

TRINITY COUNTY, TEXAS
AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORT

September 30, 2022

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INTRODUCTORY SECTION

TRINITY COUNTY, TEXAS
PRINCIPAL PUBLIC OFFICIALS
September 30, 2022

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, 2022, 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, 2022, 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 and *Government Auditing Standards* issued by the Comptroller of the United States. 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 and *Government Auditing Standards* issued by the Comptroller of the United States 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 and *Government 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 there on. 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 July 25, 2023, 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
July 25, 2023


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, 2022. 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 \$11,545,377 (*net position*) at September 30, 2022.
- Total assets and deferred outflows decreased by \$665,432 over the prior year; total liabilities and deferred inflows decreased by \$1,057,903 over the prior year.
- Overall revenues exceeded expenses by \$317,176.

Fund Financial Statements

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$4,583,158. Overall expenditures exceeded revenues by \$431,036.

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 \$11,545,377 at September 30, 2022.

The largest portion of the County's net position, or \$6,906,497, reflects its investment in capital assets. 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 \$1,771,269) represents resources that are subject to restriction on how they may be used.

The remaining balance of \$2,867,611 is unrestricted in nature.

Net Position

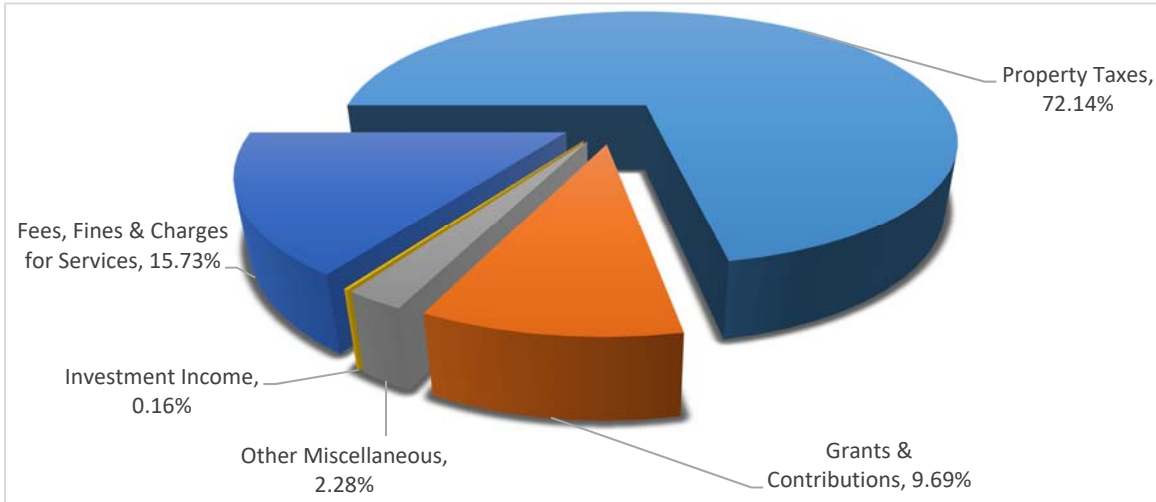
	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 5 474 165	\$ 5 746 588
Capital assets, net	6 906 497	6 995 001
TOTAL ASSETS	<u>12 380 662</u>	<u>12 741 589</u>
Deferred outflows	633 868	938 373
Long-term liabilities	(1 048 293)	707 543
Other liabilities	603 666	830 007
TOTAL LIABILITIES	<u>(444 627)</u>	<u>1 537 550</u>
Deferred inflows	1 913 780	989 506
Net Position:		
Net investment in capital assets	6 906 497	6 042 949
Restricted	1 771 269	3 105 725
Unrestricted	2 867 611	2 004 232
TOTAL NET POSITION	<u>\$ 11 545 377</u>	<u>\$ 11 152 906</u>

