

YOUNG COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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FINANCIAL SECTION



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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Independent Auditor's Report

To the Honorable County Judge
and County Commissioners
Young County, Texas

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the 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 accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Basis for Qualified Opinions on Governmental Activities and General Fund

As fully described in Note L to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2020 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables be recorded, which would increase the assets and fund balance/net position and change the revenues in the Governmental Activities and General Fund. The amount by which this departure would affect the assets, fund balance/net position, and revenues of the Governmental Activities and General Fund has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and General Fund of the County as of September 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the County as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows 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, the budgetary comparison information, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System, Schedule of Employer Contributions – Texas County and District Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios – Young County Retiree Health Care Plan be presented to supplement the basic financial statements. Such information, although not a required 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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
March 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Young County, Texas, we offer readers of the County's Annual Financial Report this narrative overview and analysis of the County's financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2020 by \$24,989,171 (net position). Of this amount, \$8,719,913 is unrestricted and may be used to meet the County's obligations.
- During the year, the County's total net position increased by \$1,638,180. The County's expenses, which totaled \$11,312,476, were less than the County's program revenues of \$3,117,459 and general revenues of \$9,833,197.
- The total cost of the County's programs decreased \$394,516 or 3% from the prior year.
- The governmental funds reported a fund balance at September 30, 2020 of \$10,147,570, which is an increase of \$1,541,330 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$8,273,057, or 77% of the total General Fund expenditures for the year ended September 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

All of the County's services are reported in the government-wide financial statements, including administration, judicial, road and bridge, and public safety. Property taxes, sales taxes, highway taxes, fees and commissions and intergovernmental grants finance most of the activities. Additionally, all capital and debt financing activities are reported here.

The government-wide financial statements are designed to provide readers a broad overview of the County's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The *statement of activities* details how the County'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 the related cash flows. Therefore, 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 property taxes).

Fund Financial Statements

The County uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the County to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the County can be divided into three categories: governmental funds, internal service fund and fiduciary 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 short-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 the County's short-term financing requirements.

Because the focus on *governmental funds* is narrower than that of 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 County's short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintained multiple governmental funds in the current fiscal year. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered to be the County's major fund. Financial data for the other governmental funds are combined into a single, aggregated presentation.

Internal service fund. The County's health insurance plan is accounted for as an internal service fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 is the County's net position summarized for the *governmental activities*.

Table 1 - County's Net Position

	Governmental Activities			
	2020	2019	Change	% Change
Current assets	\$ 11,142,626	\$ 9,590,929	\$ 1,551,697	16%
Long-term assets	18,594,078	19,334,769	(740,691)	-4%
Total Assets	29,736,704	28,925,698	811,006	3%
Deferred Outflows of Resources	361,459	1,654,624	(1,293,165)	-78%
Current liabilities	335,936	551,788	(215,852)	-39%
Noncurrent liabilities	4,030,585	6,466,304	(2,435,719)	-38%
Total Liabilities	4,366,521	7,018,092	(2,651,571)	-38%
Deferred Inflows of Resources	742,471	211,239	531,232	251%
Net position:				
Net investment in capital assets	14,724,062	14,792,752	(68,690)	0%
Restricted	1,545,196	1,275,218	269,978	21%
Unrestricted	8,719,913	7,283,021	1,436,892	20%
Total Net Position	\$ 24,989,171	\$ 23,350,991	\$ 1,638,180	7%

The net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$14,724,062. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in 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 capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$1,545,196, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$8,719,913 may be used to meet the County's ongoing obligations.

Changes in Net Position

The County's total revenues, both program and general, were \$12,950,656. A significant portion, 62%, of the County's revenue comes from property taxes. Charges for services accounted for 22% of the County's revenue. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2020 and 2019 for the County's *governmental activities*.

Table 2 - County's Revenues

	Governmental Activities			
	2020	Percent	2019	Percent
Charges for services	\$ 2,792,348	22%	\$ 2,957,376	23%
Operating grants and contributions	325,111	3%	193,054	2%
Property taxes	8,150,816	62%	8,077,078	63%
Sales taxes	1,304,553	10%	1,203,343	9%
Occupancy taxes	61,966	0%	54,559	0%
Mixed beverage taxes	26,671	0%	29,187	0%
Investment earnings	91,483	1%	87,693	1%
Miscellaneous	197,708	2%	240,317	2%
Total Revenues	\$ 12,950,656	100%	\$ 12,842,607	100%

A brief summary of the significant changes between years are as follows:

- Property taxes increased by \$73,738. The increase is mostly due to tax rates decreasing and an increase in taxable values.

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2020 and 2019 for the County's *governmental activities*. The total cost of all programs and services was \$11,312,476 and \$11,706,992 for the years ended September 30, 2020 and 2019, respectively.

Table 3 - County's Expenses

	Governmental Activities			
	2020	Percent	2019	Percent
County Judge	\$ 149,078	1%	\$ 159,879	1%
County Clerk	246,159	2%	235,989	2%
Veteran service	20,998	0%	20,337	0%
Homeland security	20,668	0%	13,063	0%
Nondepartmental costs	271,131	2%	301,898	3%
Computer department	90,126	1%	93,354	1%
County/District court	435,165	4%	518,728	4%
District Clerk	187,801	2%	186,266	2%
Justices of the Peace	308,559	3%	301,625	3%
District Judge	62,459	1%	66,094	1%
County Attorney	240,549	2%	247,039	2%
District Attorney	284,566	3%	324,080	3%
Elections	190,573	2%	132,262	1%
County Auditor	213,210	2%	211,243	2%
County Treasurer	125,366	1%	136,990	1%
Tax Assessor/Collector	456,390	4%	473,302	4%
Courthouse maintenance	210,594	2%	219,506	2%
Annex maintenance	17,676	0%	18,974	0%
Ambulance	189,000	2%	189,749	2%
Constables	85,102	1%	86,310	1%
Dpt of Pub Safety & Game Warden	5,972	0%	5,186	0%
Sheriff, dispatch and jail	2,975,509	25%	2,987,126	25%
911 mapping	78,392	1%	82,401	1%
Adult probation	486,163	4%	485,443	4%
Juvenile probation	608,170	5%	776,736	7%
Pauper services	13,500	0%	22,472	0%
Fort Belknap	128,880	1%	117,667	1%
Agricultural extension agent	27,290	0%	26,366	0%
Home extension agent	22,904	0%	25,360	0%
TAEX office	58,008	1%	61,457	1%
Employee benefits	81,648	1%	85,915	1%
District court reporter	106,452	1%	106,990	1%
Road and bridge	2,611,815	23%	2,673,231	22%
Library expense	7,629	0%	5,590	0%
Hospital and medical costs	82,683	1%	119,937	1%
Medical administrative costs	72,147	1%	53,053	0%
Preservation of books	31,219	0%	7,499	0%
Debt service - interest	108,925	1%	127,875	1%
Total Expenses	\$ 11,312,476	100%	\$ 11,706,992	100%

There were no significant variances between years.

Governmental Activities

Table 4 presents the various revenue categories and gross costs of the County for both the current and prior year.

