

TRINITY COUNTY, TEXAS
AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORT

September 30, 2021

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INTRODUCTORY SECTION

TRINITY COUNTY, TEXAS
PRINCIPAL PUBLIC OFFICIALS
September 30, 2021

COMMISSIONERS' COURT

Steven D. Page.....County Judge
Tommy Park.....Commissioner, Precinct 1
Mike LoftinCommissioner, Precinct 2
Neal SmithCommissioner, Precinct 3
Steven TrussCommissioner, Precinct 4

COUNTY ELECTED OFFICIALS

Jeremy Alexander Constable, Precinct 1
Mark W. Cole..... Constable, Precinct 2
Carl Casey Constable, Precinct 3
Brian McMullen Constable, Precinct 4
Colton Hay County Attorney
Shasta Bergman County Clerk
Bob Dockens County Treasurer
Danny Martin Justice of the Peace, Precinct 1
Lyle Stubbs Justice of the Peace, Precinct 2
Hayne Huffman Justice of the Peace, Precinct 3
Richard Steptoe Justice of the Peace, Precinct 4
Woody Wallace..... Sheriff
Nancy Shanafelt Tax Assessor/Collector

DISTRICT ELECTED OFFICIALS

Bennie Shiro.....District Attorney, 258th Judicial District
Kristen Raiford..... District Clerk
Travis Kitchens District Judge, 258th Judicial District
John Wells, III..... District Judge, 411th Judicial District

APPOINTED OFFICIALS

Bonnie Kennedy County Auditor

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable County Judge and
Members of the Commissioners' Court
Groveton, Texas

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be material misstated. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Lufkin, Texas
September 13, 2022


CERTIFIED PUBLIC ACCOUNTANTS

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Trinity County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2021. We encourage readers to consider information presented here as well as the County's financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- The County's overall assets and deferred outflows exceeded its liabilities and deferred inflows by \$11,152,906 (*net position*) at September 30, 2021.
- Total assets and deferred outflows increased by \$1,829,107 over the prior year; total liabilities and deferred inflows decreased by \$860,786 over the prior year.
- Overall revenues exceeded expenses by \$1,700,384.

Fund Financial Statements

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$4,941,935. Overall revenues exceeded expenditures by \$1,920,527.

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 financial statements. This report also contains other required supplementary that further explains and supports the information in the financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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

The *statement of activities* presents information showing how the County's net position changed during the fiscal year. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* available at the end of the fiscal year

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

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

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources are *not* available to support the County's own programs.

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

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$11,152,906 at September 30, 2021.

The largest portion of the County's net position, or \$6,042,949, reflects its investment in capital assets (\$6,995,001) less the related debt used to acquire those assets that remains outstanding (\$952,052). The County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (a total of \$3,105,725) represents resources that are subject to restriction on how they may be used.

The remaining balance of \$2,004,232 is unrestricted in nature.

Net Position

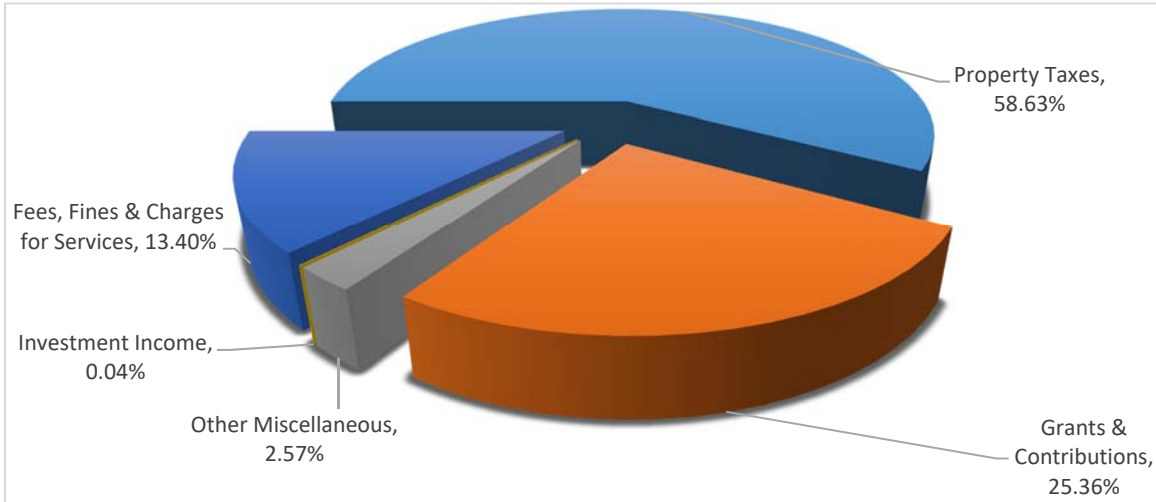
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 5 746 588	\$ 3 711 041
Capital assets, net	<u>6 995 001</u>	<u>7 385 195</u>
TOTAL ASSETS	<u>12 741 589</u>	<u>11 096 236</u>
Deferred outflows	<u>938 373</u>	<u>754 619</u>
Long-term liabilities	<u>707 543</u>	<u>537 082</u>
Other liabilities	<u>830 007</u>	<u>817 261</u>
TOTAL LIABILITIES	<u>1 537 550</u>	<u>1 354 343</u>
Deferred inflows	<u>989 506</u>	<u>1 043 990</u>
Net Position:		
Net investment in capital assets	6 042 949	6 281 705
Restricted	3 105 725	1 390 010
Unrestricted	<u>2 004 232</u>	<u>1 780 807</u>
TOTAL NET POSITION	<u>\$ 11 152 906</u>	<u>\$ 9 452 522</u>

Changes in Net Position

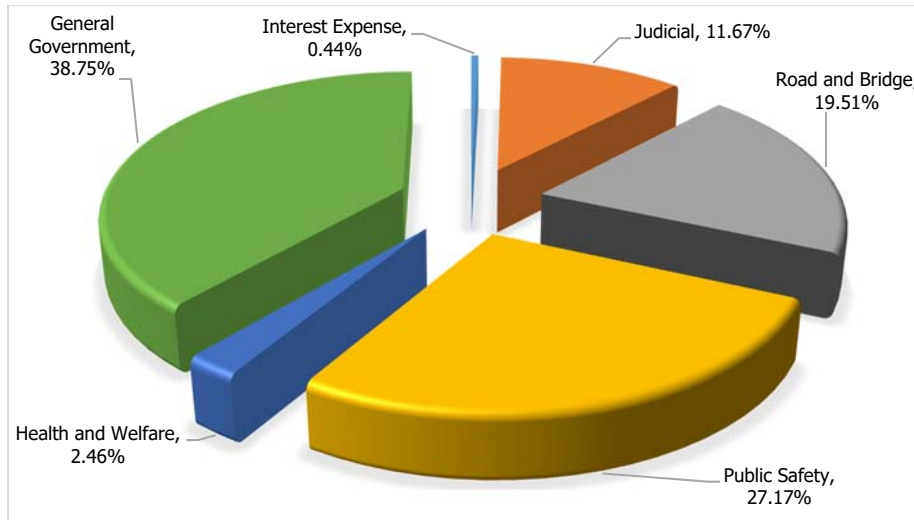
	<u>2021</u>	<u>2020</u>
Revenues:		
Charges for service	\$ 1 247 085	\$ 1 292 192
Grants and contributions, net of pass-through expenditures	2 359 622	662 392
Property taxes	5 455 173	5 916 813
Investment income	4 039	21 069
Gain (loss) on sale of assets	8 045	(10 504)
Other	<u>230 872</u>	<u>120 517</u>
TOTAL REVENUES	<u>9 304 836</u>	<u>8 002 479</u>
Expenses:		
General government	2 946 454	3 042 709
Judicial	887 202	896 722
Public safety	2 066 190	1 767 512
Road and bridge	1 483 301	1 421 791
Health and welfare	186 979	140 680
Interest on long-term debt	<u>34 326</u>	<u>36 653</u>
TOTAL EXPENSES	<u>7 604 452</u>	<u>7 306 066</u>
INCREASE (DECREASE) IN NET POSITION	1 700 384	696 413
Net position, at beginning of year	<u>9 452 522</u>	<u>8 756 109</u>
NET POSITION, AT END OF YEAR	<u>\$ 11 152 906</u>	<u>\$ 9 452 522</u>

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Revenues by Source
For the Fiscal Year Ended September 30, 2021



Expenses by Function
For the Fiscal Year Ended September 30, 2021



Financial Analysis of the County's Funds

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

As of September 30, 2021, the County's governmental funds reported a combined positive fund balance of \$4,041,935.

The fund balance is comprised of \$3,157,493 that is either in a nonspendable form, restricted, or assigned for specific purposes. The remaining balance, \$1,784,442, is unassigned. During the year, the fund balance in the County's governmental funds increased by \$1,920,527.

Budgetary Comparisons. A comparison of the County's major fund's budget and actual results are presented as required supplementary information.

General Fund. Fund balance was budgeted to decrease \$112,362 for the fund. Actual results yielded a \$206,371 increase in fund balance, with a favorable budget variance of \$318,733.

