

CASTRO COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED
SEPTEMBER 30, 2020

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ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2020

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PART I

INTRODUCTORY SECTION

CASTRO COUNTY, TEXAS
PRINCIPAL COUNTY OFFICIALS
SEPTEMBER 30, 2020

Carroll Gerber	County Judge
Paul Ramirez	Commissioner, Precinct #1
Tim Elliott	Commissioner, Precinct #2
Michael Goolsby	Commissioner, Precinct #3
Ralph Brockman	Commissioner, Precinct #4
Danah Zirpoli.	Judge, 64 th Judicial District
Kregg Hukill	Judge, 242 nd Judicial District
Shalyn Hamlin	County and District Attorney
JoAnna Blanco	County and District Clerk
Pamala Rickert	County Tax Assessor/Collector
Elaine D. Flynt	County Treasurer
Salvador Rivera	County Sheriff
Stephen Taylor	Justice of the Peace
John Kropp	County Constable

PART II
FINANCIAL SECTION



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Castro County, Texas

INDEPENDENT AUDITORS' REPORT

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 Castro County, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 Castro County, Texas, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 – 7), the schedules of revenues, expenditures and changes in fund balances – budget and actual – for the general and road and bridge funds; the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions (pages 39 – 46) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Castro County, Texas's basic financial statements. The combining nonmajor fund financial statements listed under other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor and agency fund financial statements listed under other supplementary information in the accompanying table of contents 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 December 23, 2020, on our consideration of Castro County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Castro County, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Castro County, Texas's internal control over financial reporting and compliance.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC
December 23, 2020

CASTRO COUNTY DIMMITT, TEXAS

PAULINE GEORGE
FINANCIAL ADMINISTRATOR

THE ROSS BUILDING
114 S. BROADWAY

DIMMITT, TEXAS
79027

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Castro County, we offer readers of Castro County's financial statements this narrative overview and analysis of the financial activities of Castro County for the fiscal year ended September 30, 2020.

Financial Highlights

Government-Wide Financial Statements

- The assets of Castro County exceed its liabilities at September 30, 2020 by \$7,422,515 (net position). Of this amount \$891,039 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors, \$388,965 (restricted net position) legally must be used for expenditures for specified purposes, such as library, juvenile probation, etc., and \$6,142,511 of the County's equity is invested in capital assets, net of related debt.
- The County's total long-term debt outstanding at September 30, 2020 was \$4,825,000.
- The net position (equity) of the County increased by \$443,278 during the 2020 fiscal year.

Fund Financial Statements

- As of September 30, 2020, Castro County's governmental funds reported combined ending fund balances of \$1,921,282. This fund balance reflects an increase of \$187,965 for the current year. Approximately 58.84% of fund balance \$1,130,526 is available for spending at the government's discretion.
- As of September 30, 2020 non-spendable fund balance consisted of \$56,340 for prepaid expenses; restricted fund balance and fund balance committed special funds was \$734,416.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Castro County's basic financial statements. Castro County's 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.

Government-Wide Financial Statements

The statement of net position presents information on all of Castro County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Castro County 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).

The government-wide financial statements reflect functions of Castro County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Castro County include administrative, judicial, legal, public facilities, public safety, public services and road and bridge.

The government-wide financial statements can be found on pages 8 – 9 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. Castro County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Castro County can be divided into two categories: governmental funds and fiduciary 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 on 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Castro County maintains two governmental fund types which are the general fund and special revenue funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds balance sheet for the general fund, the general road and bridge fund (special revenue fund), and individual road and bridge funds for each of the County's four precincts (also special revenue funds), which are all considered to be major funds. Data from the other non-major governmental funds (special revenue funds) are combined into the aggregated presentation. Individual fund data for each of these non-major governmental funds (special revenue funds) is provided in the form of combined statements elsewhere in this report.

The governmental fund financial statements can be found on pages 10 – 13 of this report.

Castro County adopts an annual appropriated budget for its general fund, road and bridge fund (special revenue fund), and various other special revenue funds. Budgetary comparison statements have been provided for the general fund and the County's various road and bridge funds to demonstrate the County's compliance with the budget on pages 39 – 44.

Fiduciary funds. Fiduciary funds are used to account for assets held by Castro County in a trustee capacity or as an agent for other governmental units. The County's fiduciary funds are all reported as Agency Funds. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's basic programs. The basic agency fund financial statement can be found on page 14 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 following the basic financial statements in this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds (special revenue funds) and agency funds are presented immediately following the required supplementary information. Combining statements can be found on pages 47 – 55 of this report.

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 Castro County, assets exceeded liabilities by \$7,422,515 at September 30, 2020 as detailed below:

Statement of Net Position - Governmental Activities

	<u>9/30/2020</u>	<u>9/30/2019</u>
Current and other assets	\$ 2,329,496	\$ 2,134,539
Capital assets (net of accumulated depreciation)	<u>11,544,205</u>	<u>11,941,140</u>
Total assets	<u>13,873,701</u>	<u>14,075,679</u>
Deferred outflows of resources:		
Pension contributions	183,776	182,327
Pension deficient earnings	-	632,858
Pension assumption changes	<u>16,789</u>	<u>33,579</u>
Total deferred outflows of resources	<u>200,565</u>	<u>848,764</u>
Current and other liabilities	1,047,862	1,083,982
Net pension liability	344,729	1,240,407
Long-term liabilities	<u>4,903,969</u>	<u>5,586,101</u>
Total liabilities	<u>6,296,560</u>	<u>7,910,490</u>
Deferred inflows of resources:		
Pension economic/demographic gains	70,415	34,716
Pension excess earnings	<u>284,776</u>	<u>-</u>
Total deferred inflows of resources	<u>355,191</u>	<u>34,716</u>
Net position:		
Net investment in capital assets	6,142,511	5,795,855
Restricted net position	388,965	355,942
Unrestricted net position	<u>891,039</u>	<u>827,440</u>
Total net position	<u>\$ 7,422,515</u>	<u>\$ 6,979,237</u>

\$6,142,511 of Castro County's net position (82.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is outstanding. Castro County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Castro County's 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. The government's net position increased by \$443,278 during the year ended September 30, 2020 as noted below:

Statement of Activities

	Net Change	09/30/20	09/30/19
Governmental Activities			
Revenues			
Program Revenues			
Charges for service	\$ 64,265	\$ 1,049,832	\$ 985,567
Operating grants and contributions	58,465	457,050	398,585
Capital grants and contributions	-	-	-
General Revenue			
Property taxes	178,938	2,993,426	2,814,488
Payments in lieu of taxes	-	952,000	952,000
Other taxes	28,681	241,294	212,613
Investment earnings	(74,932)	40,682	115,614
Miscellaneous revenues	21,126	195,872	174,746
Gain on sale of assets	(335,087)	41,114	376,201
Total revenues	(58,544)	5,971,270	6,029,814
Expenses			
Administrative	(85,387)	870,078	955,465
Judicial	(19,718)	331,387	351,105
Public facilities	2,366	438,265	435,899
Public safety	90,539	1,893,109	1,802,570
Road and bridge	11,062	1,442,071	1,431,009
Public services	(10,983)	391,729	402,712
Interest on long-term debt	7,326	161,353	154,027
Total expenses	(4,795)	5,527,992	5,532,787
Change in net position	\$ (53,749)	443,278	497,027
Net assets - beginning of year		6,979,237	6,482,210
Net assets - ending of year		\$ 7,422,515	\$ 6,979,237

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of Castro County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Castro County's financing requirements. In particular, 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 September 30, 2020, Castro County's governmental funds reported combined ending fund balances of \$1,921,282. Approximately 58.8 percent of this total amount or \$1,130,526 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either restricted for special revenue purposes or committed to special projects; \$734,416 is nonspendable form (prepaid insurance) in the amount of \$56,340.

The general fund is the chief operating fund of the County. The unassigned fund balance at September 30, 2020 represents 36.69 percent of the total general fund expenditures.

FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund reflected a loss of \$172,106 which reduced fund balance. The final amended budget resulted in a gain of \$27,917. The actual expenditures were \$223,692 less than the final budgeted amounts, and the actual revenues and net transfers in were \$44,002 more than was budgeted resulting in a favorable variance of \$267,694.

In the Road and Bridge Funds (special revenue funds), the combined original budgets reflect a deficit of \$176,798 which drew upon fund balance. The final amended budgets resulted in a deficit of \$262,298. The combined actual expenditures were \$30,886 less than the final budgeted amounts, and combined actual revenues and net transfers were \$76,036 less than was budgeted resulting in an unfavorable variance of \$45,150.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Castro County’s investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$11,544,205 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment. The County follows guidance from the Governmental Accounting Standards Board (“GASB”) for accounting for and reporting of infrastructure assets (roads and bridges). Consequently, the County does not currently have any infrastructure assets that are required to be included on the government wide financial statements.

Governmental activities capital assets were as follows:

	<u>9/30/2020</u>	<u>9/30/2019</u>
Land	\$ 59,771	\$ 54,495
Buildings and improvements	9,342,221	9,610,793
Equipment	<u>2,142,213</u>	<u>2,275,852</u>
Total	<u>\$ 11,544,205</u>	<u>\$ 11,941,140</u>

GOVERNMENTAL ACTIVITIES (NET OF DEPRECIATION)

Additional information on Castro County’s capital assets can be found in Note 4 of this report.

CAPITAL LEASES PAYABLE

Capital Leases Payable. During the year ended September 30, 2020 Castro County had \$576,695 in capital lease payables.

ECONOMIC FACTORS AND NET YEAR’S BUDGET AND RATES

- The agriculture economy in the region is stable.
- The County promotes and encourages economic development to improve the economy.
- Castro County’s goal is to improve the quality of life of all its citizens.