Table 4 - Changes in Net Position

	Governmental Activities			
	2020	2019	\$ Change	% Change
Revenues and special item:				
Program revenues	\$ 3,117,459	\$ 3,150,430	\$ (32,971)	-1%
General revenues	9,833,197	9,692,177	141,020	1%
Special item - gain on sale of capital assets	-	245,309	(245,309)	-100%
Total revenues and special item	12,950,656	13,087,916	(137,260)	-1%
Expenses	11,312,476	11,706,992	(394,516)	-3%
Change in net position	\$ 1,638,180	\$ 1,380,924	\$ 257,256	19%

Table 5 presents the net cost of the County's most significant governmental departments/functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, other taxes, and other miscellaneous general revenues.

Table 5 - Cost of County Departments/Functions

	Governmental Activities			
	2020	Percent	2019	Percent
County Judge	\$ 149,078	2%	\$ 134,679	2%
County Clerk	(118,521)	-1%	(138,838)	-2%
District/County court	396,869	5%	480,581	6%
Justices of the Peace	160,192	2%	121,357	1%
County Attorney	240,549	3%	212,039	2%
District Attorney	119,785	1%	183,131	2%
Tax Assessor/Collector	(294,600)	-4%	(270,265)	-3%
Sheriff, dispatch and jail	2,665,290	33%	2,591,155	30%
Road and bridge	2,611,815	32%	2,569,835	30%

Financial Analysis of the County's Funds

As previously stated, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

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

As of September 30, 2020, the County's governmental funds reported a combined ending fund balance of \$10,147,570, an increase of \$1,541,330 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances
September 30, 2020**

	General Fund	Other Governmental Funds	Totals
Nonspendable:			
Prepays	\$ 46,422	\$ 38	\$ 46,460
Restricted:			
Debt service	-	454,077	454,077
Special assessments	-	1,048,976	1,048,976
Assigned	325,000	-	325,000
Unassigned	8,273,057	-	8,273,057
Total Fund Balances	\$ 8,644,479	\$ 1,503,091	\$ 10,147,570

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$8,644,479, of which \$46,422 was nonspendable, \$325,000 was assigned, and \$8,273,057 was unassigned. The total unassigned fund balance represents 77% of the total General Fund expenditures for the year ended September 30, 2020. The total fund balance increased \$1,286,566 in the current fiscal year.

General Fund revenues totaled \$11,645,722, a decrease of \$104,292 or less than 1% over the preceding year. The revenue categories with significant changes between years were as follows:

- Sales tax revenues increased \$101,210 or 8%. The increase is due to the overall improvement in the economy.
- Licenses, fees and fines decreased \$91,029 or 13%. The decrease is due to less court activity related to the COVID-19 Pandemic.

General Fund expenditures totaled \$10,809,711, a decrease of \$643,968 or 6% over the preceding year. The expenditure categories with significant changes between years were as follows:

- Juvenile probation expenditures decreased \$145,421 or 19%. The decrease is because fewer juveniles were placed in third party facilities in the current year than in the prior year.
- Capital outlay expenditures decreased \$325,974 or 37%. The decrease is because less equipment was acquired in the current year than in the prior year.
- Debt service - principal decreased \$134,403 or 29%. The decrease is due to several capital leases paid off early in the current year and new capital leases for equipment purchased during the year that had no current year payments.

Other Governmental Funds

Other governmental funds consist of the various special revenue funds and the debt service fund. The total ending fund balance was \$1,503,091, an increase of \$254,764 from the previous year.

The Other Governmental Funds' revenues totaled \$1,145,964, an increase of \$61,024 or 6%. The only revenue category with a significant change was federal and state grants which increased \$138,173 or 2960% mostly due to the County receiving a one-time election improvement grant of \$120,000 in 2020.

The Other Governmental Funds' expenditures totaled \$878,504, an increase of \$16,513 or 2%. The only expenditure category with a significant change was debt service – principal which increased \$20,000 or 3% due to an increase in regularly scheduled debt payments.

General Fund Budgetary Highlights

The County revised its budget several times during the year. With these adjustments, total expenditures were \$532,020 less than the final budget amounts. Most functional areas were below their budget; however, six departments had over expended budgets ranging from \$2,500 to \$437,397. The budget areas where expenditures were significantly above or below the final budgeted amount are as follows:

- Sheriff, dispatch and jail – under-expended by \$381,085
- Juvenile probation – under-expended by \$69,507
- Capital outlay – over-expended by \$437,397
- Debt service - principal – over-expended by \$77,735

On the other hand, revenues were \$498,920 above the final budgeted amount. All of the revenues fell within normal variance above and below budgeted levels, except as follows:

- Property taxes – favorable budget variance of \$802,347
- Sales taxes – favorable budget variance of \$144,553
- Licenses, fees and fines – unfavorable budget variance of \$246,545
- Wind farm revenue – unfavorable budget variance of \$135,000

In all instances, the County failed to amend the budget for changes in the revenues and expenditures based on known facts during the fiscal year.

The budget line items in the original budget were not materially different than in the final adopted budget in any area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the County had invested in a broad range of capital assets totaling \$18,565,760, net of accumulated depreciation, including land, buildings, equipment, and infrastructure. See Table 7 below.

Table 7 - Capital Assets, Net

	2020	2019	\$ Change	% Change
Land	\$ 711,731	\$ 711,731	\$ -	0%
Buildings and improvements	11,922,529	12,225,923	(303,394)	-2%
Machinery and equipment	3,880,757	4,219,815	(339,058)	-8%
Infrastructure	2,050,743	2,158,233	(107,490)	-5%
Totals	\$ 18,565,760	\$ 19,315,702	\$ (749,942)	-4%

Capital assets, net of accumulated depreciation, decreased \$749,942 or 4% from the previous year. Additional information about the County's capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2020, the County had \$3,841,698 in long-term obligations outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2020	2019	\$ Change	% Change
Bonds payable	\$ 2,245,000	\$ 2,950,000	\$ (705,000)	-24%
Bond premium	52,125	91,840	(39,715)	-43%
Capital lease obligations	1,544,573	1,500,177	44,396	3%
Totals	\$ 3,841,698	\$ 4,542,017	\$ (700,319)	-15%

Total long-term obligations decreased \$700,319 or 15%. Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2020-21 budget preparation is \$1,141,650,053, an increase of \$140,207,446, or 14% from the prior year taxable values. The overall tax rate adopted is \$.617280 per \$100 valuation, a decrease of \$.103479 per \$100 valuation.

Revenues budgeted in the General Fund's budget are \$11,949,161, an increase of \$303,439, or 3% from the final 2019-20 revenues of \$11,645,722.

General Fund expenditures budget for 2020-21 of \$12,274,161, an increase of \$1,464,450 from the final 2019-20 expenditures of \$10,809,711. Most of the increase relates to very conservative budgeting in 2020-21. The County does not anticipate any new programs or projects being added in 2020-21.

The other sources and uses are budgeted to be less than the prior year amounts as the County is not budgeting any new capital lease proceeds or sales of capital assets in 2020-21.

If these estimates are realized, the County's General Fund's fund balance will decrease \$325,000 by September 30, 2021.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office.