Road and Bridge Fund, Precinct No. 1. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$152,229 increase in fund balance, with a favorable budget variance of \$152,229.

**TRINITY COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

Road and Bridge Fund, Precinct No. 2. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$129,241 increase in fund balance, with a favorable budget variance of \$129,241.

Road and Bridge Fund, Precinct No. 3. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$13,418 increase in fund balance, with a favorable budget variance of \$13,418.

Road and Bridge Fund, Precinct No. 4. No change (revenues equal to expenditures) in fund balance was budgeted for the fund. Actual results yielded a \$165,219 increase in fund balance, with a favorable budget variance of \$165,219.

Capital Assets

The County's investment in capital assets as of September 30, 2021 totaled \$6,995,001 (net of accumulated depreciation). This investment includes land, buildings, equipment, and improvements (other than buildings).

Capital assets of \$588,037 were purchased during the year. Significant purchases included:

- Various trucks and heavy equipment (partially funded by capital leases/notes), and land

Capital Assets (Net of Depreciation)

	2021	2020
Land	\$ 70 333	\$ 70 333
Buildings and improvements	7 340 853	7 340 853
Infrastructure	880 954	880 954
Rolling stock	3 808 672	3 760 905
Furniture and equipment	913 115	913 115
Less accumulated depreciation	(6 018 926)	(5 580 965)
TOTAL	\$ 6 995 001	\$ 7 385 195

Debt Administration

At the end of the current fiscal year, the County had total capital lease obligations of \$952,052.

Debt Outstanding

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
Capital leases	\$ 1 103 490	\$ 367 500	\$ 518 938	\$ 952 052

Requests for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the County's finances. If you have questions about this report or need any additional information, contact the Trinity County Auditor at 936.642.2233 or write to P. O. Box 1030, Groveton, Texas 75845.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TRINITY COUNTY, TEXAS
STATEMENT OF NET POSITION
September 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 4 571 511
Restricted cash	718 592
Receivables Net of Allowance for Uncollectibles:	
Property taxes, net of allowance for uncollectibles	373 918
Due from other funds	8 545
Other	45 615
Prepaid expense	28 407
TOTAL CURRENT ASSETS	5 746 588
Noncurrent Assets:	
Capital Assets:	
Land	70 333
Streets and infrastructure	361 607
Buildings and improvements	5 272 364
Vehicles	1 235 807
Machinery and equipment	54 890
TOTAL CAPITAL ASSETS	6 995 001
TOTAL ASSETS	12 741 589
DEFERRED OUTFLOW	
Contribution subsequent to measurement data	156 807
Pension deferred outflows	781 566
TOTAL DEFERRED OUTFLOWS	938 373
TOTAL ASSETS AND DEFERRED OUTFLOWS	13 679 962
LIABILITIES	
Current Liabilities:	
Accounts payable	123 945
Accrued interest	13 720
Due to other funds	8 545
Accrued liabilities	109 431
Due within one year	574 366
TOTAL CURRENT LIABILITIES	830 007
Noncurrent Liabilities:	
Net Pension liability	254 180
Due in more than one year	377 686
Accrued compensated absences	75 677
TOTAL NONCURRENT LIABILITIES	707 543
TOTAL LIABILITIES	1 537 550
DEFERRED INFLOWS	
Unavailable revenue	188 814
Deferred pension inflows	800 692
TOTAL DEFERRED INFLOWS	989 506
NET POSITION	
Net investment in capital assets	6 042 949
Restricted	3 105 725
Unrestricted	2 004 232
TOTAL NET POSITION	\$ 11 152 906

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

TRINITY COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			CHANGES IN NET POSITION
		FEES, FINES, CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
Primary Government:					
Governmental Activities:					
General government	\$ 2 946 454	\$ 338 112	\$ 2 140 424	\$ -	\$ (467 918)
Judicial	887 202	227 644	50 377	-	(609 181)
Public safety	2 066 190	148 303	45 979	-	(1 871 908)
Road and bridge	1 483 301	498 791	-	-	(984 510)
Health and welfare	186 979	34 235	122 842	-	(29 902)
Debt service expense	34 326	-	-	-	(34 326)
Pass-through to other entities	139 091	-	139 091	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 7 743 543	\$ 1 247 085	\$ 2 498 713	\$ -	(3 997 745)
General Revenues:					
Taxes					
Property taxes - General					5 439 562
Property taxes - Debt service					15 611
Other tax revenue					20 807
Unrestricted investment earnings					4 039
Other unrestricted revenue					210 065
Gain (loss) on sale of an asset					8 045
TOTAL GENERAL REVENUES					5 698 129
CHANGE IN NET POSITION					1 700 384
Net position - Beginning					9 452 522
NET POSITION - ENDING					\$ 11 152 906

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

FUND FINANCIAL STATEMENTS

TRINITY COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	GENERAL FUND	ROAD AND BRIDGE FUND PCT #1	ROAD AND BRIDGE FUND PCT #2	ROAD AND BRIDGE FUND PCT #3	ROAD AND BRIDGE FUND PCT #4	AMERICAN RESCUE PLAN FUND	NON-MAJOR GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
ASSETS								
Cash and investments	\$ 1 918 250	\$ 267 994	\$ 206 303	\$ 340 914	\$ 415 157	\$ 1 422 893	\$ -	\$ 4 571 511
Restricted cash	-	-	-	-	-	-	718 592	718 592
Taxes receivable, net	362 700	-	-	-	-	-	11 218	373 918
Other receivables, net	34 814	-	-	-	-	-	10 801	45 615
Prepaid expense	23 328	1 044	141	1 496	2 398	-	-	28 407
Due from other funds	8 543	-	-	-	-	-	2	8 545
TOTAL ASSETS	\$ 2 347 635	\$ 269 038	\$ 206 444	\$ 342 410	\$ 417 555	\$ 1 422 893	\$ 740 613	\$ 5 746 588
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 91 242	\$ 3 201	\$ 1 223	\$ 7 432	\$ 5 512	\$ -	\$ 4 903	\$ 113 513
Due to others	-	-	-	-	-	-	18 977	18 977
Accrued liabilities	74 437	6 468	2 705	10 896	7 203	-	7 722	109 431
TOTAL LIABILITIES	165 679	9 669	3 928	18 328	12 715	-	31 602	241 921
Deferred Inflows:								
Unearned revenues	397 514	-	-	-	-	-	165 218	562 732
TOTAL DEFERRED INFLOWS	397 514	-	-	-	-	-	165 218	562 732
Fund Balances:								
Nonspendable - Prepaid	23 328	1 044	141	1 496	2 398	-	-	28 407
Restricted	-	258 325	202 375	322 586	402 442	1 422 893	492 025	3 100 646
Assigned	-	-	-	-	-	-	51 768	51 768
Unassigned	1 761 114	-	-	-	-	-	-	1 761 114
TOTAL FUND BALANCES	1 784 442	259 369	202 516	324 082	404 840	1 422 893	543 793	4 941 935
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 2 347 635	\$ 269 038	\$ 206 444	\$ 342 410	\$ 417 555	\$ 1 422 893	\$ 740 613	\$ 5 746 588

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

TRINITY COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
For the Year Ended September 30, 2021

Total fund balances - Governmental funds balance sheet	\$	4 941 935
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds		6 995 001
Deferred pension plan amounts relate to subsequent pension plan measurement periods and/or do not consume current financial resources and therefore, these amounts are not reported in the governmental funds		137 681
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows and outflows in the governmental funds		373 918
Payables for accrued interest on long-term liabilities and accrued compensated absences are not due in the current period and therefore, are not reported in the governmental funds		(89 397)
Payables for long-term liabilities, including certificates of obligations, capital leases, and net pension liabilities are not due in the current period and therefore, are not reported in the governmental funds		<u>(1 206 232)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>11 152 906</u></u>

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

TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	GENERAL FUND	ROAD AND BRIDGE FUND PCT #1	ROAD AND BRIDGE FUND PCT #2	ROAD AND BRIDGE FUND PCT #3	ROAD AND BRIDGE FUND PCT #4	AMERICAN RESCUE PLAN FUND	NON-MAJOR GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
Revenues:								
Property taxes	\$ 5 460 124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15 611	\$ 5 475 735
Other taxes	-	-	-	-	-	-	20 807	20 807
Fines and forfeitures	176 824	-	-	-	-	-	97 952	274 776
Fees, licenses, and permits	349 482	129 686	49 879	114 722	204 504	-	124 036	972 309
Grants and contributions	100 362	36 164	13 909	31 991	57 027	1 422 893	836 367	2 498 713
Payment in lieu of taxes	30 805	-	-	-	-	-	-	30 805
Interest	2 538	188	127	274	341	-	571	4 039
Other revenue	141 692	10 560	1 967	15 380	4 156	-	5 505	179 260
TOTAL REVENUES	6 261 827	176 598	65 882	162 367	266 028	1 422 893	1 100 849	9 456 444
Expenditures:								
General government	2 548 113	-	-	-	-	-	232 996	2 781 109
Judicial	763 523	-	-	-	-	-	127 684	891 207
Public safety	1 941 219	-	-	-	-	-	30 018	1 971 237
Road and bridge	-	316 382	80 606	360 762	517 975	-	-	1 275 725
Health and welfare	169 143	-	-	-	-	-	17 836	186 979
Debt service	-	60 778	-	59 324	33 128	-	-	153 230
Capital outlay	-	-	-	118 950	25 934	-	-	144 884
Pass through to other entities	-	-	-	-	-	-	139 091	139 091
TOTAL EXPENDITURES	5 421 998	377 160	80 606	539 036	577 037	-	547 625	7 543 462
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	839 829	(200 562)	(14 724)	(376 669)	(311 009)	1 422 893	553 224	1 912 982
Other Financing Sources (Uses):								
Sale of assets	40	-	-	7 505	-	-	-	7 545
Transfers in (out)	(633 498)	352 791	143 965	382 582	476 228	-	(722 068)	-
TOTAL OTHER FINANCING SOURCES (USES)	(633 458)	352 791	143 965	390 087	476 228	-	(722 068)	7 545
NET CHANGE IN FUND BALANCE	206 371	152 229	129 241	13 418	165 219	1 422 893	(168 844)	1 920 527
Fund balance - Beginning of year	1 578 071	107 140	73 275	310 664	239 621	-	712 637	3 021 408
FUND BALANCE - END OF YEAR	\$ 1 784 442	\$ 259 369	\$ 202 516	\$ 324 082	\$ 404 840	\$ 1 422 893	\$ 543 793	\$ 4 941 935