All of these factors were considered in preparing Castro County’s budget for the 2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Castro County’s finances for those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Financial Administrator, Castro County Courthouse, 100 E. Bedford, Dimmitt, TX 79027.

BASIC FINANCIAL STATEMENTS

**CASTRO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,055,851
Investments	960,296
Delinquent taxes receivable, net	90,670
Accounts receivable, net	98,449
Due from other governmental entities	67,890
Prepaid expenses	56,340
Capital assets, net of accumulated depreciation	11,544,205
Total assets	13,873,701
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	183,776
Pension assumption changes	16,789
Total deferred outflows of resources	200,565
LIABILITIES	
Accounts payable	38,467
Accrued payroll and benefits	209,622
Due to other governmental entities	32,810
Accrued interest	45,824
Noncurrent liabilities:	
Due within one year	721,139
Due in more than one year	4,903,969
Net pension liability	344,729
Total liabilities	6,296,560
DEFERRED INFLOWS OF RESOURCES	
Pension economic/demographic gains	70,415
Pension excess earnings	284,776
Total deferred inflows of resources	355,191
NET POSITION	
Net investment in capital assets	6,142,510
Restricted:	
By enabling legislation for special projects	223,216
Special projects	161,818
Debt Service	3,931
Unrestricted	891,040
Total net position	\$ 7,422,515

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

**CASTRO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR YEAR ENDED SEPTEMBER 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Primary</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary government					
Governmental Activities:					
Administrative	\$ 870,078	\$ 230,888	\$ 25,200	\$ -	\$ (613,990)
Judicial	331,387	40,700	18,333	-	(272,354)
Public facilities	438,265	13,389	62,416	-	(362,460)
Public safety	1,893,109	242,890	15,755	-	(1,634,464)
Road and bridge	1,442,071	521,280	25,296	-	(895,495)
Public services	391,729	685	310,050	-	(80,994)
Interest on long-term debt	161,353	-	-	-	(161,353)
Total	<u>\$ 5,527,992</u>	<u>\$ 1,049,832</u>	<u>\$ 457,050</u>	<u>\$ -</u>	<u>(4,021,110)</u>
General revenues:					
Taxes:					
Property taxes					2,397,620
Property taxes, levied for road and bridge					595,806
Payments in lieu of taxes					952,000
Sales and miscellaneous taxes					241,294
Interest earnings					40,682
Miscellaneous					195,872
Gain on sale of capital assets					41,114
Total general revenues					<u>4,464,388</u>
Change in net position					443,278
Net position - beginning					<u>6,979,237</u>
Net position - ending					<u>\$ 7,422,515</u>

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

**CASTRO COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	<u>General</u>	<u>Combined Road and Bridge</u>	<u>Debt Service</u>
ASSETS			
Cash and cash equivalents	\$ 532,330	\$ 101,574	\$ 3,931
Investments	715,030	245,266	-
Delinquent taxes receivable, net	72,976	17,694	-
Accounts receivable, net	98,449	-	-
Due from other funds	3,600	29,251	-
Due from other governmental entities	65,628	2,262	-
Prepaid items	39,844	16,311	-
	<u>1,527,857</u>	<u>412,358</u>	<u>3,931</u>
Total assets	<u>\$ 1,527,857</u>	<u>\$ 412,358</u>	<u>\$ 3,931</u>
LIABILITIES			
Accounts payable	\$ 22,748	\$ 7,576	\$ -
Due to other funds	-	29,251	-
Accrued payroll and benefits	129,853	63,980	-
Due to other governmental entities	32,724	-	-
	<u>185,325</u>	<u>100,807</u>	<u>-</u>
Total liabilities	<u>185,325</u>	<u>100,807</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	59,424	13,808	-
Unavailable revenue - other receivables	54,083	-	-
	<u>113,507</u>	<u>13,808</u>	<u>-</u>
Total deferred inflows of resources	<u>113,507</u>	<u>13,808</u>	<u>-</u>
FUND BALANCES			
Non-spendable:			
Prepaid items	39,844	16,311	-
Restricted:			
By enabling legislation for special projects	-	-	-
Special projects	-	-	-
Debt service	-	-	3,931
Committed:			
Special projects	23,831	315,713	-
Unassigned (deficit)	1,165,350	(34,281)	-
	<u>1,229,025</u>	<u>297,743</u>	<u>3,931</u>
Total fund balances	<u>1,229,025</u>	<u>297,743</u>	<u>3,931</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,527,857</u>	<u>\$ 412,358</u>	<u>\$ 3,931</u>

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 418,016	\$ 1,055,851
-	960,296
-	90,670
-	98,449
-	32,851
-	67,890
185	56,340
<u>\$ 418,201</u>	<u>\$ 2,362,347</u>
\$ 8,143	\$ 38,467
3,600	32,851
15,789	209,622
86	32,810
<u>27,618</u>	<u>313,750</u>
-	73,232
-	54,083
<u>-</u>	<u>127,315</u>
185	56,340
223,216	223,216
161,818	161,818
-	3,931
5,907	345,451
(543)	1,130,526
<u>390,583</u>	<u>1,921,282</u>
<u>\$ 418,201</u>	<u>\$ 2,362,347</u>

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

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

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds	\$	1,921,282
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		11,544,205
Long-term assets are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements		127,315
Pension losses, deficient earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements.		
Pension assumption changes		16,789
Pension contributions paid after the measurement date, December 31, 2019, and before September 30, 2020 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		183,776
Pension gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.		
Pension economic/demographic gains		(70,415)
Pension excess earnings		(284,776)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable		(45,824)
Certificates of obligation and capital leases		(5,401,695)
Bond premium		(186,092)
Accrued compensated absences		(37,321)
Net pension liability		(344,729)
		(344,729)
Net position - governmental activities	\$	7,422,515

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

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

	<u>General</u>	<u>Combined Road and Bridge</u>	<u>Debt Service</u>
REVENUES			
Property taxes	\$ 2,357,075	\$ 587,478	\$ -
Payments in lieu of taxes	952,000	-	-
Sales and miscellaneous taxes	241,294	-	-
Licenses and fees	341,735	520,556	-
Fines and forfeitures	180,333	724	-
Intergovernmental	81,156	25,296	-
Interest earnings	27,531	9,860	739
Miscellaneous	161,097	12,867	-
	<u>4,342,221</u>	<u>1,156,781</u>	<u>739</u>
EXPENDITURES			
Current:			
Administrative	817,848	-	350
Judicial	312,128	-	-
Public facilities	271,145	-	-
Public safety	1,593,657	-	-
Road and bridge	-	1,107,156	-
Public services	61,761	-	-
Debt service:			
Principal	-	187,284	610,000
Interest	-	15,123	157,750
Capital outlay	27,321	154,666	-
	<u>3,083,860</u>	<u>1,464,229</u>	<u>768,100</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,258,361</u>	<u>(307,448)</u>	<u>(767,361)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	53,694	-
Proceeds from sale of assets	-	4,000	-
Transfers in	-	-	766,024
Transfers out	(871,100)	-	-
	<u>(871,100)</u>	<u>57,694</u>	<u>766,024</u>
NET CHANGE IN FUND BALANCES	387,261	(249,754)	(1,337)
FUND BALANCES - BEGINNING	<u>841,764</u>	<u>547,497</u>	<u>5,268</u>
FUND BALANCES - ENDING	<u>\$ 1,229,025</u>	<u>\$ 297,743</u>	<u>\$ 3,931</u>

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,944,553
-	952,000
-	241,294
61,091	923,382
3,743	184,800
350,598	457,050
2,552	40,682
28,736	202,700
446,720	5,946,461
31,239	849,437
12,745	324,873
118,818	389,963
12,742	1,606,399
4	1,107,160
324,453	386,214
-	797,284
-	172,873
-	181,987
500,001	5,816,190
(53,281)	130,271
-	53,694
-	4,000
143,000	909,024
(37,924)	(909,024)
105,076	57,694
51,795	187,965
338,788	1,733,317
\$ 390,583	\$ 1,921,282

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

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

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds:	\$	187,965
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which capital outlays, \$181,987, were exceeded by depreciation, \$616,036, in the current period.</p>		
		(434,049)
<p>In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital asset sold.</p>		
		(175,086)
<p>The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.</p>		
		212,200
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue.</p>		
		(16,305)
<p>In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>		
Debt issued or incurred:		
Capital lease financing		(53,694)
Principal repayments:		
Certificates of Obligation		610,000
Capital lease financing		187,285
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Accrued interest on debt, net change		(15,064)
Amortization of bond premium		26,584
Compensated absences, net change		(13,561)
Deferred outflows of resources:		
Pension contributions, net change		1,448
Pension deficient earnings		(632,858)
Pension assumption changes		(16,790)
Deferred inflows of resources:		
Pension economic/demographic gain		(35,699)
Pension excess earnings		(284,776)
Net pension liability, net change		895,678
		895,678
Change in net position of governmental activities	\$	443,278

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

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

ASSETS		
Cash and cash equivalents		\$ 248,283
		<hr/>
Total assets		\$ 248,283
		<hr/> <hr/>
LIABILITIES		
Accounts payable		\$ 776
Due to other governments		58,394
Deposits		189,113
		<hr/>
Total liabilities		\$ 248,283
		<hr/> <hr/>

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

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Castro County, Texas (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles)(GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Financial Reporting Entity

The County, incorporated in 1876, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a variety of services to advance the welfare, morale, comfort, safety and convenience of the County and its citizens.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing the County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, but also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either, it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support. The County has no Business-type activities.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation

Government-Wide Statements – Continuation

The Statement of Activities demonstrates the degree to which the direct expenses of the County’s programs are offset by those programs’ revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Taxes and other items not included among program revenue are reported instead as *general revenue*. In miscellaneous general revenues are non-program specific contributions including capital assets contributions.