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>
Assets	
Cash	\$ 8,117,171
Investments	2,047,549
Receivables:	
Property taxes, net	396,989
Sales taxes	216,892
Accounts	242,619
Due from fiduciary	74,946
Prepaid expenses	46,460
Capital assets, net	18,565,760
Net pension asset	28,318
Total assets	<u>29,736,704</u>
Deferred Outflows of Resources	
Pension plan related	325,071
OPEB plan related	5,973
Deferred loss on refunding	30,415
Total deferred outflows of resources	<u>361,459</u>
Liabilities	
Accounts payable	151,465
Accrued liabilities	184,471
Long-term liabilities:	
Due within one year	1,904,739
Due in more than one year	2,048,549
Net OPEB liability	77,297
Total liabilities	<u>4,366,521</u>
Deferred Inflows of Resources	
Pension plan related	733,069
OPEB plan related	9,402
Total deferred inflows of resources	<u>742,471</u>
Net Position	
Net investment in capital assets	14,724,062
Restricted	1,545,196
Unrestricted	8,719,913
Total net position	<u>\$ 24,989,171</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
County Judge	\$ 149,078	\$ -	\$ -	\$ (149,078)
County Clerk	246,159	339,480	25,200	118,521
Veteran service	20,998	-	-	(20,998)
Homeland security	20,668	-	-	(20,668)
Nondepartmental costs	271,131	14,234	-	(256,897)
Computer department	90,126	-	22,065	(68,061)
County/District court	435,165	38,296	-	(396,869)
District Clerk	187,801	116,941	-	(70,860)
Justices of the Peace	308,559	148,367	-	(160,192)
District Judge	62,459	33,149	-	(29,310)
County Attorney	240,549	-	-	(240,549)
District Attorney	284,566	126,281	38,500	(119,785)
Elections	190,573	18,103	-	(172,470)
County Auditor	213,210	-	138,546	(74,664)
County Treasurer	125,366	-	-	(125,366)
Tax Assessor/Collector	456,390	750,990	-	294,600
Courthouse maintenance	210,594	-	-	(210,594)
Annex maintenance	17,676	-	-	(17,676)
Ambulance	189,000	-	-	(189,000)
Constables	85,102	7,190	-	(77,912)
Department of Public Safety and Game Warden	5,972	-	-	(5,972)
Sheriff, dispatch and jail	2,975,509	310,219	-	(2,665,290)
911 mapping	78,392	-	33,777	(44,615)
Adult probation	486,163	500,642	-	14,479
Juvenile probation	608,170	388,056	-	(220,114)
Pauper services	13,500	-	-	(13,500)
Fort Belknap	128,880	400	-	(128,480)
Agricultural extension agent	27,290	-	-	(27,290)
Home extension agent	22,904	-	-	(22,904)
TAEX office	58,008	-	-	(58,008)
Employee benefits	81,648	-	-	(81,648)
District court reporter	106,452	-	-	(106,452)
Road and bridge	2,611,815	-	-	(2,611,815)
Library expense	7,629	-	67,023	59,394
Hospital and medical costs	82,683	-	-	(82,683)
Medical administrative costs	72,147	-	-	(72,147)
Preservation of books	31,219	-	-	(31,219)
Debt service - interest	108,925	-	-	(108,925)
Total governmental activities	<u>\$ 11,312,476</u>	<u>\$ 2,792,348</u>	<u>\$ 325,111</u>	<u>(8,195,017)</u>
General revenues				
Property taxes, levied for general purposes				7,289,037
Property taxes, levied for debt service purposes				861,779
Sales taxes				1,304,553
Occupancy taxes				61,966
Mixed beverage taxes				26,671
Investment earnings				91,483
Miscellaneous				197,708
Total general revenues				<u>9,833,197</u>
Change in net position				1,638,180
Net position - beginning				23,350,991
Net position - ending				<u>\$ 24,989,171</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 6,329,114	\$ 1,490,575	\$ 7,819,689
Investments	2,047,549	-	2,047,549
Receivables, net:			
Property taxes	354,285	42,704	396,989
Sales tax	216,892	-	216,892
Other	241,381	1,238	242,619
Due from other funds	94,649	15,358	110,007
Prepaid expenses	46,422	38	46,460
Total assets	<u>\$ 9,330,292</u>	<u>\$ 1,549,913</u>	<u>\$ 10,880,205</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 147,347	\$ 4,118	\$ 151,465
Accrued liabilities	149,120	-	149,120
Due to other funds	35,061	-	35,061
Total liabilities	<u>331,528</u>	<u>4,118</u>	<u>335,646</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>354,285</u>	<u>42,704</u>	<u>396,989</u>
Fund balances:			
Nonspendable - prepaids	46,422	38	46,460
Restricted	-	1,503,053	1,503,053
Assigned	325,000	-	325,000
Unassigned	8,273,057	-	8,273,057
Total fund balances	<u>8,644,479</u>	<u>1,503,091</u>	<u>10,147,570</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,330,292</u>	<u>\$ 1,549,913</u>	<u>\$ 10,880,205</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds (Exhibit A-3) \$ 10,147,570

Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 29,315,549	
Related accumulated depreciation	<u>10,749,789</u>	18,565,760

Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds. 396,989

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	2,245,000	
Bond premium	52,125	
Capital lease obligations	1,544,573	
Accrued compensated absences	<u>111,590</u>	(3,953,288)

The losses on refunded debt is not recognized in the governmental funds; however, they are capitalized as deferred losses on refunding and amortized over the life of the refunded debt. The balance of the deferred loss at year-end was: 30,415

The accrued interest on the long-term debt at year-end was: (35,351)

The County's net pension liability and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System and the OPEB liability related to the County-provided retiree medical coverage do not meet the criteria to be reported in the governmental funds financial statements. These items consist of:

Net pension asset	28,318	
Deferred outflows - pension related items	325,071	
Deferred outflows - OPEB items	5,973	
Deferred inflows - pension related items	(733,069)	
Deferred inflows - OPEB items	(9,402)	
Net OPEB liability	<u>(77,297)</u>	(460,406)

The County uses an internal service fund to operate the County's health insurance program for all eligible employees and retirees of the County. The assets and liabilities are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. 297,482

Total net position - governmental activities (Exhibit A-1) \$ 24,989,171

The accompanying notes are an integral part of this statement.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 7,140,758	\$ 851,493	\$ 7,992,251
Sales taxes	1,304,553	-	1,304,553
Occupancy taxes	61,966	-	61,966
Mixed beverage tax	26,671	-	26,671
Licenses, fees and fines	629,105	141,325	770,430
Other governmental reimbursements	1,304,066	-	1,304,066
Auto registration	487,422	-	487,422
Surtax on auto registration	183,570	-	183,570
Federal and state grants	182,270	142,841	325,111
Wind farm revenues	93,750	-	93,750
Interest earned	85,315	5,763	91,078
Other revenue	146,276	4,542	150,818
Total revenues	11,645,722	1,145,964	12,791,686
Expenditures			
County Judge	149,668	-	149,668
County Clerk	246,726	-	246,726
Veteran service	20,912	-	20,912
Homeland security	20,611	-	20,611
Nondepartmental costs	199,580	32,354	231,934
Computer department	90,117	-	90,117
County/District court	424,748	4,258	429,006
District Clerk	191,875	-	191,875
Justices of the Peace	304,951	3,357	308,308
District Judge	63,754	-	63,754
County Attorney	241,482	-	241,482
District Attorney	285,317	-	285,317
Elections	149,991	7,645	157,636
County Auditor	213,092	-	213,092
County Treasurer	126,954	-	126,954
Tax Assessor/Collector	460,088	-	460,088
Courthouse maintenance	199,165	-	199,165
Annex maintenance	17,676	-	17,676
Ambulance	189,000	-	189,000
Constables	73,335	-	73,335
Department of Public Safety and Game Warden	5,972	-	5,972
Sheriff, dispatch and jail	2,648,396	-	2,648,396
911 mapping	77,898	-	77,898
Adult probation	486,061	-	486,061
Juvenile probation	603,998	-	603,998
Pauper services	13,500	-	13,500
Fort Belknap	111,820	-	111,820

