
2013	568,130	568,130	0	6,652,456	8.50%
2014	636,162	636,162	0	7,414,444	8.60%
2015	656,924	656,924	0	8,030,891	8.20%
2016	686,673	686,673	0	8,508,954	8.10%
2017	659,993	659,993	0	8,955,242	7.40%
2018	691,653	691,653	0	9,283,934	7.40%
2019	711,339	711,339	0	9,757,729	7.30%
2020	881,314	881,314	0	11,085,682	8.00%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.00 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2020 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Austin County December 31, 2020 Summary Valuation Report for further details.

The following are the key assumptions and methods used in this GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported,
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	5 years
Smoothing period	Non-asymptotic
Recognition	None
method Corridor	Same as funding valuation: See Appendix C
Inflation	Same as funding valuation: See Appendix C
Salary Increases	7.60% (Gross of administrative expenses)
Investment Rate of Return	Cost-of-Living Adjustments for Austin County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Cost-of-Living Adjustments	
Retirement Age	
Turnover	Same as funding valuation: See Appendix C
	Same as funding valuation: See Appendix C
Mortality	Same as funding valuation: See Appendix C

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

AUSTIN COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021

	SPECIAL REVENUE							
	ABAND- ONED VEHICLES	ARCHIVE/ CASH FUND	ARP FUND	ARRA JAG GRANT FUND	AUSTIN COUNTY RECY- CLING	CC & DC TECH FUND	COLLEC- TION FEE/ ESTRAY	COURT- HOUSE SECURITY
ASSETS								
Cash and Cash Equivalents	\$1,015	\$491,166	\$2,922,201	\$320		\$14,642	\$1,115	\$839
Receivables (net of allowance for uncollectibles)		1,860				10		262
TOTAL ASSETS	\$1,015	\$493,026	\$2,922,201	\$320	\$0	\$14,652	\$1,115	\$1,101
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable								
Accrued Wages								318
Bank Overdraft					\$25,485			
Due to Other Funds								
Total Liabilities	0	0	0	0	25,485	0	0	318
Fund Balances								
Restricted								
Administrative		493,026				14,652		
Archives								
Health			2,922,201					
Judicial								
Public Safety	1,015			320			1,115	783
Committed								
Culture and Recreation								
Unassigned					(25,485)			
Total Fund Balances	1,015	493,026	2,922,201	320	(25,485)	14,652	1,115	783
TOTAL LIABILITIES AND FUND BALANCES	\$1,015	\$493,026	\$2,922,201	\$320	\$0	\$14,652	\$1,115	\$1,101

(continued)

SPECIAL REVENUE										
COURT REPORTER SERVICE FUND	CRIMINAL DA - HOT CHECK	CRIME STOPPERS ASSISTANCE	DISTRICT ATTORNEY FOR- FEITURE	DONATIONS LEPC AND CERT	CDA LAW ENFORCE- MENT	EMS/ SPECIAL FUNDS	ESTRAY	INDIGENT HEALTH CARE	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECH- NOLOGY
\$62,431	\$14,057	\$595	\$749	\$1,873	\$229,246	\$180,792	\$19,653	\$66,572	\$53,235	\$8,033
142	30									
\$62,573	\$14,087	\$595	\$749	\$1,873	\$229,246	\$180,792	\$19,653	\$66,572	\$53,235	\$8,033

\$1,200

\$9,608

\$383

0	1,200	0	0	0	0	9,608	0	383	0	0
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62,573	12,887	595	749	1,873	229,246	171,184	19,653	66,189	53,235	8,033
62,573	12,887	595	749	1,873	229,246	171,184	19,653	66,189	53,235	8,033
\$62,573	\$14,087	\$595	\$749	\$1,873	\$229,246	\$180,792	\$19,653	\$66,572	\$53,235	\$8,033

AUSTIN COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021
 (continued)