Fiduciary funds are excluded in the government-wide presentation of the financial statements.

Fund-Level Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Grant and entitlement revenues are also susceptible to accrual. These funds are accounted for on a spending “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Any proprietary funds, including internal service and fiduciary funds, including agency funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus.

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The County reports the following major governmental funds:

The **General Fund** is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for administrative, judicial, public facilities, public safety, public services, and capital acquisition.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation

Fund-Level Statements – Continuation

The **Combined Road and Bridge Fund** is a special revenue fund used to account for the revenues derived from property taxes and license fees levied for purposes of road and bridge expenditures.

The **Debt Service Fund** accounts for the accumulation and disbursement of resources associated with the County's debt obligations. Property taxes and interest income provide the resources necessary to pay the annual principal and interest payments.

Additionally, the County reports the following fund types:

The **LEC and Jail Capital Projects Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The **Special Revenue Funds** account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

The **Agency Funds** are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

1. Deposits and Investments

The County'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. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County's custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

The County is required by Government Code Chapter 2256, The Public Funds Investment Act ("Act"), to adopt, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of the types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

1. Deposits and Investments – Continuation

The Act requires an annual audit of investment policies. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that in the area of investment practices, management has established and reports appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local polices.

2. Receivables and Payables

Activities 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 inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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.

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

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$3,033,314.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

3. Property Tax Calendar and Revenues

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year unless the half payment option is elected in which one-half the tax is due November 30, and the balance the following June 30. Tax collections between October and December are considered early and are entitled to discounts. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years’ levies are shown net of an allowance for uncollectible accounts of \$293,832.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

4. Restricted Assets/Funds

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Other Non-Major Governmental fund balances (amounts restricted for other specific purposes such as management, preservation, and retention of public records, personnel and security for the courthouse, technology requirements for the justice court, administration of pre-trial diversion programs, defraying the County’s voter registration expenses, continuing education costs, enhancement of law enforcement operations with seized and forfeited funds, supplementing salaries, holding and disbursing unclaimed funds to the State Comptroller, maintenance of the County’s Law Library, and enhancement of the County Attorney’s operations with fees from processing dishonored and forged checks. All restrictions are enacted according to Texas statutes.)
- In addition to the statutory restrictions the County has also received grant awards from various State and Federal agencies. These awards are all restricted for the stated purposes of the grant.
- The County has also received donations from outside donors. Those donations are restricted for the for the enhancement of Centennial Plaza, the Rhoads Memorial Library, and the maintenance of the tip-based hotline operated out of the Sheriff’s Department.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent “available spendable resources”.

6. Capital Assets

Capital assets, which include buildings and improvements, and vehicles and equipment, are reported in the government-wide financial statements. The County has opted to not retroactively report infrastructure assets. According to the County’s capitalization policy, capital assets, such as equipment, are defined as individual assets (or systems of assets) having a cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and improvements	5 - 40 years
Vehicles and equipment	5 - 20 years

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

7. Compensated Absences

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

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

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

Regular full-time employees are entitled to vacation of one to three weeks (depending upon years of service and employee classification) per year as earned. Vacation time earned, but not taken, is paid upon termination, but cannot be accumulated beyond what would be earned in one year plus one week. Compensation time is accrued at one and one-half the employee's regular rate for each hour worked over forty hours in a work week. After it is accrued, it is treated like vacation time earned and is paid upon termination. Sick leave accrues at 6.66 hours per month; however, unused sick leave is not paid upon termination. Accrued vacation leave and comp time are accrued in the government-wide financial statements.

8. Long-term Obligations

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

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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. 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 or resources (expense/expenditure) until then. The government has multiple items that qualify for reporting in this category. They are the contributions, losses, and assumption changes related to the County's pension plan reported in the government-wide statement of net position.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

9. Deferred Outflows/Inflows of Resources – Continuation

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 has several items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item, *pension economic/demographic gains* is related to the changes in the County's net pension liability and is reported in the government-wide statement of net position.

10. Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Commissioners' Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned Fund Balance – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners' Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

11. Fund Balances – Continuation

Unassigned Fund Balance – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

12. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted Net Position – This amount includes all net position amounts that do not meet the definition of “net investment in capital assets” or “restricted net position.”

13. Fund Balance Policies

When the County incurs an expenditure for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first, then unrestricted funds. When expenditures are 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.

Committed fund balance amounts may be used for other purposes with appropriate action by the Commissioners’ Court to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The County’s highest level of decision-making authority is the Commissioners’ Court. The Court has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Court.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation

A. Budgetary Information – Continuation

3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund and the Road and Bridge Funds.
4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioners' Court. The Court has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the County do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for the General Fund and the Road and Bridge Funds.
5. Budgets for the General and the Road and Bridge Special Revenue Funds are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis.
6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund and the Road and Bridge Funds.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

B. Excess of Disbursements Over Appropriations

For the year ended September 30, 2020, expenditures exceeded appropriations in the following departments, Administration – other (\$273), Ross Building (\$1,413), and Road and Bridge, Precinct 4 Debt Service (Principal and Interest) and Capital Outlay (\$3,662, \$21, and \$35,166, respectively). The over expenditures in the General Fund were funded by lower than anticipated expenditures in every other department of the County. The over expenditures in the Road and Bridge Precincts were funded by the proceeds from a capital lease entered into during the year.

C. Deficit Fund Balance

The Rhoads Memorial Library and Road and Bridge, Precinct 4 Funds had deficit unassigned fund balances of \$509 and \$34,343, respectively. In the current year the funds incurred expenditures in excess of the collected revenues. The County plans on covering the deficit in the Rhoads Memorial Library Fund with transfers from other funds and covering the deficit in Precinct 4 with subsequent collections.

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County’s cash and deposit balances as of September 30, 2020:

Cash and deposit balances consist of:

Cash on hand	\$ 1,100
Bank deposits	1,303,034
	1,303,034
Total	\$ 1,304,134

Cash and deposit balances are reported in the basic financial statements as follows:

Government-wide Statement of Net Position:

Unrestricted	\$ 1,055,851
Fiduciary Funds Statement of Net Position	248,283
	248,283
Total	\$ 1,304,134

As of September 30, 2020, the County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Governmental activities		
Unrestricted		
Certificates of deposit (interest rates at 0.61% - 2.05%)	\$ 960,296	
Total fair value	\$ 960,296	
Portfolio weighted average maturity		365

Custodial credit risk – deposits. As of September 30, 2020, the carrying amount of the County's deposits with financial institutions was \$2,263,330 and the bank's balance was \$2,338,269. Of the bank balance, \$503,940 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining \$1,834,329 was collateralized with securities held by the pledging institution’s agent in the County’s name.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, or in certificates of deposit with weighted average maturities of one year or less.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single insurer. As of September 30, 2020, 100% of the County’s carrying value of cash was deposited with the County’s depository banks and was adequately secured as described above.

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 – CAPITAL ASSETS

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classification by function. As stated earlier, the County has not opted to report its infrastructure retroactively.

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 54,495	\$ 5,276	\$ -	-	\$ 59,771
Total capital assets, not being depreciated	54,495	5,276	-	-	59,771
Capital assets, being depreciated					
Buildings and improvements	10,446,625	-	-	-	10,446,625
Vehicles and equipment	5,116,529	388,911	(327,268)	-	5,178,172
Total capital assets, being depreciated	15,563,154	388,911	(327,268)	-	15,624,797
Less accumulated depreciation for:					
Buildings and improvements	(835,832)	(268,572)	-	-	(1,104,404)
Vehicles and equipment	(2,840,677)	(347,464)	152,182	-	(3,035,959)
Total accumulated depreciation	(3,676,509)	(616,036)	152,182	-	(4,140,363)
Total capital assets, being depreciated, net	11,886,645	(227,125)	(175,086)	-	11,484,434
Governmental activities capital assets, net	<u>\$ 11,941,140</u>	<u>\$ (221,849)</u>	<u>\$ (175,086)</u>	<u>-</u>	<u>\$ 11,544,205</u>

Depreciation expense for the year ended September 30, 2020 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	\$ 2,965
Public facilities	45,649
Public safety	262,937
Road and bridge	304,485
Total Depreciation Expense	<u>\$ 616,036</u>

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$0.80 on each \$100 of assessed valuation. The tax rate on the 2019 tax roll was \$0.4792 per \$100, which means that the County has a tax margin of \$0.3208 per \$100 and could raise up to \$1,645,775 additional revenue from the 2019 assessed valuation of \$513,022,270 before the limit is reached.

The State of Texas Constitutional tax rate limit for the maintenance of farm-to-market roads is \$0.30 on each \$100 of assessed valuation. The tax rate on the 2019 tax roll was \$0.1198 per \$100, which means that the County has a tax margin of \$0.1802 per \$100 and could raise up to \$920,555 additional revenue from the 2019 assessed valuation of \$510,851,880 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

NOTE 6 – SALES TAX

The County is entitled by provision of the State of Texas to a one-cent sales tax on all sales that occur within the County. The tax is assessed as a property tax reduction, for the County to use as general revenues. This sales tax is remitted monthly by the Comptroller of the State of Texas.

NOTE 7 – RETIREMENT PLAN

Plan Description: Castro County provides retirement and death benefits for all of its employees, except temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 677 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 and is available at www.tcdrs.org.

Benefits Provided: The plan provisions are adopted by the governing body of the County (employer), within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

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

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 – RETIREMENT PLAN – Continuation

Employees Covered by Benefit Terms: At September 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	66
Active employees	71

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

The County contributed using the actuarially determined rate of 10.83% for the months of the accounting year in 2019 and 11.25% for the months of the accounting year in 2020. The contribution rate payable by the employee members is 7.0% for fiscal year 2020 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The actuarial assumptions that determined the total pension liability as of December 31, 2019 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.