The accompanying notes are an integral part of this statement.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Agricultural extension agent	27,595	-	27,595
Home extension agent	22,904	-	22,904
TAEX office	57,944	-	57,944
Employee benefits	81,648	-	81,648
District court reporter	104,729	-	104,729
Road and bridge	1,795,877	-	1,795,877
Library expense	-	7,629	7,629
Hospital and medical costs	82,683	-	82,683
Medical administrative costs	72,147	-	72,147
Preservation of books	-	31,219	31,219
Capital outlay	564,897	7,927	572,824
Debt service - principal	335,503	705,000	1,040,503
Debt service - interest	47,097	79,115	126,212
Total expenditures	<u>10,809,711</u>	<u>878,504</u>	<u>11,688,215</u>
Excess of revenues over (under) expenditures	<u>836,011</u>	<u>267,460</u>	<u>1,103,471</u>
Other sources and (uses):			
Proceeds from issuance of capital leases	379,009	-	379,009
Proceeds from sale of capital assets	58,850	-	58,850
Transfers in	2,211,695	-	2,211,695
Transfers out	<u>(2,198,999)</u>	<u>(12,696)</u>	<u>(2,211,695)</u>
Total other sources and (uses)	<u>450,555</u>	<u>(12,696)</u>	<u>437,859</u>
Net change in fund balances	1,286,566	254,764	1,541,330
Fund balances, beginning of year	7,357,913	1,248,327	8,606,240
Fund balances, end of year	<u>\$ 8,644,479</u>	<u>\$ 1,503,091</u>	<u>\$ 10,147,570</u>

The accompanying notes are an integral part of this statement.

YOUNG 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

Net change in fund balances - total governmental funds (Exhibit A-5)		\$ 1,541,330
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 572,824	
Depreciation expense for the year	<u>1,118,033</u>	(545,209)
Proceeds from the sale of capital assets are recorded as revenues when received in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale.		(223,800)
Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources increased by this amount:		158,565
The issuance of long-term debt is recorded as other sources in the governmental funds; however, they are recorded as long-term liabilities in the government-wide financial statements. The County issued capital leases during the year totaling:		(379,009)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:		
Bonds payable	705,000	
Capital lease obligations	<u>334,613</u>	1,039,613
Included in long-term debt are obligations for accrued vacation leave and the net other post-employment benefit obligation. The changes in these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was:		(13,484)
The amortization of the bond premiums and deferred loss on refunding were as follows:		
Bond premiums	39,715	
Deferred loss on refunding	<u>(23,174)</u>	16,541
The change in accrued interest on long-term debt was:		1,636
The County uses an internal service fund to operate the County health insurance program for the benefit of all eligible employees and retirees. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is an increase in net position.		66,018
The net other post-employment benefit obligation is related to the County's retiree health care plan. The actuarial expense was more than the plan contributions in the current year.		(1,002)
The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. The actuarial expense exceeded the plan contributions in the current year.		<u>(23,019)</u>
Change in net position of governmental activities (Exhibit A-2)		<u>\$ 1,638,180</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
SEPTEMBER 30, 2020

	Insurance Fund
Assets	
Cash	\$ 297,482
Total assets	<u>297,482</u>
Liabilities	
Accounts payable	-
Total liabilities	<u>-</u>
Net Position	
Unrestricted	297,482
Total net position	<u>\$ 297,482</u>

The accompanying notes are an integral part of this statement.

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

	Insurance Fund
Operating revenues	
Charges for services	\$ 1,089,973
Operating expenses:	
Insurance premiums and claims	<u>1,024,360</u>
Income from operations	65,613
Non-operating income:	
Interest income	<u>405</u>
Change in net position	66,018
Total net position - beginning	<u>231,464</u>
Total net position - ending	<u><u>\$ 297,482</u></u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Insurance Fund
Cash flows from operating activities	
Cash received for health insurance coverage	\$ 1,089,973
Cash paid to insurance provider	(999,411)
Cash paid to employees for health reimbursements	(24,949)
Net cash provided by operating activities	<u>65,613</u>
Cash flows from investing activities	
Interest earnings	<u>405</u>
Net increase in cash and cash equivalents	66,018
Cash and cash equivalents at beginning of the year	231,464
Cash and cash equivalents at end of the year	<u><u>\$ 297,482</u></u>
Reconciliation of income from operations to net cash provided by operating activities:	
Operating income	\$ 65,613
Effect of change in current assets and liabilities:	
Decrease in accounts payable	-
Net cash provided by operating activities	<u><u>\$ 65,613</u></u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS
SEPTEMBER 30, 2020

	<u>Agency Funds</u>
Assets	
Cash	\$ 844,617
Investments	121,366
Due from other funds	23,933
Total assets	<u>\$ 989,916</u>
 Liabilities	
Due to other funds	\$ 98,879
Due to others	891,037
Total liabilities	<u>\$ 989,916</u>

The accompanying notes are an integral part of this statement.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Young County (County), a political subdivision of the State of Texas, is governed by an elected judge and four county commissioners which comprise the Commissioners' Court. The County's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, conservation, and ambulance service.

The accounting policies of the County conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standards setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement Nos. 39 and 61, in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements. Governmental activities are predominately supported by taxes and intergovernmental revenues.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, fines, fees and ambulance revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental fund:

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

The County reports the following nonmajor governmental funds reported as 'Other Governmental Funds':

The *Special Revenue Funds* account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt.

The County reports the following internal service fund:

The *Insurance Fund* is used to account for the County's health insurance plan and related health reimbursement arrangement plan.

Additionally, the County reports the following Agency Funds:

Agency Funds are used to report cash and investments and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The assets are held in a trustee or agent capacity and are not available to support County programs; therefore, these funds are not included in the government-wide financial statements.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Assets, Liabilities, and Net Position or Equity

a. 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.

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or secured by obligations that are described above; or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

All investments are stated at fair value which are based on quoted market prices.

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables, including those for the County, are shown net of an allowance for uncollectibles.

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Young County Appraisal District. Taxes are due without penalty until January 31 of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

c. 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.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

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

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

Buildings and improvements	25 - 50 years
Machinery and equipment	5 - 20 years
Infrastructure	35 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The amounts reported by the County in this category related to the County's participation in the Texas County and District Retirement System (TCDRS) and the deferred loss of debt refunding.

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has items that qualify for reporting in this category. The amounts reported by the County in this category include amounts related to the County's participation in TCDRS as well as property taxes receivable that are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received.

7. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$111,590 of accrued vacation and compensated absences at September 30, 2020 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum of 240 hours of accumulated earned sick leave. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Premiums and discounts on long-term obligations are deferred and amortized over the life of the debt using the straight-line method which approximates the effective interest method. Long-term obligations payable is reported net of the applicable premium or discount. Issuance costs are expensed in the period the debt is issued.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as 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. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself. At September 30, 2020, the assigned fund balance represents the budgeted deficit for 2020-21 in the General Fund.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

10. Transactions Between Funds

Outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or non-routine transfers of equity between funds are accounted for as transfers.