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

TRINITY COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Net change in fund balances - Governmental funds	\$ 1 920 527
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Capital outlays are not reported as expenses in the statement of activities.	259 213
The depreciation of capital assets used in governmental activities is not reported in the government funds.	(649 407)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(37 276)
Proceeds from the issuance of long-term debt (e.g. bonds, leases) and the repayment of long-term debt do not provide revenue in the statement of activities, but are reported as current resources in the governmental funds.	158 800
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.	(20 562)
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.	72 770
Amount represents the change in accrued interest from the beginning of the period to the end of the period.	<u>(3 681)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1 700 384</u>

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

TRINITY COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2021

	<u>COMBINED FIDUCIARY FUNDS</u>
ASSETS	
Restricted cash	\$ 391 616
TOTAL ASSETS	<u>391 616</u>
LIABILITIES	
Accounts payable	107
Accrued expenses	73 809
Due to other funds	<u>6 636</u>
TOTAL LIABILITIES	<u>80 552</u>
NET POSITION	\$ <u>311 064</u>

The accompanying notes are an integral part of this financial statement.

TRINITY COUNTY, TEXAS
STATEMENT OF CHANGE IN NET POSITION OF FIDUCIARY FUNDS
September 30, 2021

	<u>COMBINED FIDUCIARY FUNDS</u>
Additions:	
Fees	\$ 2 771 928
Interest income	93
TOTAL ADDITIONS	<u>2 772 021</u>
Disbursements:	
Payments to others	<u>2 836 974</u>
TOTAL DISBURSEMENTS	<u>2 836 974</u>
CHANGE IN NET POSITION	(64 953)
Beginning net position	<u>376 017</u>
ENDING NET POSITION	<u>\$ 311 064</u>

The accompanying notes are an integral part of this financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Trinity County, Texas (the "County") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies used by the County are discussed below.

A. Reporting Entity

Trinity County (the "County") is a public corporation and political subdivision of the State of Texas. The County is governed by an elected Commissioners' Court, comprised of the County Judge and four Commissioners. The County provides the following services as authorized by the laws of the State of Texas: general government (e.g. tax collection), judicial (courts, juries, district attorney etc.), public safety (sheriff, jail etc.), highways and streets, and public welfare (e.g. juvenile services and assistance to indigents).

For financial reporting purposes, based on standards established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, these financial statements should present the County (the primary government) and its component units. Component units generally are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The County does not have any blended or discretely presented component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the activities of the County as a whole. *Governmental activities* include programs normally supported by taxes, grants, and other intergovernmental revenues.

The 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 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 or capital requirements of a particular function or segment. Taxes and other revenue sources not properly included with program revenues are reported as *general revenues*.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

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

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied. Grants and donations are recognized as revenue in the fiscal year in which grantor eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The County considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. Debt service expenditures, both principal and interest, are recorded only when payment is due.

Major governmental fund revenue sources susceptible to accrual include: sales and use taxes, property taxes, and investment income. In general, all other revenue items are considered to be measurable and available only when cash is received. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County's funds are classified as either governmental or fiduciary and are described below.

Governmental Funds. Governmental funds are used to account for all or most of a government's general activity.

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 principal sources of revenues include local property taxes, fines, fees, license and permits, and intergovernmental revenue and grants. Expenditures include general government; judicial; public safety; and health and welfare.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The *debt service fund* is used to account for the collection of interest and sinking funds collected and expenditures for the payment of the County's certificates of obligation.

Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.

Fiduciary funds account for assets held by a government in a trustee or agency capacity on behalf of others.

Custodial funds are used to account for assets received and held for the benefit of other funds, individuals, or organizations. Agency funds held by the county function as clearing accounts and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The general fund is considered a major governmental fund. Additionally, the County has elected to present the road and bridge funds for precincts 1, 2, 3, and 4 as major funds due to their significance within the County.

The County has no proprietary funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the County's policy to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the County that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

A. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, certificates of deposit, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include investments with original maturities of three months or less and are stated at fair value.

The County is required by the Public Funds Collateral Act (Governmental Code, chapter 2257) to maintain security for all deposits of funds that exceed coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). As of the balance sheet date, the County's cash deposits were fully collateralized by securities pledged by the depository banks. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Collateral Act.

The County is required by the Public Funds Investment Act (Government Code, chapter 2256) (the "Act") to adopt, implement, and publicize a written investment policy which primarily emphasizes safety of principal and liquidity, and addresses investment diversification, yield, and maturity. Additionally, the policy must address the quality and capability of investment management and include the types of investments in which the entity may invest its funds, as well as the maximum allowable stated maturity of any individual investment, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio of pooled fund groups, and bid requirements for certificates of deposit.

The County is authorized to invest in financial instruments, as authorized by the Act, including:

- U. S. Treasury securities which have a liquid market; direct obligations of the State of Texas, and other obligations that are guaranteed by the State of Texas or United States of America;
- Obligations of states, agencies, counties, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent;
- Fully insured or collateralized certificates of deposit at commercial banks;
- Repurchase agreements collateralized by U.S. Treasury or U.S. Government Agency securities in accordance with a master repurchase agreement;
- Joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law (the pool must be continuously rated no lower than "AAA" or "AAA-m" by at least one nationally recognized rating service).

NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE - CONTINUED

The Act also requires an annual audit of investment practices. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Fund Investment Act.

B. Fair Value of Financial Instruments

The County evaluates the fair value of its non-investment financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of all non-investment financial instruments, including debt, is considered to approximate fair value.

C. Receivables

Property tax receivables reflect outstanding and delinquent property tax levies and are shown net of an allowance for uncollectibles. The allowance is calculated based on historical collection rates.

Fines receivable reflect outstanding fines and citations charged by the various justice of the peace offices within the County. The receivable is shown net of an allowance for uncollectibles. The fines receivable allowance is calculated based on historical collection rates.

D. Restricted Assets

Certain assets are classified as restricted because they are maintained in separate accounts and their use is limited by applicable bond covenants, grant agreements, laws or regulations, and/or other contractual agreements.

E. 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.

F. Capital Assets, Depreciation, and Amortization

The County's property, plant, equipment, and infrastructure are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Infrastructure assets are a subset of capital assets and primarily consist of roads and bridges. No capital expenditures for roads or bridges were made during the year.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives of the County's capital assets are as follows:

ASSETS	YEARS
Buildings and improvements	5 - 40
Office furniture and equipment	3 - 7
Rolling stock	2 - 7
Infrastructure	20 - 30

G. Deferred Inflows/Outflows of Resources

Deferred Outflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 that time. The County has several of these types of items which arise only under a full accrual basis of accounting and are therefore reported only on the government-wide statement of net position, that qualify for reporting in this category: unamortized differences - pension plan projected and actual investment earnings; and unamortized differences - changes in actuarial assumptions, are recognized as a component of pension expense at an actuarially determined rate. Pension contributions subsequent to the plan measurement date is recognized as a component of pension expense in the following fiscal year.

**NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND NET POSITION OR FUND BALANCE - CONTINUED**

Deferred Inflows of Resources: 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 several of these items that qualify for reporting in this category: two items, which arise only under a modified accrual basis of accounting, unavailable revenue - property taxes and unavailable revenue - fines, are reported only on the governmental funds balance sheet; and one item, which arises only under a full accrual basis of accounting, unamortized differences - pension plan expected and actual economic experience, is recognized as a component of pension expense at an actuarially determined rate and is reported on the government-wide statement of net position.

H. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the bond premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period such activity occurs. 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 services expenditures.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financial sources and as capital outlay in the acquiring fund. Lease payments representing both principal and interest are recorded as expenditures in the applicable fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

I. Pensions

For purposes of measuring the net pension liability/net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System ("TCDRS") and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Net Position and Fund Balances

In the government-wide financial statements, the difference between the County's total assets, deferred outflows, total liabilities and deferred inflows represents net position. Net position is displayed in three components - invested in capital assets, net of related debt; restricted; and unrestricted. At September 30, 2021, restricted net position represents monies that are legally restricted for payment of debt service, law enforcement costs, and other purposes restricted by law. Unrestricted net position represents the net assets available for future operations.