In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale, 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.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 – RETIREMENT PLAN – Continuation

TCDRS system-wide economic assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% 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 3.25% (made up of 2.75% 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	3.25%

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

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 April 2020 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 – RETIREMENT PLAN – Continuation

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	8.00%	2.30%

(1) Target asset allocation adopted at the June 2020 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 – RETIREMENT PLAN – Continuation

Discount Rate: The discount rate used to measure the total pension liability was 8.10%. 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%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2018	\$ 11,157,604	\$ 9,917,197	\$ 1,240,407
Changes for the year:			
Service cost	294,066	-	294,066
Interest on total pension liability (1)	902,306	-	902,306
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(68,762)	-	(68,762)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(43,812)	(43,812)	-
Benefit payments	(592,758)	(592,758)	-
Administrative expenses	-	(8,614)	8,614
Member contributions	-	160,681	(160,681)
Net investment income	-	1,628,832	(1,628,832)
Employer contributions	-	248,596	(248,596)
Other (3)	-	(6,207)	6,207
Balances as of December 31, 2019	<u>\$ 11,648,644</u>	<u>\$ 11,303,915</u>	<u>\$ 344,729</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

Sensitivity of the net pension liability / (asset) to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 12,952,304	\$ 11,648,644	\$ 10,537,068
Fiduciary net position	<u>11,303,915</u>	<u>11,303,915</u>	<u>11,303,915</u>
Net pension liability / (asset)	<u>\$ 1,648,389</u>	<u>\$ 344,729</u>	<u>\$ (766,847)</u>

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 – RETIREMENT PLAN – Continuation

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

Pension Expense / (Income):

	January 1, 2019 to December 31, 2019
Service cost	\$ 294,066
Interest on total pension liability (1)	902,306
Effect of plan changes	-
Administrative expenses	8,614
Member contributions	(160,681)
Expected investment return net of investment expenses	(793,678)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(33,063)
Recognition of assumption changes or inputs	16,790
Recognition of investment gains or losses	82,480
Other (2)	6,207
Pension expense / (income)	\$ 323,041

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

Deferred Inflows / Outflows of Resources: As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 70,415	\$ -
Changes of assumptions	-	16,789
Net difference between projected and actual earnings	284,776	-
Contributions made subsequent to measurement date	N/A	183,776

Continued

**CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 – RETIREMENT PLAN – Continuation

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:

2020	\$ (88,786)
2021	(104,196)
2022	21,610
2023	(167,030)
2024	-
Thereafter	-

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Fund Inter-fund Receivables and Payables

Fund	Inter-fund Receivables	Inter-fund Payables
General Fund	\$ 3,600	\$ -
Special Revenue Funds:		
Road and Bridge, Precinct 3	29,251	
Road and Bridge, Precinct 4	-	29,251
Castro/Swisher Juvenile Probation	-	3,600
	<u>\$ 32,851</u>	<u>\$ 32,851</u>

The primary purpose of inter-fund receivables and payables is the loaning of funds from the General Fund to Special Revenue Funds for the purpose of meeting current year expenditures.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continuation

Individual Fund Inter-fund Transfers

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ -	\$ 871,100
Special Revenue Funds:		
Castro/Swisher Juvenile Probation	68,000	-
Rhoads Memorial Library	62,000	-
County Clerk Records Management	13,000	-
Capital Projects Fund	-	37,924
Debt Service Fund	766,024	-
	<u>\$ 909,024</u>	<u>\$ 909,024</u>

The primary purpose for inter-fund transfers is to move revenues from the General Fund to finance various programs and operations in other funds that the County must account for separately in accordance with budgetary authorizations, including debt service principal and interest and amounts provided as subsidies or matching funds for various grant programs.

NOTE 9 – TAX ABATEMENTS

During the year ended September 30, 2013, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a currently anticipated capacity of 306 megawatts of overall Turbine Nameplate Capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,200 per megawatt of turbine nameplate capacity during the abatement period, this has not resulted in a payment to County as of September 30, 2020 as the Company has not presented a Certificate of Completed Construction to the County.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 – TAX ABATEMENTS – Continuation

During the year ended September 30, 2013, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum capacity of 100 megawatts of overall Turbine Nameplate Capacity. In addition, the project will add at least \$1,000,000 to the tax roll and create no fewer than 3 new permanent full-time jobs. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$2,000 per megawatt of turbine nameplate capacity during the abatement period, this resulted in payments in lieu of taxes for the current year of \$400,000.

During the year ended September 30, 2014, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a currently anticipated capacity of approximately 300 megawatts of overall Turbine Nameplate Capacity. In addition, the project will have an initial market value of approximately \$365,000. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,200 per megawatt of turbine nameplate capacity during the abatement period, this has not resulted in a payment to County as of September 30, 2020 as the Company has not presented a Certificate of Completed Construction to the County.

During the year ended September 30, 2015, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum capacity of 100 megawatts and a currently anticipated capacity of approximately 200 megawatts of overall Turbine Nameplate Capacity. In addition, the project will add at least \$1,000,000 to the tax roll and create no fewer than 3 new permanent full-time jobs. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$2,000 per megawatt of turbine nameplate capacity during the abatement period, this resulted in payments in lieu of taxes for the current year of \$552,000.

Continued

**CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 – TAX ABATEMENTS – Continuation

During the year ended September 30, 2016, Castro County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business’ property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Castro County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum capacity of 15 megawatts of overall Turbine Nameplate Capacity. In addition, the project will have an initial market value of approximately \$25,000,000. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner’s tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,800 per megawatt of turbine nameplate capacity during the abatement period, this has not resulted in a payment to County as of September 30, 2020 as the Company has not presented a Certificate of Completed Construction to the County.

For the fiscal year ended September 30, 2020, Castro County abated property taxes totaling \$3,051,055 under this program, including the following tax abatement agreements:

- A 100 percent tax abatement to TX Hereford Wind II, LLC, for \$1,475,415.
- A 100 percent tax abatement to Orion Wind Resources, LLC, for \$1,575,640.

NOTE 10 – CONCENTRATION OF TAXPAYERS

As of September 30, 2020, the following taxpayers accounted for a significant portion of the County’s total tax levy.

<u>Taxpayer</u>	<u>Industry</u>	<u>Tax Amount</u>	<u>Percent of Total Levy</u>
Taxpayer A	Utilities	\$ 261,216	10.10 %
Taxpayer B	Utilities	164,504	6.36 %
Taxpayer C	Dairy	130,372	5.04 %

NOTE 11 – RISK MANAGEMENT

The County’s major areas of risk management are: public officials’, law enforcement, and automobile liability, general comprehensive liability and property damage, workers’ compensation, and employee health insurance. The County has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The County pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

NOTE 12 – LONG-TERM LIABILITIES

The County has entered into multiple capital leases, each for heavy equipment. The obligations under capital lease have been recorded in the accompanying financial statements at the present value of the minimum lease payments, discounted at an interest rates ranging from 3.65% to 5.722%. The terms of these obligations range from fiscal years ended 2020 to 2025.

Continued

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12 – LONG-TERM LIABILITIES – Continuation

In 2017, the County issued \$6,565,000 of Certificates of Obligation, Series 2017, for the purpose of constructing and equipping the Castro County Law Enforcement Center. Principal payments on the bonds are made annually, each February 15, and interest payments are made semi-annually, each February 15 and August 15. Interest rates range from 2.0% - 4.0%.

Certificates of Obligations are supported by a pledge of the County’s full faith and credit. The related bond ordinance requires a levy and collection of ad valorem taxes on taxable property located within the County. Tax levy and collections began in 2018.

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 23,760	\$ 64,194	\$ (50,633)	\$ 37,321	\$ 4,000
Capital leases	710,286	53,694	(187,285)	576,695	92,139
Certificates of Obligation					
Series 2017	5,435,000	-	(610,000)	4,825,000	625,000
Bond premium	212,676	-	(26,584)	186,092	-
Governmental activity long-term liabilities	<u>\$ 6,381,722</u>	<u>\$ 117,888</u>	<u>\$ (874,502)</u>	<u>\$ 5,625,108</u>	<u>\$ 721,139</u>

Long-term liability activity for the year ended September 30, 2020, was as follows:

Fiscal Year	Total	Capital Leases		Certificates of Obligation Series 2017	
		Interest	Principal	Interest	Principal
2021	\$ 889,474	\$ 30,060	\$ 92,139	\$ 142,275	\$ 625,000
2022	890,424	25,119	97,080	123,225	645,000
2023	890,774	19,905	102,294	103,575	665,000
2024	937,637	14,317	153,520	79,800	690,000
2025	903,938	6,926	131,662	55,350	710,000
2026 - 2030	1,535,000	-	-	45,000	1,490,000
	<u>\$ 6,047,247</u>	<u>\$ 96,327</u>	<u>\$ 576,695</u>	<u>\$ 549,225</u>	<u>\$ 4,825,000</u>

CASTRO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 13 – LEASES

Capital Leases

The County has entered into various capital leases for heavy equipment. The future minimum lease payments under capital leases and the net present value of the future minimum lease payments are as follows:

For Year Ended:	
2021	\$ 122,199
2022	122,199
2023	122,199
2024	167,837
2025	<u>138,588</u>
 Total Future Lease Payments	 673,022
 Less amount representing interest	 <u>96,327</u>
 Present value of future minimum lease payments	 <u>\$ 576,695</u>
 Interest rates	 3.650 - 5.722%
 Equipment	 \$ 1,095,251
Less accumulated amortization	<u>(147,656)</u>
 Net value	 <u>\$ 947,595</u>

Amortization of equipment under capital leases is included with depreciation expense.