11. 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.

12. Pensions

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

13. Other Post-Employment Benefits

The fiduciary net position of the County's Retiree Health Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the County's Retiree Health Care Plan fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go-plan and all cash is held in a cash account.

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions are reported below, along with actions taken to address such violations:

The County had expenditures in excess of budget in six departments ranging from \$2,500 to \$437,397. In the future, the County will be more diligent in making necessary budget adjustments to avoid unfavorable budget variances.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

2. Deficit Fund Balance or Net Position of Individual Funds

The County has no funds with a deficit fund balance or net position.

C. DEPOSITS AND INVESTMENTS

1. Deposits

Deposits, except for those held in trust by the County Clerk, District Clerk and others, were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2020, the carrying amount of the County's deposits was \$10,164,720 and the balance per the bank was \$10,325,883. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$2,047,549.

The County Clerk, District Clerk and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest-bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2020 were \$965,983 and the balance per the bank was \$985,488. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$121,366.

2. Investments

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, maturity and the quality and capability of investment management; 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.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

The County's investments at September 30, 2020 are shown below:

<u>Investment or Investment Type</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Certificates of deposit	6.62	<u>\$2,047,549</u>

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

The County values its certificates of deposit using Level 2 inputs.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to a concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

D. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service) for the year ended September 30, 2020 was \$0.644245 per \$100 valuation. The long-term debt service tax rate for the year ended September 30, 2020 was \$0.076514 per \$100 valuation. The total combined tax rate was \$0.720759 per \$100 valuation for the year ended September 30, 2020.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2020, net property taxes receivable is calculated as follows:

	General Fund	Other Governmental Funds	Totals
Gross property taxes receivable	\$444,832	\$53,618	\$498,450
Allowance for uncollectible taxes	(90,547)	(10,914)	(101,461)
Net property taxes receivable	<u>\$354,285</u>	<u>\$42,704</u>	<u>\$396,989</u>

Of the \$396,989 of net property taxes receivable at September 30, 2020, the County expects to collect approximately \$150,000 within a year. This is similar to the delinquent taxes received in previous years.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

E. CAPITAL ASSETS

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

Governmental Activities:	Balance <u>10/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance <u>9/30/2020</u>
Capital assets not being depreciated:					
Land	\$ 711,731	\$ -	\$ -	\$ -	\$ 711,731
Capital assets being depreciated:					
Buildings and improvements	16,948,521	6,707	-	-	16,955,228
Machinery and equipment	7,701,183	566,117	406,873	26,000	7,886,427
Infrastructure	<u>3,762,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,762,163</u>
Total capital assets being depreciated	<u>28,411,867</u>	<u>572,824</u>	<u>406,873</u>	<u>26,000</u>	<u>28,603,818</u>
Less accumulated depreciation for:					
Buildings and improvements	4,722,598	310,101	-	-	5,032,699
Machinery and equipment	3,481,368	700,442	183,073	6,933	4,005,670
Infrastructure	<u>1,603,930</u>	<u>107,490</u>	<u>-</u>	<u>-</u>	<u>1,711,420</u>
Total accumulated depreciation	<u>9,807,896</u>	<u>1,118,033</u>	<u>183,073</u>	<u>6,933</u>	<u>10,749,789</u>
Total capital assets being depreciated, net	<u>18,603,971</u>	(545,209)	<u>223,800</u>	<u>19,067</u>	<u>17,854,029</u>
Governmental activities capital assets, net	<u>\$19,315,702</u>	(\$ 545,209)	<u>\$223,800</u>	<u>\$ 19,067</u>	<u>\$18,565,760</u>

At September 30, 2020, the County had \$3,063,584 of machinery and equipment acquired under capital lease obligations with accumulated depreciation of \$1,209,299.

Depreciation expense was charged to departments of the County as follows:

Nondepartmental Costs	\$ 39,197
County/District Court	6,141
Elections	32,828
Courthouse Maintenance	10,713
Constables	12,243
Sheriff, Dispatch and Jail	341,067
911 mapping	1,059
Fort Belknap	18,186
Road and Bridge	<u>656,599</u>
Total governmental depreciation	<u>\$1,118,033</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Balances due to and from other funds at September 30, 2020 were as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$ 29,680	Short-term borrowings
General Fund	Agency Funds	64,969	Fee account balances
Other Governmental Funds	General Fund	5,381	Short-term borrowings
Other Governmental Funds	Agency Funds	9,977	Fee account balances
Agency Funds	Agency Funds	<u>23,933</u>	Fee account balances
	Total	<u>\$133,940</u>	

All of the above amounts are expected to be repaid within one year.

Interfund transfers during the year ended September 30, 2020 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$2,198,999	Supplement other resources
Other Governmental Funds	General Fund	<u>12,696</u>	Supplement other resources
	Total	<u>\$2,211,695</u>	

G. LONG-TERM OBLIGATIONS

The County issued bonded debt and capital lease obligations to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

Changes in long-term obligations for the year ended September 30, 2020 were as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>10/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2020</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable	\$2,950,000	\$ -	\$ 705,000	\$2,245,000	\$ 725,000
Bond premium	91,840	-	39,715	52,125	28,783
Capital lease obligations	1,500,177	379,009	334,613	1,544,573	1,039,366
Compensated absences *	<u>98,106</u>	<u>248,367</u>	<u>234,883</u>	<u>111,590</u>	<u>111,590</u>
Totals	<u>\$4,640,123</u>	<u>\$ 627,376</u>	<u>\$1,314,211</u>	<u>\$3,953,288</u>	<u>\$1,904,739</u>

* Compensated absences are generally liquidated by the General Fund.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

Bonds Payable

Bonds payable at September 30, 2020 are comprised of the following issues:

	<u>Original Debt</u>	<u>Range of Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance 9/30/2020</u>
General Obligation Refunding Bonds, Series 2014	\$5,080,000	2.00% - 3.00%	2/15/2023	\$2,245,000
Related bond premium				<u>52,125</u>
Total				<u>\$2,297,125</u>

Debt service requirements on the bonds payable at September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 753,783	\$ 56,475	\$ 810,258
2022	767,481	34,300	801,781
2023	<u>775,861</u>	<u>11,500</u>	<u>787,361</u>
Totals	<u>\$2,297,125</u>	<u>\$102,275</u>	<u>\$2,399,400</u>

Capital Lease Obligations

Capital lease obligations payable at September 30, 2020 are as follows:

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

	<u>Original Debt</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance 9/30/2020</u>
2017 Ford Explorer - Jail	\$ 28,743	2.75%	3/13/2021	\$ 6,769
2017 Chevy Tahoe – Sheriff's Dept.	40,900	3.15%	07/24/2020	9,004
Election Equipment – Elections	148,896	2.50%	01/09/2022	61,771
2019 Mack Truck – Prec. #3	120,512	2.55%	2/13/2021	20,738
2019 Mack Truck – Prec. #3	120,512	2.55%	2/13/2021	20,758
2017 GMC Sierra 3500HD – Prec. #1	43,332	3.99%	4/23/2021	11,550
2018 Chevy Tahoe – Sheriff's Dept.	43,990	3.15%	5/29/2021	19,232
2018 Chevy Tahoe – Sheriff's Dept.	43,990	3.15%	5/29/2021	19,232
2018 Chevy Tahoe – Sheriff's Dept.	43,990	3.15%	5/29/2021	17,592
John Deere 5090E Utility Tractor – Prec. #2	49,885	4.24%	7/16/2021	8,991
2012 CAT Compactor Roller – Prec. #4	78,100	2.55%	11/14/2021	31,888
2018 Mack Truck – Prec. #4	116,393	2.69%	12/15/2020	71,245
2018 Mack Truck – Prec. #4	116,393	2.69%	12/15/2020	71,245
2018 CAT 12M3 Motorgrader – Prec. #4	265,250	2.99%	2/15/2021	202,417
2018 CAT 140M3 Motorgrader – Prec. #2	277,750	2.99%	2/15/2021	211,228
2018 CAT 140M3 Motorgrader – Prec. #2	277,750	2.99%	3/09/2021	10,897
2018 Kubota Skid Steer – Prec. #2	68,064	3.65%	8/22/2023	32,973
2018 CAT Backhoe – Prec. #4	112,250	3.65%	9/24/2023	48,001
2018 John Deere 672G Motorgrader – Prec. #1	250,364	3.80%	4/19/2021	201,715
2019 PPV Chevy Tahoe – Sheriff's Dept.	38,608	4.24%	4/01/2022	29,149
2019 Ford F150 Crew Cab 4X4 – Sheriff's Dept.	36,270	4.24%	7/08/2022	23,297
2019 Ford F150 Crew Cab 4X4 – Sheriff's Dept.	36,270	4.24%	7/08/2022	23,297
2019 CAT 140M3 Motorgrader – Prec. #2	50,250	3.65%	8/14/2022	34,097
2020 Ford F150 – Sheriff's Dept.	54,817	2.65%	9/21/2023	50,976
2020 Chevy Tahoe – Sheriff's Dept.	48,884	2.65%	9/21/2023	45,043
2020 Chevy Tahoe – Sheriff's Dept.	48,484	2.65%	9/21/2023	44,643
2019 Kubota Excavator – Prec. #4	97,918	3.65%	11/1/2024	87,919
2021 Mack Truck – Prec. #2	128,906	2.65%	1/24/2024	<u>128,906</u>
Total				<u>\$1,544,573</u>

Debt service requirements on the capital lease obligations at September 30, 2020 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$1,039,366	\$ 44,476	\$1,083,842
2022	216,031	19,310	235,341
2023	99,454	8,489	107,943
2024	170,854	4,279	175,133
2025	<u>18,868</u>	<u>689</u>	<u>19,557</u>
Totals	<u>\$1,544,573</u>	<u>\$ 77,243</u>	<u>\$1,621,816</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

Total Long-Term Debt

Debt service requirements for all long-term debt at September 30, 2020 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$1,793,149	\$100,951	\$1,894,100
2022	983,512	53,610	1,037,122
2023	875,315	19,989	895,304
2024	170,854	4,279	175,133
2025	<u>18,868</u>	<u>689</u>	<u>19,557</u>
Totals	<u>\$3,841,698</u>	<u>\$179,518</u>	<u>\$4,021,216</u>

H. RISK MANAGEMENT

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

I. CONTINGENT LIABILITIES AND COMMITMENTS

Grant Awards

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

In the normal course of providing services to the public, the County from time-to-time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses are recorded as expenditures in the period when litigation services are rendered and damages are accrued as expenditures when determined to be probable and when amounts can reasonably be estimated. No liabilities have been accrued in the financial statements relative to litigation at September 30, 2020.

Trust Funds

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

J. DEFINED BENEFIT PENSION PLAN

1. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis that is publicly available at www.tcdrs.org.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 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.

2. Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the County-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 County'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 County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	117
Active employees	118

3. 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 employer is actuarially determined annually. The County contributed using the actuarially determined rate of 8.51% for the months of the accounting year in 2019, and 8.59% for the months of the accounting year in 2020.

The contribution rate payable by the employee members for calendar year 2019 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

4. Net Pension Asset

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

Actuarial Assumptions

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 through December 31, 2016, except where required to be different by GASB 68.

Real rate of return	5.25% per year
Inflation	2.75% per year
Long-term investment return	8.00% per year, net of pension plan investments expenses
Growth in membership	0.00% per year
Payroll growth	2.25% per year

Salary increases were based on a service-related table. The mortality rates for active members were based on 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after that. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. The mortality rates for disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

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 below are based on April 2020 information for a 10-year time horizon.

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

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

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u> ⁽¹⁾	<u>Geometric Real Rate of Return (Expected minus Inflation)</u> ⁽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% FRSE EPRA/NAREIT Global Real Estate 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) Fund 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 in addition to assumed inflation 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.

Discount Rate

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the discount rate for purposes of calculating the total pension liability and NPA of the employer is equal to the long-term assumed rate of return on investments (8.10%).

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2018	\$22,252,793	\$20,513,797	\$1,738,995
Changes for the year:			
Service cost	515,223	-	515,223
Interest on total pension liability	1,799,405	-	1,799,405
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(54,457)	-	(54,457)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(57,770)	(57,770)	-
Benefit payments	(1,070,485)	(1,070,485)	-
Administrative expense	-	(17,842)	17,842
Member contributions	-	310,474	(310,474)
Net investment income	-	3,369,222	(3,369,222)
Employer contributions	-	377,444	(377,444)
Other	-	(11,814)	11,814
Balances as of December 31, 2019	<u>\$23,384,709</u>	<u>\$23,413,026</u>	<u>(\$ 28,318)</u>

Sensitivity Analysis

The following presents the net pension liability (asset) 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 <u>7.10%</u>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
Net pension liability (asset)	<u>\$2,514,246</u>	<u>(\$28,318)</u>	<u>(\$2,211,399)</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

Pension Expense

	<u>January 1, 2019 to December 31, 2019</u>
Service cost	\$ 515,223
Interest on total pension liability ⁽¹⁾	1,799,405
Effect of plan changes	-
Administrative expenses	17,842
Member contributions	(310,474)
Expected investment return net of investment expenses	(1,642,953)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(123,771)
Recognition of assumption changes or inputs	28,272
Recognition of investment gains or losses	132,350
Other ⁽²⁾	<u>11,814</u>
Pension expense	<u>\$ 427,708</u>

⁽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 Outflows / Inflows of Resources

As of September 30, 2020, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$141,925
Changes of assumptions	28,272	-
Net difference between projected and actual earnings	-	591,144
Contributions made subsequent to measurement date	<u>296,799</u>	<u>-</u>
Total	<u>\$325,071</u>	<u>\$733,069</u>

\$296,799 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset for the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2020	(\$246,430)
2021	(191,408)
2022	78,293
2023	(345,252)

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

The County administers the Young County Retiree Health Care Plan for retired employees.

1. *Plan Description*

Any employee who meets the retirement eligibility requirements of the Texas County and District Retirement System, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical. The retired employee may continue coverage for dependents as well. Premiums for the retired employee and any dependents are paid by the retired employee. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

2. *Demographic Information*

<u>Status</u>	<u>9/30/20</u>
Active – Employee Only	67
Active – Employee and Dependent	22
Retired – Employee Only	1
Retired – Employee and Dependent	1

3. *Actuarial Methods and Assumptions Used for GASB Calculations*

GASB accounting methodology were used to determine the post-retirement medical benefit obligations.