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes due to constraints imposed on resources either (a) externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Commissioners' Court - the government's highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Commissioners' Court.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned - all other spendable amounts.

NOTE 2 - ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE - CONTINUED

K. 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.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Process

The County Judge submits an annual budget to the Commissioners Court for review and approval prior to September of the upcoming fiscal year. Routinely, several budget workshops are held in which the original budget is reviewed and possibly revised. In September, the Commissioners Court and County Judge adopt the annual budget for the general fund and selected special revenue funds.

Subsequent to approval, the Commissioners Court and County Judge may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures. The County amended its budget several times during the year, with all budget amendments being approved by an act of the Commissioners Court.

Accounting standards require budgets to be presented for all of the County's major funds. A comparison of the actual versus budgeted results for each major fund is included in required supplementary information.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Assets

Deposits and Investments

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

Cash Deposits

At September 30, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,681,719. The County's cash deposits at September 30, and during the year ended September 30, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Investments

The County is required by Government code Chapter 2256, The Public Funds Investment 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, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose 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.

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

INVESTMENT OR INVESTMENT TYPE	WEIGHTED AVG MATURITY	FAIR VALUE
TexSTAR Investment Pool	57 days	\$ 256 414
LOGIC Investment Pool	90 days	600 993
Texas CLASS Investment Pool	41 days	<u>2 251 512</u>
TOTAL INVESTMENTS		<u>\$ 3 108 919</u>

NOTE 4 - DETAILED NOTES ON ALL FUNDS - CONTINUED

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

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.

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 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.

Investment Accounting Policy

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

B. Receivables

Receivable and Uncollectible Accounts. Receivables at year end for the County's individual major funds, including the related allowances for uncollectible accounts are as follows:

	PROPERTY TAXES	FINES	TOTALS
Receivables by Activity:			
General fund	\$ 2 418 002	\$ 1 160 473	\$ 3 578 475
Debt service fund	74 784	-	74 784
TOTAL RECEIVABLES	2 492 786	1 160 473	3 653 259
Allowance for Uncollectibles:			
General fund	(2 055 302)	(1 125 659)	(3 180 961)
Debt service fund	(63 566)	-	(63 566)
TOTAL ALLOWANCES	(2 118 868)	(1 125 659)	(3 244 527)
TOTAL RECEIVABLES, NET	\$ 373 918	\$ 34 814	\$ 408 732

Property Taxes. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are due October 1 and become delinquent January 31. The combined tax rate to finance general governmental services and principal and interest on general long term debt for the year ended September 30, 2021.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 4 - DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2021 is as follows:

	BALANCE 09/30/2020	INCREASES	DECREASES	BALANCE 09/30/2021
Capital Assets Not Being Depreciated:				
Land	\$ 70 333	\$ -	\$ -	\$ 70 333
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>70 333</u>	<u>-</u>	<u>-</u>	<u>70 333</u>
Capital Assets Being Depreciated:				
Buildings and improvements	7 340 853	-	-	7 340 853
Infrastructure	880 954	-	-	880 954
Rolling stock	3 760 905	588 037	(540 270)	3 808 672
Furniture and equipment	913 115	-	-	913 115
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>12 895 827</u>	<u>588 037</u>	<u>(540 270)</u>	<u>12 943 594</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(1 883 032)	(185 457)	-	(2 068 489)
Infrastructure	(437 157)	(82 190)	-	(519 347)
Rolling stock	(2 426 409)	(357 902)	211 446	(2 572 865)
Furniture and equipment	(834 367)	(23 858)	-	(858 225)
TOTAL ACCUMULATED DEPRECIATION	<u>(5 580 965)</u>	<u>(649 407)</u>	<u>211 446</u>	<u>(6 018 926)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>7 314 862</u>	<u>(61 370)</u>	<u>(328 824)</u>	<u>6 924 668</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 7 385 195</u>	<u>\$ (61 370)</u>	<u>\$ (328 824)</u>	<u>\$ 6 995 001</u>

Depreciation expense was charged to the following functions/programs of governmental activities as follows:

General government	\$ 179 611
Judicial	567
Road and bridge	364 164
Public safety	105 065
TOTAL	<u>\$ 649 407</u>

NOTE 5 - LIABILITIES

A. Long-term Liabilities

The County has entered into lease agreements as lessee for financing the acquisition of machinery and equipment and vehicles. The agreements accrue interest at rates from 2.09% to 2.55% and are all for durations greater than one year. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	GENERAL FUND	ROAD AND BRIDGE FUND	TOTALS
Rolling stock	\$ 153 061	\$ 1 416 102	\$ 1 569 163
Less accumulated depreciation	(72 332)	(329 715)	(402 047)
TOTAL	<u>\$ 80 729</u>	<u>\$ 1 086 387</u>	<u>\$ 1 167 116</u>

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

YEAR ENDING SEPTEMBER 30	GENERAL FUND	ROAD AND BRIDGE FUND	TOTALS
2022	\$ 31 777	\$ 570 139	\$ 601 916
2023	-	257 755	257 755
2024	-	125 000	125 000
Total minimum lease payments	<u>31 777</u>	<u>952 894</u>	<u>984 671</u>
Less amount representing interest	(423)	(32 196)	(32 619)
Present value of minimum lease payments	<u>\$ 31 354</u>	<u>\$ 920 698</u>	<u>\$ 952 052</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 5 - LIABILITIES - CONTINUED

Long-term liability activity for the year ended September 30, 2021, was as follows:

	BALANCE 09/30/2020	ADDITIONS	REDUCTIONS	BALANCE 09/30/2021	DUE WITHIN ONE YEAR
Leases Payable:					
Capital leases	\$ 1 103 490	\$ 367 500	\$ (518 938)	\$ 952 052	\$ 574 366
TOTAL LONG-TERM DEBT	\$ 1 103 490	\$ 367 500	\$ (518 938)	\$ 952 052	\$ 574 366

Interest expenses for the year totaled \$27,860.

B. Interfund Transaction

Internal Balances. Interfund receivable and payable balances are the result of cash needed by a special revenue fund until the fund is able to generate sufficient revenues to cover expenditures. These receivables and payables are netted and eliminated on the government-wide statement of net position. The following schedule summarizes the County's due to/due from at September 30, 2021:

DUE TO	DUE FROM	AMOUNT
General fund	Grant fund	\$ 2
General fund	Custodial funds	8 543
		\$ 8 545

Interfund Transfers. Transfers between funds are indicative of funding for capital projects; lease payments or debt service; subsidies of various County operations; and re-allocations of special revenues. The following schedule summarizes the County's transfers at September 30, 2021:

FUND	TRANSFERS	
	IN	OUT
General	\$ 722 067	\$ 1 355 565
Road and Bridge Precinct No. 1	352 791	-
Road and Bridge Precinct No. 2	211 507	67 542
Road and Bridge Precinct No. 3	382 582	-
Road and Bridge Precinct No. 4	476 228	-
Nonmajor Special Revenue Funds	-	722 068
TOTALS	\$ 2 145 175	\$ 2 145 175

C. Defined Benefit Pension Plan

Plan Description. Trinity County participates as one of 677 plans in the non-traditional defined benefit plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues an annual comprehensive financial report ("ACFR") on a calendar year basis. The ACFR is available online at www.tcdrs.org.

Benefits Provided. The County provides retirement benefits for all of its full-time employees. TCDRS is a savings-based plan. For the County's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity. There are no automatic cost of living adjustments. The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS.

Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight 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.

Employees Covered by Benefit Terms. At December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	125
Active employees	97
	<u>299</u>

Contributions and Actuarial Information. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings. The employee contribution rate may be changed by the County, within the options available in the TCDRS Act. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually, and the employer is required to contribute at that rate. The employer may increase its contribution rate and/or make additional contributions in excess of its annual required contribution.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 5 - LIABILITIES - CONTINUED

The County has not elected the annually determined contribution rate ("ADCR") plan provisions of the TCDRS Act. The County contributed using the actuarially determined rate of 8.5% for calendar year 2020 and 8.4% for calendar year 2021. The contribution rate payable by the employee members for fiscal year 2020 is the rate of 8.5% as adopted by the County. For fiscal year 2020, the County's required contributions equaled actual contributions which totaled \$229,721.

The County's Net Pension Liability/Asset ("NPL") was measured as of December 31, 2020 and the Total Pension Liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The required contribution was determined as part of the December 31, 2020 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2020, included (a) 7.5% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9%. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The total pension liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2020 was 4 years.

Salary increases were based on a service-related table. Mortality rates for active members were based on the gender-distinct RP2000 Active Employee Mortality Table, with males calculated with a two-year set-forward, and with females calculated with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. Mortality rates for retirees, beneficiaries, and non-depositing members were based on the gender-distinct RP2000 Combined Mortality Table projected to 2014 with scale AA, and then projected with 110% of the MP-2014 Ultimate scale after that, with males calculated with a one-year set-forward and with females calculated with no age adjustment. For disabled annuitants, the gender-distinct RP2000 Disabled Mortality Table is used, projected to 2014 with scale AA, and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and with a two-year set-forward for females.