Changes in Net Position

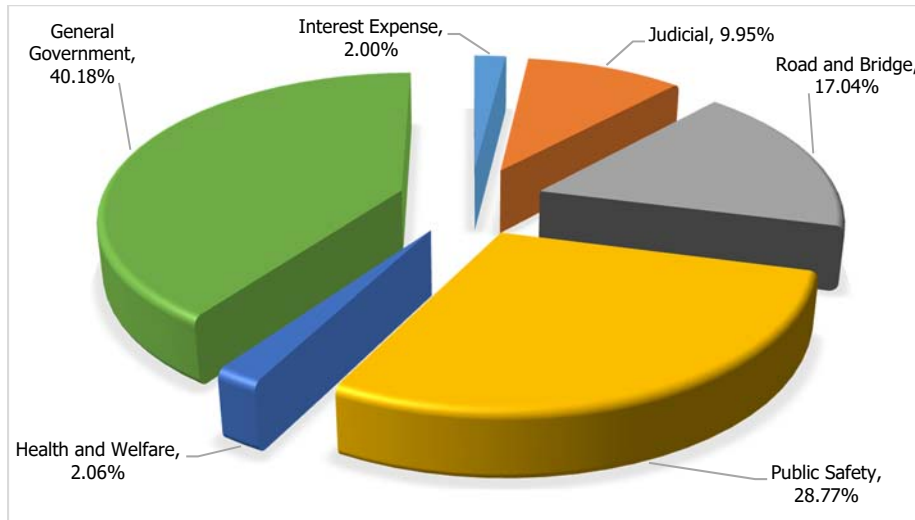
	<u>2022</u>	<u>2021</u>
Revenues:		
Charges for service	\$ 1 413 082	\$ 1 247 085
Grants and contributions, net of pass-through expenditures	870 389	2 359 622
Property taxes	6 390 206	5 455 173
Investment income	14 244	4 039
Gain (loss) on sale of assets	88 140	8 045
Other	204 448	230 872
TOTAL REVENUES	<u>8 980 509</u>	<u>9 304 836</u>
Expenses:		
General government	3 480 101	2 946 454
Judicial	862 147	887 202
Public safety	2 492 779	2 066 190
Road and bridge	1 476 372	1 483 301
Health and welfare	178 521	186 979
Interest on long-term debt	173 413	34 326
TOTAL EXPENSES	<u>8 663 333</u>	<u>7 604 452</u>
INCREASE (DECREASE) IN NET POSITION	<u>317 176</u>	<u>1 700 384</u>
Net position, at beginning of year (restated)	11 228 201	9 452 522
NET POSITION, AT END OF YEAR	<u>\$ 11 545 377</u>	<u>\$ 11 152 906</u>

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

Revenues by Source
For the Fiscal Year Ended September 30, 2022



Expenses by Function
For the Fiscal Year Ended September 30, 2022



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, 2022, the County's governmental funds reported a combined positive fund balance of \$4,583,158.

The fund balance is comprised of \$1,841,456 that is either in a nonspendable form, restricted, or assigned for specific purposes. The remaining balance, \$2,741,702, is unassigned. During the year, the fund balance in the County's governmental funds decreased by \$431,036.

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 \$50,505 for the fund. Actual results yielded a \$983,951 increase in fund balance, with a favorable budget variance of \$1,034,456.

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 \$30,488 decrease in fund balance, with an unfavorable budget variance of \$30,488.

**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 \$18,079 decrease in fund balance, with an unfavorable budget variance of \$18,079.

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 \$56,330 decrease in fund balance, with an unfavorable budget variance of \$56,330.

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 \$51,969 decrease in fund balance, with an unfavorable budget variance of \$51,969.

Capital Assets

The County's investment in capital assets as of September 30, 2022 totaled \$6,906,497 (net of accumulated depreciation). This investment includes land, buildings, equipment, and improvements (other than buildings).

Capital assets of \$509,049 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)

	2022	2021
Land	\$ 163 333	\$ 70 333
Buildings and improvements	7 357 349	7 340 853
Infrastructure	880 954	880 954
Rolling stock	3 376 253	3 808 672
Furniture and equipment	913 115	913 115
Right of use assets	15 180	-
Less accumulated depreciation	(5 799 687)	(6 018 926)
TOTAL	\$ 6 906 497	\$ 6 995 001

Debt Administration

At the end of the current fiscal year, the County had total capital lease obligations of \$566,500.