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	2.25% (-.25% real rate of return plus 2.50% inflation)
Average Per Capita Claim Cost	The medical claim cost ranges from \$9,026 at age 50 to \$12,754 at age 64.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2019

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report. The rates vary by entry age, gender and years. For males the rates range from 2.4% to 33.4% and for females the rates range from 2.7% to 36.2%.
Disability	None assumed
Retirement Rates	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. The rates are unisex and range from 10% at age 50 to 25% at age 65.
Retiree Contributions	The retiree pays the full contribution rate for the medical life insurance and dental coverage.
Salary Scale	3.50%
Data Assumptions - Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 20% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement.
Valuation Date	September 30, 2020
Measurement Date	September 30, 2020

4. *Changes in Total OPEB Liability*

	<u>Changes in Total OPEB Liability</u>
Balance as of September 30, 2019	\$87,186
Changes for the year:	
Service cost	6,789
Interest cost	2,396
Changes of benefit terms	-
Differences between expected and actual experience	(5,300)
Changes in assumptions	(5,938)
Other changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	(7,836)
Administrative expense	<u>-</u>
Balance as of September 30, 2020	<u>\$77,297</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

Sensitivity Analysis of the Discount and Trend Rate

Discount Rate

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.25%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.25%) or 1 percentage point higher (3.25%) than the current rate.

	1% Decrease <u>1.25%</u>	Current Discount Rate <u>2.25%</u>	1% Increase <u>3.25%</u>
Total OPEB liability	<u>\$83,340</u>	<u>\$77,297</u>	<u>\$71,749</u>

Trend Rate

The following presents the total OPEB liability of the County, calculated using the healthcare cost trend rate of 4.50%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.50%) or 1 percentage point higher (5.50%) than the current rate.

	1% Decrease <u>4.00%</u>	Current Trend Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Total OPEB liability	<u>\$69,586</u>	<u>\$77,297</u>	<u>\$86,563</u>

5. *OPEB Expense*

	<u>October 1, 2019 to September 30, 2020</u>
Service cost	\$6,789
Interest cost (including interest on Service Cost)	2,396
Changes of benefit terms	-
Current recognized deferred outflows (inflows)	-
Difference between expected and actual experience	(446)
Changes in assumptions or other inputs	99
Other changes, if significant	-
Difference of projected investment earnings	<u>-</u>
Total OPEB expense as of September 30, 2020	<u>\$8,838</u>

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

6. *Deferred Outflows / Inflows of Resources*

As of September 30, 2020, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,687	\$4,434
Changes of assumptions/inputs	4,286	4,968
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$5,973</u>	<u>\$9,402</u>

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

<u>Year Ended December 31:</u>	
2021	(\$ 347)
2022	(347)
2023	(347)
2024	(347)
2025	(1,819)
2026+	(222)

L. JUDICIAL ASSESSMENT RECEIVABLES

At September 30, 2020, the County has not recorded the receivables from judicial assessments in the accompanying financial statements; nor have they been recorded in the prior year. Though these amounts are significant, the County has not determined the allowances for uncollectible amounts for recording them at year end. Consequently, the effects on the financial statements of not including the judicial assessment receivables are not reasonably determinable.

M. TAX ABATEMENT AGREEMENT

The County has approved one tax abatement agreement dated December 27, 2010 with Trinity Hills Wind Farm, LLC, and was issued pursuant to the Property Redevelopment and Tax Abatement Act, as amended, in V.T.C.A Tax Code, Chapter 312.

The agreement requires the company to maintain a viable presence for at least twenty years and make improvements within the reinvestment zone of at least \$67,000,000. The agreement is a ten-year abatement of qualified facilities or personal property for 100% each of the ten years. This is the eighth year of the agreement and the total value loss was \$8,333,380. The reduction in M&O taxes was \$42,606 and I&S taxes was \$11,082. However, Trinity Hills Wind Farm, LLC has agreed to pay to the County \$1,250 per megawatt of the wind farm. For the year ended September 30, 2020, this payment was \$93,750.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2020

The agreement has an early termination/default clause that without the consent of the County or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of the agreement or to meet any material obligation under the agreement, then the County shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the agreement within thirty days of notice provided by the County.

N. COVID-19 PANDEMIC

Beginning in December 2019, a novel coronavirus, now designated SAR-CoV2 which causes the disease COVID-19 was declared a global pandemic by the World Health Organization. The symptoms of COVID-19 can range from severe illness and can cause complications including death. On March 13, 2020, the Governor of the State of Texas issued a proclamation certifying that COVID-19 poses an imminent threat of disaster in Texas and declared a state of disaster for all counties in Texas. A state of disaster requires that certain emergency protective measures be taken pursuant to the Texas Disaster Act of 1975 relating to Emergency Management and Public Health, pursuant to Chapter 418 of the Texas Government Code.

State and local governments placed restrictions on the operations of businesses and public gatherings to promote health and slow the spread of the virus. The federal government passed several appropriations to address the negative economic impact caused by these restrictions. The City received \$138,547 in federal grant awards during the year ended September 30, 2020. Additionally, the County has incurred additional operating costs due to the COVID-19 pandemic as well as a loss of some revenues due to the County's closures. However, the overall impact of the COVID-19 pandemic on the national, state, and local economies and, ultimately, the County's finances is not known at this time.

REQUIRED SUPPLEMENTARY INFORMATION

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 6,338,411	\$ 6,338,411	\$ 7,140,758	\$ 802,347
Sales taxes	1,160,000	1,160,000	1,304,553	144,553
Occupancy taxes	55,000	55,000	61,966	6,966
Mixed beverage tax	30,000	30,000	26,671	(3,329)
Licenses, fees and fines	875,650	875,650	629,105	(246,545)
Other governmental reimbursements	1,343,226	1,343,226	1,304,066	(39,160)
Auto registration	505,000	505,000	487,422	(17,578)
Surtax on auto registration	190,000	190,000	183,570	(6,430)
Federal and state grants	187,700	204,007	182,270	(21,737)
Wind farm revenue	228,750	228,750	93,750	(135,000)
Interest earned	80,300	80,300	85,315	5,015
Other revenue	158,900	136,458	146,276	9,818
Total revenues	11,152,937	11,146,802	11,645,722	498,920
Expenditures				
County judge	158,645	158,645	149,668	8,977
County clerk	255,287	255,287	246,726	8,561
Veteran service	21,447	21,447	20,912	535
Homeland security	38,052	38,052	20,611	17,441
Nondepartmental costs	259,980	259,980	199,580	60,400
Computer department	125,035	125,035	90,117	34,918
County/District court	532,097	532,097	424,748	107,349
District clerk	211,333	211,333	191,875	19,458
Justices of the peace	322,927	322,927	304,951	17,976
District judge	73,306	73,306	63,754	9,552
County attorney	259,736	259,736	241,482	18,254
District attorney	295,648	295,648	285,317	10,331
Elections	177,859	177,859	149,991	27,868
County auditor	220,691	220,691	213,092	7,599
County treasurer	141,660	141,660	126,954	14,706
Tax assessor/collector	494,249	494,249	460,088	34,161
Courthouse maintenance	231,109	231,109	199,165	31,944
Annex maintenance	19,400	19,400	17,676	1,724
Ambulance	189,000	189,000	189,000	-
Constables	76,257	76,257	73,335	2,922
Department of public safety and game warden	6,500	6,500	5,972	528
Sheriff, dispatch and jail	2,990,732	3,029,481	2,648,396	381,085
911 mapping	92,024	92,024	77,898	14,126
Adult probation	531,753	531,753	486,061	45,692
Juvenile probation	673,505	673,505	603,998	69,507
Pauper services	11,000	11,000	13,500	(2,500)
Fort Belknap	105,266	105,266	111,820	(6,554)
Agricultural extension agent	31,511	31,511	27,595	3,916
Home economics agent	30,851	30,851	22,904	7,947
TAEX office	63,158	63,158	57,944	5,214
Employee benefits	84,535	84,535	81,648	2,887
District court reporter	108,063	108,063	104,729	3,334
Road and bridge	1,872,883	1,872,883	1,795,877	77,006
Hospital and medical costs	109,000	109,000	82,683	26,317
Medical administrative costs	60,000	60,000	72,147	(12,147)