Operating Leases

The County leases various pieces of equipment under non-cancelable operating leases. Total costs for such leases were \$25,104 for the year ended September 30, 2020. The future minimum lease payments for these are as follows:

For Year Ended:	
2021	\$ 23,784
2022	15,384
2023	15,384
2024	15,384
2025	<u>9,513</u>
 Total Future Lease Payments	 <u>\$ 79,449</u>

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 2,384,651	\$ 2,384,651	\$ 2,357,075	\$ (27,576)
Payments in lieu of taxes	952,000	952,000	952,000	-
Sales and miscellaneous taxes	197,000	197,000	241,294	44,294
Licenses and fees	287,175	347,375	341,735	(5,640)
Fines and forfeitures	151,100	151,100	180,333	29,233
Intergovernmental	64,200	101,818	81,156	(20,662)
Interest earnings	34,000	34,000	27,531	(6,469)
Miscellaneous	24,600	130,275	161,097	30,822
	<u>4,094,726</u>	<u>4,298,219</u>	<u>4,342,221</u>	<u>44,002</u>
EXPENDITURES				
Current:				
Administrative				
County Judge	140,655	140,655	137,453	3,202
County Clerk	209,675	209,675	180,524	29,151
County Tax Assessor/Collector	160,665	160,665	153,958	6,707
County Treasurer	164,280	164,280	153,778	10,502
Elections	29,395	29,395	21,767	7,628
Veteran's Administration	10,470	10,470	9,300	1,170
Professional services	133,000	133,000	132,027	973
Non-departmental	20,700	20,700	8,993	11,707
Other	19,775	19,775	20,048	(273)
	<u>888,615</u>	<u>888,615</u>	<u>817,848</u>	<u>70,767</u>
Judicial				
242nd District Court	72,150	72,150	48,449	23,701
64th District Court	64,150	64,150	61,421	2,729
Justice of the Peace	93,670	93,670	85,846	7,824
County Attorney	119,565	119,565	115,862	3,703
Miscellaneous judicial	5,000	5,000	550	4,450
	<u>354,535</u>	<u>354,535</u>	<u>312,128</u>	<u>42,407</u>
Public facilities				
Courthouse	237,270	237,270	233,855	3,415
Ross building	6,200	6,200	7,613	(1,413)
Annex	250	250	35	215

Continued

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

Continuation

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Public facilities - continuation				
APPR annex	\$ 9,850	\$ 9,850	\$ 8,851	\$ 999
Expo	26,000	26,000	17,624	8,376
Sunnyside dam	2,000	3,170	3,167	3
Total public facilities	<u>281,570</u>	<u>282,740</u>	<u>271,145</u>	<u>11,595</u>
Public safety				
County Sheriff	800,595	800,595	774,252	26,343
Jail	782,775	782,775	758,327	24,448
Constable	12,655	12,655	11,885	770
Department of public safety	7,725	7,725	1,598	6,127
Fire prevention	50,420	52,720	47,595	5,125
Total public safety	<u>1,654,170</u>	<u>1,656,470</u>	<u>1,593,657</u>	<u>62,813</u>
Public services				
Health and welfare	11,862	11,862	11,527	335
Extension office	59,830	59,830	50,234	9,596
Total public services	<u>71,692</u>	<u>71,692</u>	<u>61,761</u>	<u>9,931</u>
Capital outlay	<u>53,500</u>	<u>53,500</u>	<u>27,321</u>	<u>26,179</u>
Total expenditures	<u>3,304,082</u>	<u>3,307,552</u>	<u>3,083,860</u>	<u>223,692</u>
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>790,644</u>	<u>990,667</u>	<u>1,258,361</u>	<u>(179,690)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(962,750)</u>	<u>(962,750)</u>	<u>(871,100)</u>	<u>91,650</u>
Total other financing sources (uses)	<u>(962,750)</u>	<u>(962,750)</u>	<u>(871,100)</u>	<u>91,650</u>
NET CHANGE IN FUND BALANCE	(172,106)	27,917	387,261	359,344
FUND BALANCE - BEGINNING	<u>841,764</u>	<u>841,764</u>	<u>841,764</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 669,658</u>	<u>\$ 869,681</u>	<u>\$ 1,229,025</u>	<u>\$ 359,344</u>

CASTRO COUNTY, TEXAS
PRECINCT #1 ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 154,347	\$ 154,347	\$ 152,729	\$ (1,618)
Licenses and fees	160,000	160,000	142,272	(17,728)
Fines and forfeitures	-	-	181	181
Intergovernmental	6,400	6,400	6,324	(76)
Investment earnings	6,230	6,230	2,306	(3,924)
Miscellaneous	-	-	4,625	4,625
	<u>326,977</u>	<u>326,977</u>	<u>308,437</u>	<u>(18,540)</u>
EXPENDITURES				
Current:				
Road and bridge	302,600	302,600	293,582	9,018
Debt service:				
Principal	77,000	77,000	77,000	-
Interest	3,200	3,200	3,208	(8)
	<u>382,800</u>	<u>382,800</u>	<u>373,790</u>	<u>9,010</u>
NET CHANGE IN FUND BALANCE	(55,823)	(55,823)	(65,353)	(9,530)
FUND BALANCE - BEGINNING	<u>115,489</u>	<u>115,489</u>	<u>115,489</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 59,666</u>	<u>\$ 59,666</u>	<u>\$ 50,136</u>	<u>\$ (9,530)</u>

CASTRO COUNTY, TEXAS
PRECINCT #2 ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 148,411	\$ 148,411	\$ 146,856	\$ (1,555)
Licenses and fees	150,000	150,000	132,742	(17,258)
Fines and forfeitures	-	-	181	181
Intergovernmental	6,400	6,400	6,324	(76)
Investment earnings	6,185	6,185	914	(5,271)
Miscellaneous	-	-	4,149	4,149
	<u>310,996</u>	<u>310,996</u>	<u>291,166</u>	<u>(19,830)</u>
Total revenues				
EXPENDITURES				
Current:				
Road and bridge	287,335	287,335	277,081	10,254
Debt service:				
Principal	100,000	100,000	87,552	12,448
Interest	-	-	6,479	(6,479)
	<u>387,335</u>	<u>387,335</u>	<u>371,112</u>	<u>16,223</u>
Total expenditures				
NET CHANGE IN FUND BALANCE	(76,339)	(76,339)	(79,946)	(3,607)
FUND BALANCE - BEGINNING	<u>91,616</u>	<u>91,616</u>	<u>91,616</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 15,277</u>	<u>\$ 15,277</u>	<u>\$ 11,670</u>	<u>\$ (3,607)</u>

CASTRO COUNTY, TEXAS
PRECINCT #3 ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 145,442	\$ 145,442	\$ 143,946	\$ (1,496)
Licenses and fees	144,300	144,300	127,096	(17,204)
Fines and forfeitures	-	-	181	181
Intergovernmental	6,400	6,400	6,324	(76)
Investment earnings	9,710	9,710	6,243	(3,467)
Miscellaneous	-	-	1,657	1,657
	<u>305,852</u>	<u>305,852</u>	<u>285,447</u>	<u>(20,405)</u>
EXPENDITURES				
Current:				
Road and bridge	279,615	279,615	262,897	16,718
Capital outlay	15,000	100,500	99,500	1,000
	<u>294,615</u>	<u>380,115</u>	<u>362,397</u>	<u>17,718</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,237</u>	<u>(74,263)</u>	<u>(76,950)</u>	<u>(2,687)</u>
NET CHANGE IN FUND BALANCE	11,237	(74,263)	(76,950)	(2,687)
FUND BALANCE - BEGINNING	<u>343,230</u>	<u>343,230</u>	<u>343,230</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 354,467</u>	<u>\$ 268,967</u>	<u>\$ 266,280</u>	<u>\$ (2,687)</u>

CASTRO COUNTY, TEXAS
PRECINCT #4 ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 145,442	\$ 145,442	\$ 143,947	\$ (1,495)
Licenses and fees	134,000	134,000	118,446	(15,554)
Fines and forfeitures	-	-	181	181
Intergovernmental	6,400	6,400	6,324	(76)
Investment earnings	3,150	3,150	397	(2,753)
Miscellaneous	-	-	2,436	2,436
	<u>288,992</u>	<u>288,992</u>	<u>271,731</u>	<u>(17,261)</u>
EXPENDITURES				
Current:				
Road and bridge	300,380	300,380	273,596	26,784
Debt service:				
Principal	19,070	19,070	22,732	(3,662)
Interest	5,415	5,415	5,436	(21)
Capital outlay	20,000	20,000	55,166	(35,166)
	<u>344,865</u>	<u>344,865</u>	<u>356,930</u>	<u>(12,065)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(55,873)</u>	<u>(55,873)</u>	<u>(85,199)</u>	<u>(29,326)</u>
OTHER FINANCING SOURCES				
Proceeds from capital leases	-	-	53,694	53,694
	<u>-</u>	<u>-</u>	<u>57,694</u>	<u>57,694</u>
NET CHANGE IN FUND BALANCE				
	(55,873)	(55,873)	(27,505)	28,368
FUND BALANCE - BEGINNING				
	<u>(2,838)</u>	<u>(2,838)</u>	<u>(2,838)</u>	<u>-</u>
FUND BALANCE - ENDING				
	<u>\$ (58,711)</u>	<u>\$ (58,711)</u>	<u>\$ (30,343)</u>	<u>\$ 28,368</u>