Debt Outstanding

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
Capital leases	\$ 952 052	\$ 496 966	\$ 882 518	\$ 566 500

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, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 3 951 081
Restricted cash	886 783
Receivables Net of Allowance for Uncollectibles:	
Property taxes, net of allowance for uncollectibles	392 133
Due from other funds	6 636
Other	205 762
Prepaid expense	31 770
TOTAL CURRENT ASSETS	5 474 165
Noncurrent Assets:	
Capital Assets:	
Land	163 333
Streets and infrastructure	279 417
Buildings and improvements	5 102 332
Vehicles	1 314 479
Machinery and equipment	34 792
Right of use asset	12 144
TOTAL CAPITAL ASSETS	6 906 497
TOTAL ASSETS	12 380 662
DEFERRED OUTFLOW	
Contribution subsequent to measurement data	230 579
Pension deferred outflows	403 289
TOTAL DEFERRED OUTFLOWS	633 868
TOTAL ASSETS AND DEFERRED OUTFLOWS	13 014 530
LIABILITIES	
Current Liabilities:	
Accounts payable	187 643
Accrued interest	5 162
Due to other funds	16 924
Accrued liabilities	177 924
Due within one year	216 013
TOTAL CURRENT LIABILITIES	603 666
Noncurrent Liabilities:	
Net pension liability (Asset)	(1 466 487)
Due in more than one year	350 487
Accrued compensated absences	67 707
TOTAL NONCURRENT LIABILITIES	(1 048 293)
TOTAL LIABILITIES	(444 627)
DEFERRED INFLOWS	
Unavailable revenue	116 383
Deferred pension inflows	1 797 397
TOTAL DEFERRED INFLOWS	1 913 780
NET POSITION	
Net investment in capital assets	6 906 497
Restricted	1 771 269
Unrestricted	2 867 611
TOTAL NET POSITION	\$ 11 545 377

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, 2022

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	\$ 3 480 101	\$ 341 275	\$ 465 558	\$ -	\$ (2 673 268)
Judicial	862 147	250 223	20 294	-	(591 630)
Public safety	2 492 779	304 144	3 076	-	(2 185 559)
Roads and bridges	1 476 372	500 576	200 004	-	(775 792)
Health and welfare	178 521	16 864	8 044	-	(153 613)
Pass-through to other entities	173 413	-	173 413	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>8 663 333</u>	\$ <u>1 413 082</u>	\$ <u>870 389</u>	\$ <u>-</u>	<u>(6 379 862)</u>
General Revenues:					
Taxes					
Property taxes - General					6 343 411
Property taxes - Debt service					18 282
Other tax revenue					28 513
Unrestricted investment earnings					14 244
Other unrestricted revenue					204 448
Gain (loss) on sale of an asset					88 140
TOTAL GENERAL REVENUES					<u>6 697 038</u>
CHANGE IN NET POSITION					<u>317 176</u>
Net position - Beginning					11 152 906
Prior period adjustment					75 295
NET POSITION - BEGINNING (RESTATED)					<u>11 228 201</u>
NET POSITION - ENDING					\$ <u>11 545 377</u>