	SPECIAL REVENUE							
	JUVENILE PROBATION PARENTAL SUPPORT	JUVENILE CASE MANAGE- MENT	LAW LIBRARY	POD GRANT	RECORDS MANAGE- MENT COUNTY	RECORDS MANAGE- FEES	DEA/ SHERIFF'S FORFEI- TURE	SPECIAL DONA- TIONS/ SHERIFF
ASSETS								
Cash and Cash Equivalents	\$11,614	\$87,643	\$23,768	\$6,650	\$68,038	\$33,082	\$93,764	\$16,654
Receivables (net of allowance for uncollectibles)			350		151	1,820		
TOTAL ASSETS	\$11,614	\$87,643	\$24,118	\$6,650	\$68,189	\$34,902	\$93,764	\$16,654
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable						\$3,203	\$6,302	
Accrued Wages								
Due to Other Funds								
Total Liabilities	0	0	0	0	0	3,203	6,302	0
Fund Balances								
Restricted								
Administrative				6,650				
Archives					68,189	31,699		
Health								
Judicial	11,614		24,118					
Public Safety		87,643					87,462	16,654
Committed								
Culture and Recreation								
Unassigned								
Total Fund Balances	11,614	87,643	24,118	6,650	68,189	31,699	87,462	16,654
TOTAL LIABILITIES AND FUND BALANCES	\$11,614	\$87,643	\$24,118	\$6,650	\$68,189	\$34,902	\$93,764	\$16,654

SPECIAL REVENUE							DEBT SERVICE	CAPITAL PROJECT	
SPECIAL LIBRARY/ KNOX LIBRARY	SPECIAL LIBRARY/ W. E. LIBRARY	TAX INCRE- MENT FINANCE ZONE NO. 1	TOBACCO LITIGA- TION/ SETTLEMENT	TIRE COLLECTION EVENT	TRAFFIC FEES/ JUSTICE COURT	VIDEO/ COURT COSTS	CERTIFICATE OF OBLIGATION SER. 2009	TAX ROAD BONDS SER. 2009	NON-MAJOR GOVERN- MENTAL FUNDS
\$48,257	\$31,913		\$208,594		\$35,635	\$7,240	\$623,039		\$5,364,425
						15			4,640
\$48,257	\$31,913	\$0	\$208,594	\$0	\$35,635	\$7,255	\$623,039	\$0	\$5,369,065

\$7,236									\$27,932
		\$761		\$13,240				\$622,319	\$318
							166,331	132,501	\$661,805
7,236	0	761	0	13,240	0	0	166,331	754,820	298,832
									988,887

							456,708		971,036
			208,594						99,888
					35,635	7,255			3,196,984
									173,209
									660,433
41,021	31,913								72,934
		(761)		(13,240)				(754,820)	(794,306)
41,021	31,913	(761)	208,594	(13,240)	35,635	7,255	456,708	(754,820)	4,380,178
\$48,257	\$31,913	\$0	\$208,594	\$0	\$35,635	\$7,255	\$623,039	\$0	\$5,369,065

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

	SPECIAL REVENUE							
	ABAND- ONED VEHICLES	ARCHIVE/ CASH FUND	ARP FUND	ARRA JAG GRANT FUND	AUSTIN COUNTY RECY- CLING	CC & DC TECH FUND	COLLEC- TION FEE/ ESTRAY	COURT- HOUSE SECURITY
<i>REVENUES</i>								
Debt Service								
Principal Retirement								
Interest Retirement								
Total Expenditures	0	15,729	0	0	62,485	0	0	127,680
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	0	63,361	2,922,201	0	(25,485)	1,638	0	(110,975)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In		54,920						116,800
Operating Transfers Out								
Total Other Financing Sources (Uses)	0	54,920	0	0	0	0	0	116,800
Net Changes in Fund Balances	0	118,281	2,922,201	0	(25,485)	1,638	0	5,825
Fund Balances - Beginning	1,015	374,745	0	320	0	13,014	1,115	(5,042)
Fund Balances - Ending	\$1,015	\$493,026	\$2,922,201	\$320	(\$25,485)	\$14,652	\$1,115	\$783

(continued)