CASTRO COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

	Year Ended December 31,			
	2019	2018	2017	2016
Total Pension Liability:				
Service cost	\$ 294,066	\$ 274,048	\$ 269,770	\$ 309,056
Interest on total pension liability	902,306	862,291	823,818	770,984
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	-	67,158	-
Effect of economic/demographic (gains) or losses	(68,762)	(11,893)	(51,594)	12,485
Benefit payments/refunds of contributions	(636,570)	(663,801)	(614,068)	(505,059)
Net change in total pension liability	491,040	460,645	495,084	587,466
Total pension liability, beginning	11,157,604	10,696,959	10,201,875	9,614,409
Total pension liability, ending (a)	<u>\$ 11,648,644</u>	<u>\$ 11,157,604</u>	<u>\$ 10,696,959</u>	<u>\$ 10,201,875</u>
Fiduciary Net Position:				
Employer contributions	\$ 248,596	\$ 229,428	\$ 198,483	\$ 196,529
Member contributions	160,681	145,867	138,799	137,539
Investment income net of investment expenses	1,628,832	(197,318)	1,359,774	652,147
Benefit payments/refunds of contributions	(636,570)	(663,801)	(614,068)	(505,059)
Administrative expenses	(8,614)	(7,965)	(6,929)	(7,092)
Other	(6,207)	(7,548)	(3,775)	44,645
Net change in fiduciary net position	1,386,718	(501,337)	1,072,284	518,709
Fiduciary net position, beginning	9,917,197	10,418,534	9,346,250	8,827,541
Fiduciary net position, ending (b)	<u>\$ 11,303,915</u>	<u>\$ 9,917,197</u>	<u>\$ 10,418,534</u>	<u>\$ 9,346,250</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 344,729</u>	<u>\$ 1,240,407</u>	<u>\$ 278,425</u>	<u>\$ 855,625</u>
Fiduciary net position as a % of total pension liability	97.04%	88.88%	97.40%	91.61%
Pensionable covered payroll	\$ 2,295,440	\$ 2,083,810	\$ 1,982,843	\$ 1,964,843
Net pension liability as a % of covered payroll	15.02%	59.53%	14.04%	43.55%

Year Ended December 31,

2015	2014	2013	2012	2011	2010
\$ 260,103	\$ 245,996	\$ N/A	\$ N/A	\$ N/A	\$ N/A
716,753	682,578	N/A	N/A	N/A	N/A
(39,004)	-	N/A	N/A	N/A	N/A
106,293	-	N/A	N/A	N/A	N/A
111,407	(101,772)	N/A	N/A	N/A	N/A
<u>(450,109)</u>	<u>(439,673)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
705,442	387,129	N/A	N/A	N/A	N/A
<u>8,908,967</u>	<u>8,521,837</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 9,614,409</u>	<u>\$ 8,908,966</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 326,752	\$ 299,581	\$ N/A	\$ N/A	\$ N/A	\$ N/A
144,713	124,961	N/A	N/A	N/A	N/A
(51,942)	562,485	N/A	N/A	N/A	N/A
(450,109)	(439,673)	N/A	N/A	N/A	N/A
(6,341)	(6,585)	N/A	N/A	N/A	N/A
<u>46,787</u>	<u>(18,461)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
9,860	522,308	N/A	N/A	N/A	N/A
<u>8,817,681</u>	<u>8,295,373</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 8,827,541</u>	<u>\$ 8,817,681</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ 786,868</u>	<u>\$ 91,285</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
91.82%	98.98%	N/A	N/A	N/A	N/A
\$ 2,057,634	\$ 1,785,150	\$ N/A	\$ N/A	\$ N/A	\$ N/A
38.24%	5.11%	N/A	N/A	N/A	N/A

CASTRO COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Years (will ultimately be displayed)

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2015	\$ 215,865	\$ 315,865	\$ (100,000)	\$ 1,952,330	16.2%
2016	206,720	320,778	(114,058)	2,003,433	16.0%
2017	195,292	200,296	(5,004)	1,948,905	10.3%
2018	221,818	221,818	-	2,064,643	10.7%
2019	244,981	244,981	-	2,252,600	10.9%
2020	250,044	250,044	-	2,245,458	11.1%

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 the 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	11.2 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.00%, 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
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

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted or committed by the County to expenditures for specified purposes.

Castro/Swisher Juvenile Probation Department – The Castro/Swisher Juvenile Probation Department accounts for grants received from the Texas Juvenile Justice Department as well as local funds used for providing juvenile probation services.

Centennial Plaza – The Centennial Plaza Fund accounts for funds donated by the residents of Castro County. The funds are restricted by the donors for improvements made to the plaza.

Hazel Merritt Bequest – The Hazel Merritt Bequest Fund accounts for funds that were left to Castro County, Texas by Hazel Merritt. The funds are restricted by the terms of the will for the benefit of the library.

Rhoads Memorial Library Donations & Memorials – The Rhoads Memorial Library Donations & Memorials Fund accounts for funds that are donated to the County. The funds are restricted by the donors for the benefit of the library.

Rhoads Memorial Library – The Rhoads Memorial Library Fund accounts for funds received from the City of Dimmitt to supplement expenditures incurred by the operation of the library. The funds are restricted by the City for the use of the library.

Chapter 19 – Voter Registration – The Chapter 19- Voter Registration Fund accounts for funds issued by the Texas Secretary of State to voter registrars in Texas to help defray the County’s voter registration expenses. The funds are restricted by law to be spent on any item or services designed to increase the number of registered voters, maintain and report an accurate list of the number of registered voters, and/or increase the efficiency of the voter registration office.

County Judge Excess Salary Supplement – The County Judge Excess Salary Supplement Fund accounts for additional received from the State of Texas to supplement the salary of the County Judge. The funds are restricted by law to be used to supplement the County Judge’s office.

Sheriff’s Petty Cash – The Sheriff’s Petty Cash Fund accounts for funds committed by the Commissioners’ Court to cover the costs associated with prisoner transportation.

Sheriff’s Special Account – The Sheriff’s Special Account Fund accounts for donations received from the residents of Castro County. The funds are restricted by the donors for the use and betterment of the county residents.

Unclaimed Property – The Unclaimed Property Fund accounts for outstanding checks from offices that are older than one year.

Check & Sight – The Check and Sight Fund accounts for fees collected by the County Attorney for every hot check processed through the office. The fees are dedicated by law to be used at the sole discretion of the County Attorney to defray the salaries and expenses of the prosecutor’s office.

Courthouse Security – The Courthouse Security Fund accounts for statutory filing fees collected by the District and County Clerks which are dedicated by law to maintain the security of the courthouse.

County Clerk Records Management – The County Clerk Records Management Fund accounts for revenue from fees collected by the County Clerk on court cases. The fees are dedicated by law to be used for specific records management projects of the office.

County Law Library – The County Law Library Fund accounts for statutory fees collected in civil cases filed in County and District Courts. The fees are restricted by law to provide and maintain a County Law Library.

Constable Law Enforcement Education – The Constable Law Enforcement Education Fund accounts for funds received from the State of Texas on behalf of the Constable. The funds are dedicated by law for the use of continuing education of law enforcement personnel.

Sheriff's Forfeited Funds – The Sheriff's Forfeited Funds accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized. The funds are dedicated by law to be used supplement the costs of the Sheriff's office.

County/District Attorney Forfeited Funds – The County/District Attorney Forfeited Funds accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized. The funds are dedicated by law to be used supplement the costs of the County/District Attorney's office.

Sheriff Law Enforcement Education – The Sheriff Law Enforcement Education Fund accounts for funds received from the State of Texas on behalf of the Sheriff. The funds are dedicated by law for the use of continuing education of law enforcement personnel.

Justice Court Technology – The Justice Court Technology Fund accounts for money charged to a defendant convicted of a misdemeanor in a justice court. It is designated for the purpose of financing the purchase of technological enhancements for a justice court.

District Clerk Records Archive – The District Clerk Records Archive Fund accounts for fees collected by the District Clerk for the filing of a suit. The fees are dedicated by law to be expended only for the preservation and restoration of the District Clerk's record archive.

County Clerk Records Archive – The County Clerk Records Archive Fund accounts for fees collected by the County Clerk for the filing of public documents. The fees are dedicated by law to be expended only for the preservation and restoration of the County Clerk's record archive.

County/District Clerk Technology – The County/District Clerk Technology Fund accounts for fees collected from all defendants convicted in the County or District Courts. The fees are dedicated by law to be expended only for the costs of continuing education for county and district judges and clerks regarding technological enhancements for justice courts and the costs of those enhancements.

Courthouse Records Management – The Courthouse Records Management Fund accounts for fees collected by the County and District Clerks from all defendants convicted of an offense. The fees are dedicated by law to be used for specific records management and preservation purposes of the County.

Expo Building – The Expo Building Fund accounts for the rental income and deposits received in the use of the Expo Building by the residents of Castro County. The Commissioner's Court has committed these funds to be used to supplement the costs of maintaining the Expo Building.

Crime Line – The Crime Line Fund accounts for donations received from the residents of Castro County. The funds are restricted by the donors for the maintenance and upkeep of the tip based hotline maintained by the Sheriff's Department.

Pretrial Diversion – The Pretrial Diversion Fund accounts for fees charged to any defendant willing to participate in a pretrial intervention program. The fees are dedicated by law to be used to administer and maintain the pretrial diversion programs.

CAPITAL PROJECTS FUND

The **LEC and Jail Capital Projects Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities.