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2020 valuation were based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68. Assumptions are reviewed annually.

The long-term expected rate of return on pension plan investments is 7.60%. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 7 to 10 year time horizon.

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

ASSET CLASS	BENCHMARK	TARGET ALLOCATION ⁽¹⁾	GEOMETRIC REAL RATE OF RETURN ⁽²⁾
U. S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	(0.85)%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾ 67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	4.00%	5.70%
REIT Equities	(net) Index	2.00%	3.45%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	(0.70)%

(1) Target asset allocation adopted at the March 2021 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

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

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

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

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 5 - LIABILITIES - CONTINUED

Discount Rate. The discount rate used to measure the Total Pension Liability was 7.60%, which is net of investment expenses and increased by 0.10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability/Asset. A schedule of changes in net pension liability/asset is as follows:

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET POSITION LIABILITY (ASSET)
	(A)	(B)	(A) - (B)
Balance at 12/31/2019	\$ 10 572 245	\$ 10 557 113	\$ 15 132
Changes for the Year:			
Service cost	288 410	-	288 410
Interest on total pension liability	856 535	-	856 535
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	53 891	-	53 891
Changes of assumptions	541 086	-	541 086
Refund of contributions	-	-	-
Benefit payments	(583 663)	(583 663)	-
Administrative expenses	-	(8 396)	8 396
Employer contributions	-	191 891	(191 891)
Member contributions	-	1 090 292	(1 090 292)
Net investment income	-	229 721	(229 721)
Other	-	(2 634)	2 634
Balance at 12/31/2020	\$ 11 728 504	\$ 11 474 324	\$ 254 180

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate. The following presents the net pension liability/asset of the County, calculated using the discount rate of 7.6%, 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 (6.6%) or 1-percentage-point higher (8.6%) than the current rate:

	1% DECREASE IN DISCOUNT RATE (6.6%)	DISCOUNT RATE (7.6%)	1% INCREASE IN DISCOUNT RATE (8.6%)
Total pension liability	\$ 12 960 580	\$ 11 728 504	\$ 10 679 060
Fiduciary net position	11 474 323	11 474 324	11 474 323
NET PENSION LIABILITY (ASSET)	\$ 1 486 257	\$ 254 180	\$ (795 263)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the year ended September 30, 2021, the County recognized net pension (benefit) expense of \$72,770. Net pension (benefit) expense was charged to functions/programs as follows:

FUNCTION/PROGRAM	GOVERNMENTAL ACTIVITIES
General government	\$ 29 249
Judicial	9 373
Road and bridge	20 731
Public safety	13 417
TOTAL	\$ 72 770

At September 30, 2021, the County reported deferred amounts related to pension from the following sources:

	DEFERRED INFLOWS OF RESOURCES	DEFERRED OUTFLOWS OF RESOURCES
Difference between expected and actual economic experience	\$ 19 735	\$ 35 927
Difference between projected and actual investment earnings	-	360 724
Changes in actuarial assumptions	780 957	384 915
Contributions subsequent to the measurement date	-	156 807
TOTALS, GOVERNMENT ACTIVITIES	\$ 800 692	\$ 938 373

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2021

NOTE 5 - LIABILITIES - CONTINUED

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$156,807, will be recognized as a reduction of the net pension liability/asset for the fiscal year ending September 30, 2021. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

PLAN YEAR ENDING DECEMBER 31,		
2021	\$	51 328
2022		184 370
2023		(206 414)
2024		(48 410)
2025		-
Thereafter		-
TOTAL	\$	<u>(19 126)</u>

NOTE 6 - OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The County provides insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this coverage during the current year.

B. Contingent Liabilities

All amounts received or receivable from grant agencies are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already collected, may be required to be repaid to the granting agency. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

C. Subsequent Events

Management has evaluated subsequent events through September 13, 2022, the date when the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Property taxes	\$ 5 768 245	\$ 5 768 245	\$ 5 460 124	\$ (308 121)
Fines and forfeitures	165 500	165 500	176 824	11 324
Fees, licenses, and permits	234 935	234 935	349 482	114 547
Grants and donations	41 055	66 190	100 362	34 172
Payments in lieu of taxes	25 000	25 000	30 805	5 805
Interest	20 000	20 000	2 538	(17 462)
Other revenue	68 650	124 844	141 692	16 848
TOTAL REVENUES	6 323 385	6 404 714	6 261 827	(142 887)
Expenditures:				
General Government:				
County Judge	171 625	171 625	174 311	(2 686)
County Clerk	123 659	123 659	112 420	11 239
Elections Administrator	79 514	79 514	72 232	7 282
County Auditor	122 970	122 970	122 323	647
County Treasurer	89 831	91 997	86 815	5 182
Data processing	152 800	179 767	217 835	(38 068)
Tax Assessor-Collector	149 889	157 541	160 475	(2 934)
Veterans office	15 521	15 970	13 075	2 895
Courthouse maintenance	207 209	212 426	225 684	(13 258)
County agent	50 941	50 941	39 299	11 642
County insurance	768 000	768 000	793 807	(25 807)
Non-departmental	673 652	715 627	441 397	274 230
Fringe benefits	25 000	25 000	24 187	813
Courthouse miscellaneous	164 550	159 346	64 253	95 093
Covid Relief	-	7 715	-	7 715
TOTAL GENERAL GOVERNMENT	2 795 161	2 882 098	2 548 113	333 985
Judicial:				
County Court	36 521	36 521	14 404	22 117
District Court	186 050	186 050	223 042	(36 992)
District Clerk	96 931	98 035	95 480	2 55
County Attorney	120 861	120 861	96 595	24 266
District Attorney	105 507	105 507	92 827	12 680
Justice of the Peace, Pct 1	64 907	64 907	67 676	(2 769)
Justice of the Peace, Pct 2	64 907	64 907	65 038	(131)
Justice of the Peace, Pct 3	64 907	64 907	36 904	28 003
Justice of the Peace, Pct 4	64 907	64 907	71 557	(6 650)
TOTAL JUDICIAL	805 498	806 602	763 523	43 079
Public Safety:				
911/Emergency management	36 358	36 358	34 546	1 812
Public safety	96 191	103 191	97 476	5 715
Sheriff department	682 685	752 952	832 933	(79 981)
Jail	626 076	637 636	856 475	(218 839)
Constable, Pct No. 1	38 842	38 842	21 578	17 264
Constable, Pct No. 2	38 842	38 842	33 279	5 563
Constable, Pct No. 3	38 842	38 842	28 460	10 382
Constable, Pct No. 4	38 842	38 842	36 472	2 370
TOTAL PUBLIC SAFETY	1 596 678	1 685 505	1 941 219	(255 714)
Health and Welfare:				
Civic improvements	48 500	48 500	27 898	20 602
Health and welfare	205 000	205 000	110 734	94 266
Environmental enforcement officer	29 983	29 983	30 511	(528)
TOTAL HEALTH AND WELFARE	283 483	283 483	169 143	114 340
TOTAL EXPENDITURES	5 480 820	5 657 688	5 421 998	235 700
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	842 565	747 026	839 829	92 803
Other Financing Sources (Uses):				
Sale of assets	1 000	1 000	40	(960)
Transfers in	-	95 177	722 067	626 890
Transfers out	(955 565)	(955 55)	(1 355 565)	(400 000)
TOTAL OTHER FINANCING SOURCES (USES)	(954 565)	(859 388)	(633 458)	205 930
NET CHANGE IN FUND BALANCE	(112 000)	(112 362)	206 371	318 733
Fund balance - Beginning of year	1 578 071	1 578 071	1 578 071	-
FUND BALANCE - END OF YEAR	\$ 1 466 071	\$ 1 465 709	\$ 1 784 442	\$ 318 733