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, 2022

	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	COVID RELIEF GRANT FUND	NON-MAJOR GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
ASSETS								
Cash and investments	\$ 2 884 717	\$ 216 468	\$ 189 519	\$ 265 482	\$ 362 055	\$ 32 840	\$ -	\$ 3 951 081
Restricted cash	-	-	-	-	-	-	886 783	886 783
Taxes receivable, net	380 369	-	-	-	-	-	11 764	392 133
Other receivables, net	157 332	22 213	-	11 107	4 526	-	10 584	205 762
Prepaid expense	26 691	1 044	141	1 496	2 398	-	-	31 770
Due from other funds	44 762	-	-	-	-	-	2	44 764
TOTAL ASSETS	\$ 3 493 871	\$ 239 725	\$ 189 660	\$ 278 085	\$ 368 979	\$ 32 840	\$ 909 133	\$ 5 512 293
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 163 190	\$ 3 539	\$ 2 665	\$ 2 808	\$ 6 609	\$ -	\$ 8 832	\$ 187 643
Due to other funds	-	-	-	-	-	-	36 075	36 075
Due to others	-	-	-	-	-	-	18 977	18 977
Accrued liabilities	144 703	7 305	2 558	7 525	9 499	-	6 334	177 924
TOTAL LIABILITIES	307 893	10 844	5 223	10 333	16 108	-	70 218	420 619
Deferred Inflows:								
Unearned revenues	417 585	-	-	-	-	-	90 931	508 516
TOTAL DEFERRED INFLOWS	417 585	-	-	-	-	-	90 931	508 516
Fund Balances:								
Non Spendable – Prepaid Expense	26 691	1 044	141	1 496	2 398	-	-	31 770
Restricted	-	227 837	184 296	266 256	350 473	32 840	704 488	1 739 499
Assigned	-	-	-	-	-	-	43 496	43 496
Unassigned	2 741 702	-	-	-	-	-	-	2 768 393
TOTAL FUND BALANCES	2 768 393	228 881	184 437	267 752	352 871	32 840	747 984	4 583 158
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 3 493 871	\$ 239 725	\$ 189 660	\$ 278 085	\$ 368 979	\$ 32 840	\$ 909 133	\$ 5 512 293

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, 2022

Total fund balances - Governmental funds balance sheet	\$	4 583 158
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		6 906 497
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		(1 163 529)
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows and outflows in the governmental funds		392 133
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		(72 869)
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>899 987</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>11 545 377</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, 2022

	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	COVID RELIEF GRANT FUND	NON-MAJOR GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
Revenues:								
Property taxes	\$ 6 325 196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18 282	\$ 6 343 478
Other taxes	-	-	-	-	-	-	28 513	28 513
Fines and forfeitures	216 214	-	-	-	-	-	257 847	474 061
Fees, licenses, and permits	310 417	130 150	50 057	115 133	205 236	-	128 028	939 021
Grants and contributions	84 712	45 087	17 341	40 885	96 691	-	585 673	870 389
Payment in lieu of taxes	58 873	-	-	-	-	-	-	58 873
Interest	12 439	309	197	369	402	-	528	14 244
Other revenue	74 803	13 537	-	17 073	5 196	-	34 966	145 575
TOTAL REVENUES	7 082 654	189 083	67 595	173 460	307 525	-	1 053 837	8 874 154
Expenditures:								
General government	3 036 781	-	-	-	-	92 368	501 654	3 630 803
Judicial	885 219	-	-	-	-	-	119 022	1 004 241
Public safety	2 434 778	-	-	-	-	-	91 001	2 525 779
Road and bridge	-	417 390	138 985	409 286	616 676	-	-	1 582 337
Health and welfare	145 769	-	-	-	-	-	32 752	178 521
Debt service	-	59 634	-	76 456	32 223	-	-	168 313
Capital outlay	-	-	-	100 752	25 000	-	-	125 752
Pass through to other entities	-	-	-	-	-	-	173 413	173 413
TOTAL EXPENDITURES	6 502 547	477 024	138 985	586 494	673 899	92 368	917 842	9 389 159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	580 107	(287 941)	(71 390)	(413 034)	(366 374)	(92 368)	135 995	(515 005)
Other Financing Sources (Uses):								
Sale of assets	3 057	15 211	-	65 701	-	-	-	83 969
Transfers in (out)	400 787	242 242	53 311	291 003	314 405	(1 297 685)	(4 063)	-
TOTAL OTHER FINANCING SOURCES (USES)	403 844	257 453	53 311	356 704	314 405	(1 297 685)	(4 063)	83 969
NET CHANGE IN FUND BALANCE	983 951	(30 488)	(18 079)	(56 330)	(51 969)	(1 390 053)	131 932	(431 036)
Fund balance - Beginning of year	1 784 442	259 369	202 516	324 082	404 840	1 422 893	543 793	4 941 935
Prior period adjustment	-	-	-	-	-	-	72 259	72 259
FUND BALANCE - BEGINNING OF YEAR (RESTATED)	1 784 442	259 369	202 516	324 082	404 840	1 422 893	616 052	5 014 194
FUND BALANCE - END OF YEAR	\$ 2 768 393	\$ 228 881	\$ 184 437	\$ 267 752	\$ 352 871	\$ 32 840	\$ 747 984	\$ 4 583 158