**CASTRO COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Special Revenue			
	Castro/Swisher Juvenile Probation Department	Centennial Plaza	Hazel Merritt Bequest	Rhoads Memorial Library Donations & Memorials
ASSETS				
Cash and cash equivalents	\$ 92,751	\$ 10,513	\$ 39,965	\$ 5,512
Prepaid expenses	151	-	-	-
Total assets	<u>\$ 92,902</u>	<u>\$ 10,513</u>	<u>\$ 39,965</u>	<u>\$ 5,512</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,600	-	-	-
Due to other governments	-	-	-	-
Accrued payroll and benefits	10,787	-	-	-
Total liabilities	<u>14,387</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	151	-	-	-
Restricted:				
By enabling legislation for special projects	-	-	-	-
Special projects	78,364	10,513	39,965	5,512
Committed:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>78,515</u>	<u>10,513</u>	<u>39,965</u>	<u>5,512</u>
Total liabilities and fund balances	<u>\$ 92,902</u>	<u>\$ 10,513</u>	<u>\$ 39,965</u>	<u>\$ 5,512</u>

Special Revenue

Rhoads Memorial Library	Chapter 19 - Voter Registration	County Judge Excess Salary Supplement	Sheriff's Petty Cash	Sheriff's Special Account	Unclaimed Property
\$ 5,830	\$ 90	\$ 782	\$ 2,759	\$ 5,185	\$ 44,417
34	-	-	-	-	-
<u>\$ 5,864</u>	<u>\$ 90</u>	<u>\$ 782</u>	<u>\$ 2,759</u>	<u>\$ 5,185</u>	<u>\$ 44,417</u>
\$ 1,455	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
86	-	-	-	-	-
4,832	-	-	-	-	-
<u>6,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
34	-	-	-	-	-
-	90	782	-	-	44,417
-	-	-	-	5,185	-
-	-	-	2,759	-	-
(543)	-	-	-	-	-
<u>(509)</u>	<u>90</u>	<u>782</u>	<u>2,759</u>	<u>5,185</u>	<u>44,417</u>
<u>\$ 5,864</u>	<u>\$ 90</u>	<u>\$ 782</u>	<u>\$ 2,759</u>	<u>\$ 5,185</u>	<u>\$ 44,417</u>

Continued

**CASTRO COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

Continuation

Special Revenue

	<u>Check & Sight</u>	<u>Courthouse Security</u>	<u>County Clerk Records Management</u>	<u>County Law Library</u>
ASSETS				
Cash and cash equivalents	\$ 7,001	\$ 31,816	\$ 40,303	\$ 7,397
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 7,001</u>	<u>\$ 31,816</u>	<u>\$ 40,303</u>	<u>\$ 7,397</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 6,000	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Accrued payroll and benefits	-	-	119	-
Total liabilities	<u>-</u>	<u>-</u>	<u>6,119</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	-	-	-	-
Restricted:				
By enabling legislation for special projects	7,001	31,816	34,184	7,397
Special projects	-	-	-	-
Committed:				
Special projects	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>7,001</u>	<u>31,816</u>	<u>34,184</u>	<u>7,397</u>
Total liabilities and fund balances	<u>\$ 7,001</u>	<u>\$ 31,816</u>	<u>\$ 40,303</u>	<u>\$ 7,397</u>

Special Revenue

Constable Law Enforcement Education	Sheriff's Forfeited Funds	County/District Attorney Forfeited Funds	Sheriff Law Enforcement Education	Justice Court Technology	District Clerk Records Archive
\$ 2,954	\$ 2,321	\$ 5,263	\$ 24	\$ 32,872	\$ 6,488
-	-	-	-	-	-
<u>\$ 2,954</u>	<u>\$ 2,321</u>	<u>\$ 5,263</u>	<u>\$ 24</u>	<u>\$ 32,872</u>	<u>\$ 6,488</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,954	2,321	5,263	24	32,872	6,488
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,954</u>	<u>2,321</u>	<u>5,263</u>	<u>24</u>	<u>32,872</u>	<u>6,488</u>
<u>\$ 2,954</u>	<u>\$ 2,321</u>	<u>\$ 5,263</u>	<u>\$ 24</u>	<u>\$ 32,872</u>	<u>\$ 6,488</u>

Continued

**CASTRO COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

Continuation

Special Revenue

	County Clerk Records Archive	County/District Clerk Technology	Courthouse Records Management	Expo Building
ASSETS				
Cash and cash equivalents	\$ 9,159	\$ 4,642	\$ 11,835	\$ 3,748
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 9,159</u>	<u>\$ 4,642</u>	<u>\$ 11,835</u>	<u>\$ 3,748</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 88	\$ 600
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Accrued payroll and benefits	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>88</u>	<u>600</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	-	-	-	-
Restricted:				
By enabling legislation for special projects	9,159	4,642	11,747	-
Special projects	-	-	-	-
Committed:				
Special projects	-	-	-	3,148
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>9,159</u>	<u>4,642</u>	<u>11,747</u>	<u>3,148</u>
Total liabilities and fund balances	<u>\$ 9,159</u>	<u>\$ 4,642</u>	<u>\$ 11,835</u>	<u>\$ 3,748</u>

Special Revenue

Crime Line	Pretrial Diversion	Total	LEC and Jail Capital Projects	Total Non- Major Governmental Funds
\$ 22,279	\$ 22,110	\$ 418,016	\$ -	\$ 418,016
-	-	185	-	185
<u>\$ 22,279</u>	<u>\$ 22,110</u>	<u>\$ 418,201</u>	<u>\$ -</u>	<u>\$ 418,201</u>
\$ -	\$ -	\$ 8,143	\$ -	\$ 8,143
-	-	3,600	-	3,600
-	-	86	-	86
-	51	15,789	-	15,789
-	51	27,618	-	27,618
-	-	185	-	185
-	22,059	223,216	-	223,216
22,279	-	161,818	-	161,818
-	-	5,907	-	5,907
-	-	(543)	-	(543)
<u>22,279</u>	<u>22,059</u>	<u>390,583</u>	<u>-</u>	<u>390,583</u>
<u>\$ 22,279</u>	<u>\$ 22,110</u>	<u>\$ 418,201</u>	<u>\$ -</u>	<u>\$ 418,201</u>

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

	<u>Special Revenue</u>			
	<u>Castro/Swisher Juvenile Probation Department</u>	<u>Centennial Plaza</u>	<u>Hazel Merritt Bequest</u>	<u>Rhoads Memorial Library Donations & Memorials</u>
REVENUES				
Licenses and fees	\$ 685	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	288,182	-	-	416
Interest	1,143	97	369	69
Miscellaneous	-	-	-	-
	<u>290,010</u>	<u>97</u>	<u>369</u>	<u>485</u>
Total revenues				
EXPENDITURES				
Current:				
Administrative	-	-	-	-
Judicial	-	-	-	-
Public facilities	-	-	-	2,486
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public services	324,453	-	-	-
	<u>324,453</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures				
	<u>324,453</u>	<u>-</u>	<u>-</u>	<u>2,486</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(34,443)</u>	<u>97</u>	<u>369</u>	<u>(2,001)</u>
OTHER FINANCING SOURCES				
Transfers in	68,000	-	-	-
Transfers out	-	-	-	-
	<u>68,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources				
	<u>68,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	33,557	97	369	(2,001)
FUND BALANCES - BEGINNING	<u>44,958</u>	<u>10,416</u>	<u>39,596</u>	<u>7,513</u>
FUND BALANCES - ENDING	<u>\$ 78,515</u>	<u>\$ 10,513</u>	<u>\$ 39,965</u>	<u>\$ 5,512</u>

Special Revenue

Rhoads Memorial Library	Chapter 19 - Voter Registration	County Judge Excess Salary Supplement	Sheriff's Petty Cash	Sheriff's Special Account	Unclaimed Property
\$ 3,223	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
62,000	-	-	-	-	-
345	-	-	24	26	-
2,500	-	386	4,483	5,000	16,367
<u>68,068</u>	<u>-</u>	<u>386</u>	<u>4,507</u>	<u>5,026</u>	<u>16,367</u>
-	-	579	-	-	-
-	-	-	-	-	-
112,503	-	-	-	-	-
-	-	-	4,484	1,826	2,500
-	-	-	-	-	4
-	-	-	-	-	-
<u>112,503</u>	<u>-</u>	<u>579</u>	<u>4,484</u>	<u>1,826</u>	<u>2,504</u>
<u>(44,435)</u>	<u>-</u>	<u>(193)</u>	<u>23</u>	<u>3,200</u>	<u>13,863</u>
62,000	-	-	-	-	-
-	-	-	-	-	-
<u>62,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
17,565	-	(193)	23	3,200	13,863
<u>(18,074)</u>	<u>90</u>	<u>975</u>	<u>2,736</u>	<u>1,985</u>	<u>30,554</u>
<u>\$ (509)</u>	<u>\$ 90</u>	<u>\$ 782</u>	<u>\$ 2,759</u>	<u>\$ 5,185</u>	<u>\$ 44,417</u>

Continued

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

Continuation

Special Revenue

	<u>Check & Sight</u>	<u>Courthouse Security</u>	<u>County Clerk Records Management</u>	<u>County Law Library</u>
REVENUES				
Licenses and fees	\$ 80	\$ 5,241	\$ 11,365	\$ 3,395
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
	<u>80</u>	<u>5,241</u>	<u>11,365</u>	<u>3,395</u>
Total revenues				
EXPENDITURES				
Current:				
Administrative	-	-	16,321	-
Judicial	1,776	-	-	2,800
Public facilities	-	329	-	-
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public services	-	-	-	-
	<u>1,776</u>	<u>329</u>	<u>16,321</u>	<u>2,800</u>
Total expenditures				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,696)</u>	<u>4,912</u>	<u>(4,956)</u>	<u>595</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	13,000	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>-</u>
Total other financing sources				
NET CHANGE IN FUND BALANCES	(1,696)	4,912	8,044	595
FUND BALANCES - BEGINNING	<u>8,697</u>	<u>26,904</u>	<u>26,140</u>	<u>6,802</u>
FUND BALANCES - ENDING	<u>\$ 7,001</u>	<u>\$ 31,816</u>	<u>\$ 34,184</u>	<u>\$ 7,397</u>