See independent auditors' report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 1
For the Year Ended September 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 130 858	\$ 130 858	\$ 129 686	\$ (1 172)
Grants and donations	34 320	34 320	36 164	1 844
Interest	135	135	188	53
Other revenue	-	-	10 060	10 060
TOTAL REVENUES	<u>165 313</u>	<u>165 313</u>	<u>176 098</u>	<u>10 785</u>
Expenditures:				
Road and bridge	343 950	343 950	307 562	36 388
Capital outlay	-	8 820	8 820	-
Debt Service:				
Principal	165 056	58 556	45 181	13 375
Interest	15 598	15 598	15 597	1
TOTAL EXPENDITURES	<u>524 604</u>	<u>426 924</u>	<u>377 160</u>	<u>49 764</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(359 291)</u>	<u>(261 611)</u>	<u>(200 062)</u>	<u>61 549</u>
Other Financing Sources (Uses):				
Sale of assets	106	-	500	500
Transfers in	252 791	261 611	352 791	91 180
TOTAL OTHER FINANCING SOURCES (USES)	<u>359 291</u>	<u>261 611</u>	<u>353 291</u>	<u>91 680</u>
NET CHANGE IN FUND BALANCES	-	-	152 229	152 229
Fund balances - Beginning of year	<u>107 140</u>	<u>107 140</u>	<u>107 140</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 107 140</u>	<u>\$ 107 140</u>	<u>\$ 259 369</u>	<u>\$ 152 229</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 2
For the Year Ended September 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 50 330	\$ 50 330	\$ 49 879	\$ (451)
Grants and donations	13 200	13 200	13 909	709
Interest	100	100	127	27
Other revenue	-	-	1 967	1 967
TOTAL REVENUES	<u>63 630</u>	<u>63 630</u>	<u>65 882</u>	<u>2 252</u>
Expenditures:				
Road and bridge	<u>107 937</u>	<u>107 937</u>	<u>80 606</u>	<u>27 331</u>
TOTAL EXPENDITURES	<u>107 937</u>	<u>107 937</u>	<u>80 606</u>	<u>27 331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(44 307)</u>	<u>(44 307)</u>	<u>(14 724)</u>	<u>29 583</u>
Other Financing Sources (Uses):				
Transfers in	111 507	111 507	211 507	100 000
Transfers out	<u>(67 200)</u>	<u>(67 200)</u>	<u>(67 542)</u>	<u>(342)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>44 307</u>	<u>44 307</u>	<u>143 965</u>	<u>99 658</u>
NET CHANGE IN FUND BALANCE	-	-	129 241	129 241
Fund balance - Beginning of year	<u>73 275</u>	<u>73 275</u>	<u>73 275</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 73 275</u>	<u>\$ 73 275</u>	<u>\$ 202 516</u>	<u>\$ 129 241</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 3
For the Year Ended September 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 115 759	\$ 115 759	\$ 114 722	\$ (1 037)
Grants and donations	30 360	30 360	31 991	1 631
Interest	200	200	274	74
Other revenue	-	8 340	15 380	7 040
TOTAL REVENUES	<u>146 319</u>	<u>154 659</u>	<u>162 367</u>	<u>7 708</u>
Expenditures:				
Road and bridge	358 827	382 484	360 762	21 722
Capital outlay	-	118 950	118 950	-
Debt Service:				
Principal	162 118	61 118	50 716	10 402
Interest	8 614	8 614	8 608	6
TOTAL EXPENDITURES	<u>529 559</u>	<u>571 166</u>	<u>539 036</u>	<u>32 130</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(383 240)</u>	<u>(416 570)</u>	<u>(376 669)</u>	<u>39 901</u>
Other Financing Sources (Uses):				
Sales of assets	101 000	-	7 505	7 505
Transfers in	282 240	416 570	382 582	(33 988)
TOTAL OTHER FINANCING SOURCES (USES)	<u>383 240</u>	<u>416 570</u>	<u>390 087</u>	<u>(26 483)</u>
NET CHANGE IN FUND BALANCE	-	-	13 418	13 418
Fund balance - Beginning of year	<u>310 664</u>	<u>310 664</u>	<u>310 664</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 310 664</u>	<u>\$ 310 664</u>	<u>\$ 324 082</u>	<u>\$ 13 418</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
ROAD AND BRIDGE PRECINCT NO. 4
For the Year Ended September 30, 2021

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 206 353	\$ 206 353	\$ 204 504	\$ (1 849)
Grants and donations	54 120	54 120	57 027	2 907
Interest	200	200	341	141
Other revenue	-	-	4 156	4 156
TOTAL REVENUES	<u>260 673</u>	<u>260 673</u>	<u>266 028</u>	<u>5 355</u>
Expenditures:				
Road and bridge	574 085	569 86	517 975	51 893
Capital outlay	3 000	31 417	25 934	5 483
Debt Service:				
Principal	266 376	53 376	26 688	26 688
Interest	6 440	6 440	6 440	-
TOTAL EXPENDITURES	<u>849 901</u>	<u>661 101</u>	<u>577 037</u>	<u>84 064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(589 228)</u>	<u>(400 428)</u>	<u>(311 009)</u>	<u>89 419</u>
Other Financing Sources (Uses):				
Sale of assets	213 000	-	-	-
Transfers in	376 228	400 428	476 228	75 800
TOTAL OTHER FINANCING SOURCES (USES)	<u>589 228</u>	<u>400 428</u>	<u>476 228</u>	<u>75 800</u>
NET CHANGE IN FUND BALANCE	-	-	165 219	165 219
Fund balance - Beginning of year	<u>239 621</u>	<u>239 621</u>	<u>239 621</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 239 621</u>	<u>\$ 239 621</u>	<u>\$ 404 840</u>	<u>\$ 165 219</u>

See independent auditor's report

TRINITY COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - LAST TEN YEARS*
For the Year Ended September 30, 2021

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service cost	\$ 288 410	\$ 286 759	\$ 283 491	\$ 285 124	\$ 268 757	\$ 242 989	\$ 234 680
Interest on the total pension liability	856 535	823 450	795 012	764 599	723 589	700 690	649 068
Effect of plan changes	-	-	-	-	-	(18 062)	-
Effect of assumption changes or inputs	541 086	-	-	69 152	-	96 428	-
Effect of economic/demographic (gains) or losses	53 891	(59 206)	(91 941)	(166 220)	(57 030)	(150 552)	213 927
Benefit payments/refunds of contributions	(583 663)	(702 426)	(577 479)	(573 703)	(590 746)	(536 307)	(470 681)
NET CHANGE IN TOTAL PENSION LIABILITY	<u>1 156 259</u>	<u>348 577</u>	<u>409 083</u>	<u>378 952</u>	<u>344 570</u>	<u>335 186</u>	<u>626 994</u>
Total pension liability - Beginning	<u>10 572 245</u>	<u>10 223 668</u>	<u>9 814 585</u>	<u>9 435 633</u>	<u>9 091 063</u>	<u>8 755 877</u>	<u>8 128 883</u>
TOTAL PENSION LIABILITY - ENDING	<u>11 728 504</u>	<u>10 572 245</u>	<u>10 223 668</u>	<u>9 814 585</u>	<u>9 435 633</u>	<u>9 091 063</u>	<u>8 755 877</u>
Fiduciary Net Position:							
Employer contributions	229 721	221 481	223 604	223 182	239 138	217 163	204 818
Member contributions	191 891	181 968	172 382	168 167	163 314	152 167	140 838
Investment income net of investment expenses	1 090 292	1 533 946	(183 023)	1 259 415	613 758	111 782	553 575
Benefit payments/refunds of contributions	(583 663)	(702 426)	(577 479)	(573 703)	(590 747)	(536 307)	(470 681)
Administrative expenses	(8 396)	(8 045)	(7 501)	(6 461)	(6 672)	(6 031)	(6 294)
Other	(2 634)	(8 765)	(4 431)	(3 602)	(79 487)	(106 036)	171 667
NET CHANGE IN FIDUCIARY NET POSITION	<u>917 211</u>	<u>1 218 159</u>	<u>(376 448)</u>	<u>1 066 998</u>	<u>339 304</u>	<u>(167 262)</u>	<u>593 923</u>
Fiduciary net position - Beginning	<u>10 557 113</u>	<u>9 338 954</u>	<u>9 715 402</u>	<u>8 648 404</u>	<u>8 309 100</u>	<u>8 476 362</u>	<u>7 882 439</u>
FIDUCIARY NET POSITION - ENDING	<u>11 474 324</u>	<u>10 557 113</u>	<u>9 338 954</u>	<u>9 715 402</u>	<u>8 648 404</u>	<u>8 309 100</u>	<u>8 476 362</u>
NET PENSION LIABILITY/(ASSET), ENDING	<u>\$ 254 180</u>	<u>\$ 15 132</u>	<u>\$ 884 714</u>	<u>\$ 99 183</u>	<u>\$ 787 229</u>	<u>\$ 781 963</u>	<u>\$ 279 515</u>
Fiduciary net position as a percentage of total pension liability	97.83%	99.86%	91.35%	98.99%	91.66%	91.40%	96.81%
Pensionable covered payroll	\$ 2 741 303	\$ 2 599 538	\$ 2 462 595	\$ 2 402 389	\$ 2 333 055	\$ 2 173 808	\$ 2 011 972
Net pension liability as a percentage of covered payroll	9.27%	0.58%	35.93%	4.13%	33.74%	35.97%	13.89%

*10 years data will be presented as it becomes available.

TRINITY COUNTY, TEXAS
 SCHEDULE OF PENSION CONTRIBUTIONS
 LAST TEN FISCAL YEARS*
 For the Year Ended September 30, 2021

YEAR ENDING SEPTEMBER 30,	ACTUARIALLY DETERMINE CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2015	\$ 217 163	\$ 217 163	-	\$ 2 173 808	10.0%
2016	\$ 239 138	\$ 239 138	-	\$ 2 333 055	10.2%
2017	\$ 223 182	\$ 223 182	-	\$ 2 402 389	9.3%
2018	\$ 223 604	\$ 223 604	-	\$ 2 462 595	9.1%
2019	\$ 221 481	\$ 221 481	-	\$ 2 599 538	8.5%
2020	\$ 229 721	\$ 229 721	-	\$ 2 741 303	8.4%

*10 years data will be presented as it becomes available

TRINITY COUNTY, TEXAS
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS
September 30, 2021

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

Methods and Assumptions Used to Determine Contribution Rates

<i>Actuarial Cost Method</i>	Entry Age
<i>Amortization Method</i>	Level percentage of payroll, Closed
<i>Amortization Period</i>	20 years
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	2.50%
<i>Salary Increases</i>	4.6% average over career including inflation, varies by age and service
<i>Investment Rate of Return</i>	7.5%, net of investment expenses, including inflation
<i>Cost-of-Living Adjustments</i>	0.0%
<i>Retirement Age</i>	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.
<i>Mortality</i>	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 to 110% of the MP-2014 Ultimate Scale after 2014.