SPECIAL REVENUE										
COURT REPORTER SERVICE FUND	CRIMINAL DA - HOT CHECK	CRIME STOPPERS ASSISTANCE	DISTRICT ATTORNEY FOR- FEITURE	DONATIONS LEPC AND CERT	CDA LAW ENFORCE- MENT	EMS/ SPECIAL FUNDS	ESTRAY	INDIGENT HEALTH CARE	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECH- NOLOGY
6,349	15,887	0	1,811	0	95,934	14,747	2,838	42,117	997	5,045
2,008	397	555	(1,801)	0	(91,513)	115,906	1,434	(42,117)	(570)	(3,276)
100,000										
0	0	0	0	0	0	0	0	100,000	0	0
2,008	397	555	(1,801)	0	(91,513)	115,906	1,434	57,883	(570)	(3,276)
60,565	12,490	40	2,550	1,873	320,759	55,278	18,219	8,306	53,805	11,309
\$62,573	\$12,887	\$595	\$749	\$1,873	\$229,246	\$171,184	\$19,653	\$66,189	\$53,235	\$8,033

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 (continued)

	SPECIAL REVENUE							
	JUVENILE PROBATION PARENTAL SUPPORT	JUVENILE CASE MANAGE- MENT	LAW LIBRARY	POD GRANT	RECORDS MANAGE- MENT COUNTY	RECORDS MANAGE- FEES	SHERIFF'S FORFEI- TURE	SPECIAL DONA- TIONS/ SHERIFF
<i>REVENUES</i>								
Debt Service								
Principal Retirement								
Interest Retirement								
Total Expenditures	0	0	40,053	0	5,914	75,658	100,519	2,460
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	1,290	187	(12,088)	0	9,917	3,566	4,317	4,140
OTHER FINANCING SOURCES (USES):								
Operating Transfers In								
Operating Transfers Out					(6,000)	(25,000)		
Total Other Financing Sources (Uses)	0	0	0	0	(6,000)	(25,000)	0	0
Net Changes in Fund Balances	1,290	187	(12,088)	0	3,917	(21,434)	4,317	4,140
Fund Balances - Beginning	10,324	87,456	36,206	6,650	64,272	53,133	83,145	12,514
Fund Balances - Ending	\$11,614	\$87,643	\$24,118	\$6,650	\$68,189	\$31,699	\$87,462	\$16,654

SPECIAL REVENUE							DEBT SERVICE	CAPITAL PROJECT	
SPECIAL LIBRARY/ KNOX LIBRARY	SPECIAL LIBRARY/ W. E. LIBRARY	TAX INCRE- MENT FINANCE ZONE NO. 1	TOBACCO LITIGA- TION/ SETTLEMENT	TIRE COLLECTION EVENT	TRAFFIC FEES/ JUSTICE COURT	VIDEO/ COURT COSTS	CERTIFICATE OF OBLIGATION SER. 2009	TAX ROAD BONDS SER. 2009	NON-MAJOR GOVERN- MENTAL FUNDS
							785,000	305,000	1,090,000
							763,363	320,794	1,084,157
14,388	631	75,761	24,102	44,490	0	0	1,549,016	626,094	2,950,705
(7,773)	3,150	(75,761)	56,460	(13,240)	820	265	619,233	(626,094)	2,800,152
		75,000							346,720
			(10,000)						(41,000)
0	0	75,000	(10,000)	0	0	0	0	0	305,720
(7,773)	3,150	(761)	46,460	(13,240)	820	265	619,233	(626,094)	3,105,872
48,794	28,763	0	162,134	0	34,815	6,990	(162,525)	(128,726)	1,274,306
\$41,021	\$31,913	(\$761)	\$208,594	(\$13,240)	\$35,635	\$7,255	\$456,708	(\$754,820)	\$4,380,178

SINGLE AUDIT SECTION

AUSTIN COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SOURCE AND TITLE OF GRANT	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS- THROUGH TO SUB- RECIPIENTS	TOTAL FEDERAL EXPENDI- TURES
U.S. DEPARTMENT OF JUSTICE				
Passed Through				
Bureau of Justice Assistance ~Texas OOG, CJD				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4278201	NONE	\$29,624
Performance Period (10/01/2019 - 09/30/2020)				
Total U.S. Department of Justice				<u>29,624</u>
EXECUTIVE OFFICE OF THE PRESIDENT				
Direct Programs				
Office of National Drug Control Policy				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	G20HN0026A	NONE	9,550
Performance Period (01/01/2020 - 12/31/2021)		G21HN0026A	NONE	36,150
Performance Period (01/01/2021 - 12/31/2022)				
Total Executive Office of the President				<u>45,700</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through				
Office of the Attorney General				
Child Support Enforcement-Title IV-D				
Fiscal Year 2021	93.563	None	NONE	8,327
Total U.S. Department of Health and Human Services				<u>8,327</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Passed Through				
The Texas General Land Office				
Community Development Block Grant	14.228			
2016 Flood		19-076-037-B689		2,113,506
Harvey Infrastructure		20-065-065-C184		87,015
Harvey Local Buyout/Acquisition		20-066-002-B957		
Total Community Development Block Grant				<u>2,200,521</u>
Total U.S. Department of Housing & Urban Development				<u>2,200,521</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$2,284,172</u></u>