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Capital outlay	127,500	127,500	564,897	(437,397)
Debt service - principal	257,768	257,768	335,503	(77,735)
Debt service - interest	43,215	43,215	47,097	(3,882)
Total expenditures	<u>11,302,982</u>	<u>11,341,731</u>	<u>10,809,711</u>	<u>532,020</u>
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	<u>(150,045)</u>	<u>(194,929)</u>	<u>836,011</u>	<u>1,030,940</u>
Other sources and (uses):				
Proceeds from issuance of capital leases	-	-	379,009	379,009
Proceeds from sale of capital assets	5,000	5,000	58,850	53,850
Transfers in	2,194,499	2,194,499	2,211,695	17,196
Transfers out	<u>(2,194,499)</u>	<u>(2,194,499)</u>	<u>(2,198,999)</u>	<u>(4,500)</u>
Total other sources and (uses)	<u>5,000</u>	<u>5,000</u>	<u>450,555</u>	<u>445,555</u>
Net change in fund balances	(145,045)	(189,929)	1,286,566	1,476,495
Fund balances, beginning of year	<u>7,357,913</u>	<u>7,357,913</u>	<u>7,357,913</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,212,868</u>	<u>\$ 7,167,984</u>	<u>\$ 8,644,479</u>	<u>\$ 1,476,495</u>

YOUNG COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2019	2018	2017	2016	2015	2014	2012	2011	2010	2009
Total Pension Liability										
Service cost	\$ 515,223	\$ 495,248	\$ 504,052	\$ 518,903	\$ 509,318	\$ 481,281	N/A	N/A	N/A	N/A
Interest on total pension liability	1,799,404	1,730,212	1,644,083	1,550,621	1,500,140	1,419,896	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	(48,149)	-	N/A	N/A	N/A	N/A
Effect of plan changes or inputs	-	-	113,088	-	204,806	-	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(64,457)	(272,341)	(59,956)	(24,375)	(345,621)	(9,477)	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,128,255)	(1,109,825)	(1,148,917)	(1,133,284)	(1,117,345)	(870,631)	N/A	N/A	N/A	N/A
Net change in total pension liability	1,131,915	843,294	1,052,950	911,865	703,149	1,021,069	N/A	N/A	N/A	N/A
Total pension liability, beginning	22,252,793	21,409,489	20,356,549	19,444,684	18,741,535	17,720,466	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	\$ 23,384,708	\$ 22,252,793	\$ 21,409,489	\$ 20,356,549	\$ 19,444,684	\$ 18,741,535	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$ 377,444	\$ 359,307	\$ 334,280	\$ 380,629	\$ 385,358	\$ 387,237	N/A	N/A	N/A	N/A
Member contributions	310,474	299,424	289,885	292,072	288,813	276,598	N/A	N/A	N/A	N/A
Investment income net of investment expenses	3,368,221	(403,645)	2,787,820	1,348,459	84,801	1,211,550	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,128,255)	(1,109,825)	(1,148,917)	(1,133,284)	(1,117,346)	(870,631)	N/A	N/A	N/A	N/A
Administrative expenses	(17,842)	(16,477)	(14,229)	(14,652)	(13,228)	(13,929)	N/A	N/A	N/A	N/A
Other	(11,914)	(11,231)	(7,180)	46,876	31,954	(36,635)	N/A	N/A	N/A	N/A
Net change in fiduciary net position	2,899,228	(892,447)	2,240,459	920,000	(939,848)	954,190	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	20,513,798	21,396,245	19,155,786	18,235,786	18,575,634	17,621,444	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	\$ 23,413,026	\$ 20,513,798	\$ 21,396,245	\$ 19,155,786	\$ 18,235,786	\$ 18,575,634	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	\$ (28,318)	\$ 1,738,995	\$ 13,254	\$ 1,200,763	\$ 1,208,898	\$ 165,901	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	100.12%	92.19%	99.94%	94.10%	93.78%	99.11%	N/A	N/A	N/A	N/A
Covered payroll	\$ 4,435,347	\$ 4,277,481	\$ 4,125,934	\$ 4,172,463	\$ 4,125,904	\$ 3,951,400	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-0.64%	40.65%	0.32%	28.78%	29.30%	4.20%	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been prepared.

YOUNG COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2010	\$ 328,336	\$ 428,336	\$ (100,000)	\$ 3,511,610	12.2%
2011	304,920	304,920	-	3,496,804	8.7%
2012	339,411	339,411	-	3,750,393	9.1%
2013	348,456	348,456	-	3,726,814	9.3%
2014	387,237	387,237	-	3,951,400	9.8%
2015	385,358	385,358	-	4,125,904	9.3%
2016	380,529	380,529	-	4,172,463	9.1%
2017	334,280	334,280	-	4,126,934	8.1%
2018	359,307	359,307	-	4,277,481	8.4%
2019	377,444	377,444	-	4,435,347	8.5%

(1) Payroll is calculated based on contributions as reported to TCDRS.

YOUNG COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 YOUNG COUNTY RETIREE HEALTH CARE PLAN

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 6,789	\$ 5,576	\$ 5,358	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest cost	2,396	3,060	3,307	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Change of benefit terms	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	(5,300)	2,527	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes in assumptions	(5,938)	6,424	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other changes	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions-employer	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(7,836)	(11,559)	(7,220)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expense	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(9,889)	6,028	1,445	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	87,186	81,158	79,713	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending	\$ 77,297	\$ 87,186	\$ 81,158	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$ 3,363,926	\$ 3,430,739	\$ 3,073,162	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	2.30%	2.54%	2.64%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

A. BUDGETARY INFORMATION

Annual budgets are adopted on the GAAP basis of accounting for all governmental funds except capital project funds. Project-length budgets were adopted for all capital projects funds. All annual appropriations lapse at fiscal year end.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2020, expenditures exceeded appropriations in the General Fund by functional categories as follows:

Pauper services	\$2,500
Fort Belknap	6,554
Medical administrative costs	12,147
Capital outlay	437,397
Debt service – principal	77,735
Debt service – interest	3,882

These over-expenditures were funded by available fund balance.

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

C. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	9.1 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.

D. YOUNG COUNTY RETIREE HEALTH CARE PLAN

There were no changes to benefit terms or assumptions during the year except for the discount rate which increased from 2.06% to 2.25%.