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, 2022

Net change in fund balances - Governmental funds	\$ (431 036)
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.	414 760
The depreciation of capital assets used in governmental activities is not reported in the government funds.	(518 444)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	18 215
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.	409 935
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.	7 970
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.	419 457
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>\$ 317 176</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, 2022

	<u>COMBINED FIDUCIARY FUNDS</u>
ASSETS	
Restricted cash	\$ 503 703
TOTAL ASSETS	<u>503 703</u>
LIABILITIES	
Accounts payable	905
Accrued expenses	73 809
Due to other funds	<u>6 636</u>
TOTAL LIABILITIES	<u>81 350</u>
NET POSITION	<u>\$ 422 353</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, 2022

	<u>COMBINED FIDUCIARY FUNDS</u>
Additions: Fees Interest income TOTAL ADDITIONS	\$ 1 085 678 157 <u>1 085 835</u>
Disbursements: Payments to others TOTAL DISBURSEMENTS	 <u>974 546</u> <u>974 546</u>
CHANGE IN NET POSITION	111 289
Beginning net position	<u>311 064</u>
ENDING NET POSITION	\$ <u><u>422 353</u></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, 2022, 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 \$5,341,567. 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	40 days	\$ 410 190
LOGIC Investment Pool	65 days	325 458
Texas CLASS Investment Pool	82 days	1 847 389
TOTAL INVESTMENTS		\$ 2 583 037

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	\$ 2 535 794	\$ 1 073 872	\$ 3 609 666
Debt service fund	78 427	-	78 427
TOTAL RECEIVABLES	<u>2 614 221</u>	<u>1 073 872</u>	<u>3 688 093</u>
Allowance for Uncollectibles:			
General fund	(2 155 425)	(1 041 656)	(3 197 081)
Debt service fund	(66 663)	-	(66 663)
TOTAL ALLOWANCES	<u>(2 222 088)</u>	<u>(1 041 656)</u>	<u>(3 263 744)</u>
TOTAL RECEIVABLES, NET	\$ <u>392 133</u>	\$ <u>32 216</u>	\$ <u>424 349</u>

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, 2022.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2022

NOTE 4 - DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2022 is as follows:

	BALANCE 09/30/2021	INCREASES	DECREASES	BALANCE 09/30/2022
Capital Assets Not Being Depreciated:				
Land	\$ 70 333	\$ 93 000	\$ -	\$ 163 333
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>70 333</u>	<u>93 000</u>	<u>-</u>	<u>163 333</u>
Capital Assets Being Depreciated:				
Buildings and improvements	7 340 853	16 496	-	7 357 349
Infrastructure	880 954	-	-	880 954
Rolling stock	3 808 672	477 373	(909 792)	3 376 253
Furniture and equipment	913 115	-	-	913 115
Right of use asset - Copier lease	-	15 180	-	15 180
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>12 943 594</u>	<u>509 049</u>	<u>(909 792)</u>	<u>12 542 851</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(2 068 489)	(186 528)	-	(2 255 017)
Infrastructure	(519 347)	(82 190)	-	(601 537)
Rolling stock	(2 572 865)	(226 592)	737 683	(2 061 774)
Furniture and equipment	(858 225)	(20 098)	-	(878 323)
Right of use asset - Copier lease	-	(3 036)	-	(3 036)
TOTAL ACCUMULATED DEPRECIATION	<u>(6 018 926)</u>	<u>(518 444)</u>	<u>737 683</u>	<u>(5 799 687)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>6 924 668</u>	<u>(9 395)</u>	<u>(344 218)</u>	<u>6 743 164</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 6 995 001</u>	<u>\$ 83 605</u>	<u>\$ (344 218)</u>	<u>\$ 6 906 497</u>