See Accompanying Notes to Schedule of Federal Financial Assistance

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the County Judge and Commissioner's Court
Austin County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Austin County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Austin County, Texas' basic financial statements and have issued our report thereon dated October 20, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 that we consider to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Austin County, Texas' 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*.

Austin County, Texas' Response to Findings

Austin County, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Austin County, Texas' 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.



BEYER & COMPANY
Certified Public Accountants
October 20, 2022

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Judge and Commissioner's Court
Austin County, Texas

Report on Compliance for Each Major Federal Program

We have audited Austin County, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Austin County, Texas' major federal programs for the year ended September 30, 2021. Austin County, Texas' 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 Austin County, Texas' 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 Austin County, Texas' 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 Austin County, Texas' compliance.

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs.

Report on Internal Control over Compliance

Management of Austin County, Texas, 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 Austin County, Texas' 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 Austin County, Texas' internal control over compliance.

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

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

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



BEYER & COMPANY
Certified Public Accountants
October 20, 2022

AUSTIN COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Austin County, Texas under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Austin County, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Austin County, Texas.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C-INDIRECT COST RATE

Austin County, Texas has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

AUSTIN COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal

Section II-Financial Statement Findings

Material Weaknesses:

2019-001 Cash – We noted the bank accounts are not reconciled in a timely manner. ***This finding has been corrected.***

2019-002 County Treasurer – We noted the County Treasurer does not reconcile the Justice of the Peace Credit Card account. ***This finding has been corrected.***

2021-003 Administration – During our audit, it took a significant amount of time for the County to provide requested information in order for the audit to be completed. ***This finding has been corrected.***

Significant Deficiencies:

2019-004 County Clerk and District Clerk – We noted the County Clerk and District Clerk are still maintaining the fine and fee accounts. As per Attorney General Opinion, no officers are to maintain fine and fee accounts. ***This finding has not been corrected.***

Section III-Federal or State Award findings & Questioned Costs

None

AUSTIN COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Section I Summary of Auditors Results

Financial Statements Section

1. The auditor's report expresses an unmodified opinion on the financial statements of the Austin County, Texas.
2. There was one significant deficiency disclosed during the audit. There were no material weaknesses disclosed during the audit.

Federal Awards Section

3. There were no instances of noncompliance material to the financial statements of the Austin County, Texas, which would be required to be reported in accordance with Government Auditing Standards.
4. There was no significant deficiency over major Federal award programs disclosed during the audit. There was no material weakness over major Federal award programs disclosed during the audit.
5. The auditor's report on compliance for the major Federal award programs for Austin County, Texas expresses an unmodified opinion on all major Federal programs.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs: Community Development Block Grant - CFDA 14.228.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Austin County did not qualify as a low-risk auditee.

Section II-Financial Statement Findings

Material Weaknesses:

None

Significant Deficiencies:

2021-001 District Clerk/County Clerk

Condition: District Clerk/County Clerk – We noted the County Clerk and District Clerk are still maintaining the fine and fee accounts.

Criteria: As per Attorney General Opinion, no officers are to maintain fine and fee accounts.

Effect: Since the County Clerk and District Clerk are still maintaining the fine and fee accounts, the financial statements could be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because of oversight by the County and District Clerk.

Recommendation: We recommend that all fine and fee bank accounts be maintained by the Treasurer; or that all fine and fee monies be deposited with the Treasurer; to avoid the possibility of the financial statements being materially misstated either through mistake, error, or fraud.

Section II- Federal Awards Findings

None