Other Information

No changes in plan provisions are reflected in the Schedule of Pension Contributions.

Presentation of Schedule

In accordance with GASB standards, the District reports contribution activity included in the Schedule of Pension Contributions based on the District's fiscal year end of September 30.

SUPPLEMENTARY INFORMATION

COMBINING FUND STATEMENTS

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2021

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 14 688	\$ 703 904	\$ 718 592
Receivables:			
Property taxes (net of allowance)	11 218	-	11 218
Other	-	10 801	10 801
Due from other funds	-	2	2
TOTAL ASSETS	\$ 25 906	\$ 714 707	\$ 740 613
 LIABILITIES			
Accounts payable	\$ 473	\$ 4 430	\$ 4 903
Accrued payroll	-	3 502	3 502
Accrued expenses	-	4 220	4 220
Due to others	-	18 977	18 977
TOTAL LIABILITIES	473	31 129	31 602
 DEFERRED INFLOWS			
Unavailable revenues	11 218	154 000	165 218
TOTAL DEFERRED INFLOWS	11 218	154 000	165 218
 FUND BALANCES			
Restricted	14 215	477 810	492 025
Assigned	-	51 768	51 768
TOTAL FUND BALANCES	14 215	529 578	543 793
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 25 906	\$ 714 707	\$ 740 613

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2021

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:			
Property taxes	\$ 15 611	\$ -	\$ 15 611
Other taxes	-	20 807	20 807
Fines and forfeitures	-	97 952	97 952
Fees, licenses and permits	-	124 036	124 036
Grants and contributions	-	836 367	836 367
Interest	16	555	571
Other revenue	-	5 505	5 505
TOTAL REVENUES	<u>15 627</u>	<u>1 085 222</u>	<u>1 100 849</u>
Expenditures:			
General government	-	232 996	232 996
Judicial	-	127 684	127 684
Public safety	-	30 018	30 018
Health and welfare	-	17 836	17 836
Pass-through expenditures	-	139 091	139 091
TOTAL EXPENDITURES	<u>-</u>	<u>547 625</u>	<u>547 625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>15 627</u>	<u>537 597</u>	<u>553 224</u>
Other Financing Sources (Uses):			
Transfers out	(87 953)	(634 115)	(722 068)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(87 953)</u>	<u>(634 115)</u>	<u>(722 068)</u>
NET CHANGE IN FUND BALANCES	(72 326)	(96 518)	(168 844)
Fund balance - Beginning of year	<u>86 541</u>	<u>626 096</u>	<u>712 637</u>
FUND BALANCE - END OF YEAR	<u>\$ 14 215</u>	<u>\$ 529 578</u>	<u>\$ 543 793</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2021

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
ASSETS					
Cash and cash equivalents	\$ 203 481	\$ 23 878	\$ 38 440	\$ 857	\$ 245 683
Due from other funds	2	-	-	-	-
Other receivables	10 177	-	67	-	-
TOTAL ASSETS	\$ 213 660	\$ 23 878	\$ 38 507	\$ 857	\$ 245 683
LIABILITIES					
Accounts payable	\$ -	\$ 168	\$ -	\$ -	\$ 3 769
Accrued payroll	-	-	-	-	3 502
Other accrued expenses	1 622	-	-	-	8
Due to others	-	-	-	-	18 977
TOTAL LIABILITIES	1 622	168	-	-	26 256
DEFERRED INFLOWS					
Unavailable revenues	-	-	-	-	154 000
TOTAL DEFERRED INFLOWS	-	-	-	-	154 000
FUND BALANCES					
Restricted	212 038	23 710	38 507	-	65 427
Assigned	-	-	-	857	-
TOTAL FUND BALANCES	212 038	23 710	38 507	857	65 427
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 213 660	\$ 23 878	\$ 38 507	\$ 857	\$ 245 683

See independent auditors' report.

JURY SERVICE FUND	COURT TECHNOLOGY FUND	SPECIAL CRIME FUNDS	LEOSE EDUCATION FUND	HOTEL/ MOTEL TAX FUND	AIRPORT FUND	COURTHOUSE PRESERVATION FUND
\$ 5 706	\$ 2 257	\$ 7 745	\$ 39 103	\$ 17 865	\$ 2 859	\$ 37 230
-	-	-	-	-	-	-
557	-	-	-	-	-	-
<u>\$ 6 263</u>	<u>\$ 2 257</u>	<u>\$ 7 745</u>	<u>\$ 39 103</u>	<u>\$ 17 865</u>	<u>\$ 2 859</u>	<u>\$ 37 230</u>
\$ 327	\$ 166	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	1 220	-	-
-	-	-	-	-	-	-
<u>327</u>	<u>166</u>	<u>-</u>	<u>-</u>	<u>1 220</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2 091	-	39 103	16 645	2 859	-
5 936	-	7 745	-	-	-	37 230
<u>5 936</u>	<u>2 091</u>	<u>7 745</u>	<u>39 103</u>	<u>16 645</u>	<u>2 859</u>	<u>37 230</u>
<u>\$ 6 263</u>	<u>\$ 2 257</u>	<u>\$ 7 745</u>	<u>\$ 39 103</u>	<u>\$ 17 865</u>	<u>\$ 2 859</u>	<u>\$ 37 230</u>

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2021

	GRANT FUNDS	SCHOOL FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS			
Cash and cash equivalent	\$ 78 800	\$ -	\$ 703 904
Due from other funds	-	-	2
Other receivables	-	-	10 801
TOTAL ASSETS	\$ 78 800	\$ -	\$ 714 707
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 4 430
Accrued payroll	-	-	3 502
Other accrued expenses	1 370	-	4 220
Due to others	-	-	18 977
TOTAL LIABILITIES	1 370	-	31 129
DEFERRED INFLOWS			
Unavailable revenues	-	-	154 000
TOTAL DEFERRED INFLOWS	-	-	154 000
FUND BALANCES			
Restricted	77 430	-	477 810
Assigned	-	-	51 768
TOTAL FUND BALANCES	77 430	-	529 578
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 78 800	\$ -	\$ 714 707

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2021

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
Revenues:					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 97 952
Fees, licenses, and permits	106 449	8 792	7 328	-	-
Other taxes	-	-	-	-	-
Grants and contributions	-	-	-	-	-
Interest	179	25	34	2	199
Other revenue	-	-	-	900	125
	<u>-</u>	<u>-</u>	<u>-</u>	<u>900</u>	<u>125</u>
 TOTAL REVENUES	 <u>106 628</u>	 <u>8 817</u>	 <u>7 362</u>	 <u>902</u>	 <u>98 276</u>
Expenditures:					
General government	91 270	-	-	3 786	-
Judicial	-	10 618	-	-	89 348
Public safety	-	-	-	-	29 283
Health and welfare	-	-	-	-	-
Pass-through expenditures	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>91 270</u>	 <u>10 618</u>	 <u>-</u>	 <u>3 786</u>	 <u>118 631</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>15 358</u>	 <u>(1 801)</u>	 <u>7 362</u>	 <u>(2 884)</u>	 <u>(20 355)</u>
Other Financing Sources (Uses):					
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 NET CHANGE IN FUND BALANCES	 15 358	 (1 801)	 7 362	 (2 884)	 (20 355)
 Fund balance - Beginning of year	 <u>196 680</u>	 <u>25 511</u>	 <u>31 145</u>	 <u>3 741</u>	 <u>85 782</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 212 038</u>	 <u>\$ 23 710</u>	 <u>\$ 38 507</u>	 <u>\$ 857</u>	 <u>\$ 65 427</u>

See independent auditors' report.