Special Revenue

Constable Law Enforcement Education	Sheriff's Forfeited Funds	County/District Attorney Forfeited Funds	Sheriff Law Enforcement Education	Justice Court Technology	District Clerk Records Archive
\$ 685	\$ -	\$ -	\$ 1,964	\$ 2,994	\$ 1,090
-	2,573	1,170	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>685</u>	<u>2,573</u>	<u>1,170</u>	<u>1,964</u>	<u>2,994</u>	<u>1,090</u>
-	-	-	-	-	-
-	-	480	-	870	-
-	-	-	-	-	-
25	320	-	2,035	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>25</u>	<u>320</u>	<u>480</u>	<u>2,035</u>	<u>870</u>	<u>-</u>
660	2,253	690	(71)	2,124	1,090
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>660</u>	<u>2,253</u>	<u>690</u>	<u>(71)</u>	<u>2,124</u>	<u>1,090</u>
<u>2,294</u>	<u>68</u>	<u>4,573</u>	<u>95</u>	<u>30,748</u>	<u>5,398</u>
<u>\$ 2,954</u>	<u>\$ 2,321</u>	<u>\$ 5,263</u>	<u>\$ 24</u>	<u>\$ 32,872</u>	<u>\$ 6,488</u>

Continued

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

Continuation

Special Revenue

	County Clerk Records Archive	County/District Clerk Technology	Courthouse Records Management	Expo Building
REVENUES				
Licenses and fees	\$ 10,280	\$ 1,328	\$ 1,695	\$ 3,300
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Interest	-	-	-	41
Miscellaneous	-	-	-	-
Total revenues	<u>10,280</u>	<u>1,328</u>	<u>1,695</u>	<u>3,341</u>
EXPENDITURES				
Current:				
Administrative	13,440	-	899	-
Judicial	-	-	-	-
Public facilities	-	-	-	3,500
Public safety	-	-	-	-
Road and bridge	-	-	-	-
Public services	-	-	-	-
Total expenditures	<u>13,440</u>	<u>-</u>	<u>899</u>	<u>3,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,160)</u>	<u>1,328</u>	<u>796</u>	<u>(159)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(3,160)</u>	<u>1,328</u>	<u>796</u>	<u>(159)</u>
FUND BALANCES - BEGINNING	<u>12,319</u>	<u>3,314</u>	<u>10,951</u>	<u>3,307</u>
FUND BALANCES - ENDING	<u>\$ 9,159</u>	<u>\$ 4,642</u>	<u>\$ 11,747</u>	<u>\$ 3,148</u>

Special Revenue

Crime Line	Pretrial Diversion	Total	LEC and Jail Capital Projects	Total Non-Major Governmental Funds
\$ 2,656	\$ 11,110	\$ 61,091	\$ -	\$ 61,091
-	-	3,743	-	3,743
-	-	350,598	-	350,598
198	189	2,501	51	2,552
-	-	28,736	-	28,736
<u>2,854</u>	<u>11,299</u>	<u>446,669</u>	<u>51</u>	<u>446,720</u>
-	-	31,239	-	31,239
-	6,819	12,745	-	12,745
-	-	118,818	-	118,818
1,552	-	12,742	-	12,742
-	-	4	-	4
-	-	324,453	-	324,453
<u>1,552</u>	<u>6,819</u>	<u>500,001</u>	<u>-</u>	<u>500,001</u>
<u>1,302</u>	<u>4,480</u>	<u>(53,332)</u>	<u>51</u>	<u>(53,281)</u>
-	-	143,000	-	143,000
-	-	-	(37,924)	(37,924)
-	-	143,000	(37,924)	105,076
1,302	4,480	89,668	(37,873)	51,795
<u>20,977</u>	<u>17,579</u>	<u>300,915</u>	<u>37,873</u>	<u>338,788</u>
<u>\$ 22,279</u>	<u>\$ 22,059</u>	<u>\$ 390,583</u>	<u>\$ -</u>	<u>\$ 390,583</u>

**CASTRO COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Precinct #1 Road and Bridge Fund	Precinct #2 Road and Bridge Fund	Precinct #3 Road and Bridge Fund	Precinct #4 Road and Bridge Fund	Total Road and Bridge Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 50,869	\$ 13,891	\$ 36,519	\$ 295	\$ 101,574
Investments	9,932	9,223	217,993	8,118	245,266
Taxes receivable, net	4,600	4,424	4,335	4,335	17,694
Due from other funds	-	-	29,251	-	29,251
Due from other governmental entities	588	566	554	554	2,262
Prepaid expenses	4,028	4,271	4,074	3,938	16,311
	<u>4,028</u>	<u>4,271</u>	<u>4,074</u>	<u>3,938</u>	<u>16,311</u>
Total assets	<u>\$ 70,017</u>	<u>\$ 32,375</u>	<u>\$ 292,726</u>	<u>\$ 17,240</u>	<u>\$ 412,358</u>
LIABILITIES					
Accounts payable	\$ 464	\$ 408	\$ 5,734	\$ 970	\$ 7,576
Due to other funds	-	-	-	29,251	29,251
Accrued payroll and benefits	15,827	16,845	17,329	13,979	63,980
	<u>15,827</u>	<u>16,845</u>	<u>17,329</u>	<u>13,979</u>	<u>63,980</u>
Total liabilities	<u>16,291</u>	<u>17,253</u>	<u>23,063</u>	<u>44,200</u>	<u>100,807</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	3,590	3,452	3,383	3,383	13,808
	<u>3,590</u>	<u>3,452</u>	<u>3,383</u>	<u>3,383</u>	<u>13,808</u>
Total deferred inflows of resources	<u>3,590</u>	<u>3,452</u>	<u>3,383</u>	<u>3,383</u>	<u>13,808</u>
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	4,028	4,271	4,074	3,938	16,311
Committed:					
Special projects	46,108	7,399	262,206	-	315,713
Unassigned (deficit)	-	-	-	(34,281)	(34,281)
	<u>46,108</u>	<u>7,399</u>	<u>262,206</u>	<u>(34,281)</u>	<u>315,713</u>
Total fund balances	<u>50,136</u>	<u>11,670</u>	<u>266,280</u>	<u>(30,343)</u>	<u>297,743</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 70,017</u>	<u>\$ 32,375</u>	<u>\$ 292,726</u>	<u>\$ 17,240</u>	<u>\$ 412,358</u>

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

	Precinct #1	Precinct #2	Precinct #3	Precinct #4	Total Road and
	Road and	Road and	Road and	Road and	Bridge
	Bridge Fund	Bridge Fund	Bridge Fund	Bridge Fund	Governmental
					Funds
REVENUES					
Property taxes	\$ 152,729	\$ 146,856	\$ 143,946	\$ 143,947	\$ 587,478
Licenses and fees	142,272	132,742	127,096	118,446	520,556
Fines and forfeitures	181	181	181	181	724
Intergovernmental	6,324	6,324	6,324	6,324	25,296
Interest	2,306	914	6,243	397	9,860
Miscellaneous	4,625	4,149	1,657	2,436	12,867
	<u>308,437</u>	<u>291,166</u>	<u>285,447</u>	<u>271,731</u>	<u>1,156,781</u>
EXPENDITURES					
Current:					
Road and bridge	293,582	277,081	262,897	273,596	1,107,156
Debt Service					
Principal	77,000	87,552	-	22,732	187,284
Interest and other charges	3,208	6,479	-	5,436	15,123
Capital Outlay	-	-	99,500	55,166	154,666
	<u>373,790</u>	<u>371,112</u>	<u>362,397</u>	<u>356,930</u>	<u>1,464,229</u>
EXCESS OF REVENUES					
OVER (UNDER) EXPENDITURES	<u>(65,353)</u>	<u>(79,946)</u>	<u>(76,950)</u>	<u>(85,199)</u>	<u>(307,448)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	-	-	-	53,694	53,694
Proceeds from sale of assets	-	-	-	4,000	4,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,694</u>	<u>57,694</u>
NET CHANGE IN FUND BALANCES	(65,353)	(79,946)	(76,950)	(27,505)	(249,754)
FUND BALANCES - BEGINNING	<u>115,489</u>	<u>91,616</u>	<u>343,230</u>	<u>(2,838)</u>	<u>547,497</u>
FUND BALANCES - ENDING	<u>\$ 50,136</u>	<u>\$ 11,670</u>	<u>\$ 266,280</u>	<u>\$ (30,343)</u>	<u>\$ 297,743</u>

FIDUCIARY FUNDS

AGENCY FUNDS

The Agency Funds account for assets received in the capacity of trustee or agent for the County, other governmental entity or individual.

County Attorney – The County Attorney Fund accounts for the partial payments of restitution and fees associated with the collection of hot checks within the County limits.

County/ District Clerk – The County/District Clerk’s Fund accounts for registry funds held by the County and District Clerk.

Tax Assessor Collector – The Tax Assessor Collector’s Fund accounts for money collected by the Tax Assessor Collector and remitted to The State of Texas.

CASTRO COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2020

	<u>County Attorney</u>	<u>County/District Clerk</u>	<u>Tax Assessor Collector</u>	<u>Total</u>
ASSETS				
Cash	\$ 526	\$ 189,113	\$ 58,644	\$ 248,283
Total assets	<u>\$ 526</u>	<u>\$ 189,113</u>	<u>\$ 58,644</u>	<u>\$ 248,283</u>
LIABILITIES				
Accounts payable	\$ 526	\$ -	\$ 250	\$ 776
Due to other governments	-	-	58,394	58,394
Deposits	<u>-</u>	<u>189,113</u>	<u>-</u>	<u>189,113</u>
Total liabilities	<u>\$ 526</u>	<u>\$ 189,113</u>	<u>\$ 58,644</u>	<u>\$ 248,283</u>

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PART III
COMPLIANCE



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Castro County, Texas

INDEPENDENT AUDITORS' 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*

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 Castro County, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Castro County, Texas's basic financial statements and have issued our report thereon dated December 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Castro County, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Castro County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Castro 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

December 23, 2020