JURY SERVICE FUND	COURT TECHNOLOGY FUND	SPECIAL CRIME FUNDS	LEOSE EDUCATION FUND	HOTEL/ MOTEL TAX FUND	AIRPORT FUND	COURTHOUSE PRESERVATION FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 270	197	-	-	-	-	-
-	-	-	-	20 807	-	-
-	-	-	4 149	-	-	-
5	4	7	37	14	2	43
-	-	-	-	-	-	-
<u>1 275</u>	<u>201</u>	<u>7</u>	<u>4 186</u>	<u>20 821</u>	<u>2</u>	<u>43</u>
-	-	-	-	-	-	-
-	1 971	-	-	-	-	-
-	-	-	735	-	-	-
-	-	-	-	17 836	-	-
-	-	-	-	-	-	-
-	<u>1 971</u>	<u>-</u>	<u>735</u>	<u>17 836</u>	<u>-</u>	<u>-</u>
<u>1 275</u>	<u>(1 770)</u>	<u>7</u>	<u>3 451</u>	<u>2 985</u>	<u>2</u>	<u>43</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1 275	(1 770)	7	3 451	2 985	2	43
<u>4 661</u>	<u>3 861</u>	<u>7 738</u>	<u>35 652</u>	<u>13 660</u>	<u>2 857</u>	<u>37 187</u>
\$ <u>5 936</u>	\$ <u>2 091</u>	\$ <u>7 745</u>	\$ <u>39 103</u>	\$ <u>16 645</u>	\$ <u>2 859</u>	\$ <u>37 230</u>

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2021

	<u>GRANT FUNDS</u>	<u>SCHOOL FUND</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</u>
Revenues:			
Fines and forfeitures	\$ -	\$ -	\$ 97 952
Fees, licenses, and permits	-	-	124 036
Other taxes	-	-	20 807
Grants and contributions	693 127	139 091	836 367
Interest	4	-	555
Other revenue	<u>4 480</u>	<u>-</u>	<u>5 505</u>
 TOTAL REVENUES	 <u>697 611</u>	 <u>139 091</u>	 <u>1 085 222</u>
 Expenditures:			
General government	137 940	-	232 996
Judicial	25 747	-	127 684
Public safety	-	-	30 018
Health and welfare	-	-	17 836
Pass-through expenditures	<u>-</u>	<u>139 091</u>	<u>139 091</u>
 TOTAL EXPENDITURES	 <u>163 687</u>	 <u>139 091</u>	 <u>547 625</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>533 924</u>	 <u>-</u>	 <u>537 597</u>
 Other Financing Sources (Uses):			
Transfers out	<u>(634 115)</u>	<u>-</u>	<u>(634 115)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(634 115)</u>	 <u>-</u>	 <u>(634 115)</u>
 NET CHANGE IN FUND BALANCES	 (100 191)	 -	 (96 518)
 Fund balance - Beginning of year	 <u>177 621</u>	 <u>-</u>	 <u>626 096</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 77 430</u>	 <u>\$ -</u>	 <u>\$ 529 578</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITIONS
 September 30, 2021

	<u>GENERAL ESCROW FUND</u>	<u>COUNTY TAX ASSESSOR COLLECTOR FUND</u>	<u>COUNTY AGENCY FUND</u>	<u>DISTRICT CLERK TRUST FUND</u>
ASSETS				
Restricted cash	\$ <u>139 929</u>	\$ <u>73 809</u>	\$ <u>-</u>	\$ <u>169 758</u>
TOTAL ASSETS	<u>139 929</u>	<u>73 809</u>	<u>-</u>	<u>169 758</u>
 LIABILITIES				
Accounts payable	1	-	-	-
Accrued expenses	-	73 809	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1</u>	<u>73 809</u>	<u>-</u>	<u>-</u>
 NET POSITION	 \$ <u>139 928</u>	 \$ <u>-</u>	 \$ <u>-</u>	 \$ <u>169 758</u>

See independent auditors' report.

UNCLAIMED MONEY FUND	DISTRICT ATTORNEY HOT CHECK FUND	RESTITUTION FUND	COMBINED FIDUCIARY FUNDS
\$ <u>3 149</u>	\$ <u>741</u>	\$ <u>4 230</u>	\$ <u>391 616</u>
<u>3 149</u>	<u>741</u>	<u>4 230</u>	<u>391 616</u>
106	-	-	107
-	-	-	73 809
<u>3 255</u>	<u>-</u>	<u>3 381</u>	<u>6 636</u>
<u>3 361</u>	<u>-</u>	<u>3 381</u>	<u>80 552</u>
\$ <u>(212)</u>	\$ <u>741</u>	\$ <u>849</u>	\$ <u>311 064</u>

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGE IN NET POSITION OF FIDUCIARY FUNDS
 September 30, 2021

	GENERAL ESCROW FUND	COUNTY TAX ASSESSOR COLLECTOR FUND	COUNTY AGENCY FUND	DISTRICT CLERK TRUST FUND
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Additions:				
Fees	\$ 105 252	\$ 1 255 941	\$ 100	\$ 1 408 779
Interest income	<u>92</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ADDITIONS	<u>105 344</u>	<u>1 255 941</u>	<u>100</u>	<u>1 408 779</u>
Disbursements:				
Payment to others	<u>53 133</u>	<u>1 362 650</u>	<u>100</u>	<u>1 411 464</u>
TOTAL DISBURSEMENTS	<u>53 133</u>	<u>1 362 650</u>	<u>100</u>	<u>1 411 464</u>
CHANGE IN NET POSITION	52 211	(106 709)	-	(2 685)
Beginning net position	<u>87 717</u>	<u>106 709</u>	<u>-</u>	<u>172 443</u>
ENDING NET POSITION	<u>\$ 139 928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169 758</u>

See independent auditors' report.

UNCLAIMED MONEY FUND	DISTRICT ATTORNEY HOT CHECK FUND	RESTITUTION FUND	COMBINED FIDUCIARY FUNDS
\$ 361	\$ -	\$ 1 495	\$ 2 771 928
<u>-</u>	<u>1</u>	<u>-</u>	<u>93</u>
<u>361</u>	<u>1</u>	<u>1 495</u>	<u>2 772 021</u>
<u>4 851</u>	<u>-</u>	<u>4 776</u>	<u>2 836 974</u>
<u>4 851</u>	<u>-</u>	<u>4 776</u>	<u>2 836 974</u>
(4 490)	1	(3 281)	(64 953)
<u>4 278</u>	<u>740</u>	<u>4 130</u>	<u>376 017</u>
\$ <u>(212)</u>	\$ <u>741</u>	\$ <u>849</u>	\$ <u>311 064</u>

COMPLIANCE SECTION

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

Honorable County Judge and
Members of the Commissioners' Court
Trinity County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas (the "County") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Trinity County, Texas' basic financial statements and have issued our report thereon dated September 13, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings (findings 2021-001 to 2021-003) that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Trinity County, Texas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Trinity County, Texas's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Trinity County, Texas's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Lufkin, Texas
September 13, 2022


CERTIFIED PUBLIC ACCOUNTANTS

TRINITY COUNTY, TEXAS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended September 30, 2021

2021-001

Condition. In testing of cash receipts, we noted cash receipts that were not deposited timely.

Cause. Some departments do not timely deposit receipts.

Effect. Undeposited funds were vulnerable to theft or misappropriation.

Recommendation. The County should establish a policy on deposit frequency.

View of Responsible Officials and Corrective Action Plan. The County follows Texas Local Government Code 113.022 regarding deadlines for deposits, which is on or before the next regular business day after the date on which money is received. If deadline cannot be met, the officer or person must deposit on or before the fifth working day.

During cash counts and monthly report reviews, the Auditor's office sends a written notice to the office that is not in compliance of this code. The Auditor provides this information in the quarterly report to the Commissioners' Court in accordance with Local Government Code Chapters 112, 113, and 115. Action to be taken by Commissioners' Court to address the issue with the Official that is not in compliance with the law.

2021-002

Condition. Cybersecurity is informal with physical risk and possible intrusion risk associated with the system.

Cause. The County does not have formal cybersecurity policies and with a decentralized information system access is not adequately restricted or tested for vulnerability.

Effect. County data is vulnerable.

Recommendation. Formalize procedures, consider phish testing and intrusion testing for decentralized systems.

View of Responsible Officials and Corrective Action Plan. Trinity County Officials and employees receive annual cybersecurity training through the Texas Department of Information Resources as required under Texas Government Code Section 2054-5191 and 2054-5192.

Remote network monitoring of county computer systems has been added with an outsourced IT services group. Monitoring 24/7 now provides protection and early response to phishing and cyberattack attempts. In August 2021, Texas Association of Counties email services transitioned to Microsoft Office 365 which provides greater security and quarantines messages identified as spam or phishing attempts, which are reviewed and reported. Multifactor authentication steps for all email accounts have been added which strengthens the security of individual's email and overall cybersecurity of the county's network.

In October 2021, the County hired an IT Support Technician to provide on-site technical assistance and to identify areas for improvement and putting safeguards in place to avoid loss of critical data.

Major revisions to Trinity County's computer and internet policy regarding cybersecurity and overall usage and protection of computer network systems was implemented in April 2022.

2021-003

Condition. Bank reconciliations are not done in timely manner.

Cause. Most bank reconciliations were done approximately 60 days after month end.

Effect. The adjustments posted with the bank reconciliations and errors are not corrected in a timely manner.

Recommendation. All bank reconciliation should be done within 20 days of month end to allow corrections in a timely manner.

View of Responsible Officials and Corrective Action Plan. Management agrees with the recommendation. Due to the limited number of staff, it is sometimes difficult to reconcile all accounts within 20 days of month end. A concerted effort will be made to reconcile bank accounts in a more timely manner and activity recorded in the period incurred to assure the cash balances are properly stated.

TRINITY COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2021

2020-001

Condition. In testing of cash receipts, we noted cash receipts that were not deposited timely.

Status. Ongoing

2020-002

Condition. In testing the pension census data, we noted several employees whom had left and then been rehired by the County, that did not reflect a break in service with TCDRS.

Status. Cleared