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

General government	\$ 184 214
Road and bridge	238 413
Public safety	95 817
TOTAL	<u>\$ 518 444</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, vehicles, and right of use assets. 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:

	GENERAL FUND	ROAD AND BRIDGE FUND	TOTALS
Asset:			
Rolling stock	\$ 76 914	\$ 923 820	\$ 1 000 734
Right of use assets	15 180	-	15 180
Less accumulated depreciation	(35 961)	(176 159)	(212 120)
TOTAL	<u>\$ 56 133</u>	<u>\$ 747 661</u>	<u>\$ 803 794</u>

Long-term liability activity for the year ended September 30, 2022, was as follows:

	BALANCE 09/30/2021	ADDITIONS	REDUCTIONS	BALANCE 09/30/2022	DUE WITHIN ONE YEAR
Leases Payable:					
Capital leases	\$ 952 052	\$ 496 966	\$ (882 518)	\$ 566 500	\$ 216 013

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

Future lease payments and interest:

	PRINCIPLE	INTEREST
2023	\$ 216 013	\$ 12 294
2024	183 848	5 702
2025	60 413	4 137
2026	62 025	2 526
2027	44 201	934
TOTAL	<u>\$ 566 500</u>	<u>\$ 25 593</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2022

NOTE 5 - LIABILITIES - CONTINUED

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, 2022:

DUE TO	DUE FROM	AMOUNT
General fund	Grant fund	\$ 36 075
General fund	Fiduciary fund	6 636
		\$ 44 764

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, 2022:

FUND	TRANSFERS IN	TRANSFERS OUT
General	\$ 1 301 748	\$ 900 961
Road and Bridge Precinct No. 1	242 242	-
Road and Bridge Precinct No. 2	53 311	-
Road and Bridge Precinct No. 3	291 003	-
Road and Bridge Precinct No. 4	314 405	-
Covid Relief Grant	-	1 297 685
Nonmajor Special Revenue Funds	-	4 063
TOTALS	\$ 2 202 709	\$ 2 202 709

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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	83
Inactive employees entitled to but not yet receiving benefits	140
Active employees	86
	309

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, 2022

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 2021 and 8.4% for calendar year 2022. The contribution rate payable by the employee members for fiscal year 2021 is the rate of 8.5% as adopted by the County. For fiscal year 2021, the County's required contributions equaled actual contributions which totaled \$224,017.

The County's Net Pension Liability/Asset ("NPL") was measured as of December 31, 2021 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, 2021 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2021, 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, 2021 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, 2021 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 (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
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%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	(1.05)%

(1) Target asset allocation adopted at the March 2022 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 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, 2022

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	PLAN	NET
	PENSION LIABILITY (A)	FIDUCIARY NET POSITION (B)	POSITION LIABILITY (ASSET) (A) - (B)
Balance at 12/31/2020	\$ 11 728 504	\$ 11 474 324	\$ 254 180
Changes for the Year:			
Service cost	326 160	-	326 160
Interest on total pension liability	880 406	-	880 406
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	25 015	-	25 015
Changes of assumptions	(101 678)	-	(101 678)
Refund of contributions	(91 846)	(91 846)	-
Benefit payments	(866 441)	(866 441)	-
Administrative expenses	-	(7 231)	7 231
Employer contributions	-	188 476	(188 476)
Member contributions	-	2 457 611	(2 457 611)
Net investment income	-	224 017	(224 017)
Other	-	(12 303)	12 303
Balance at 12/31/2021	<u>\$ 11 900 120</u>	<u>\$ 13 366 607</u>	<u>\$ (1 466 487)</u>

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	\$ 13 180 206	\$ 11 900 120	\$ 10 811 333
Fiduciary net position	13 366 606	13 366 607	13 366 606
NET PENSION LIABILITY (ASSET)	<u>\$ (186 400)</u>	<u>\$ (1 466 487)</u>	<u>\$ (2 555 273)</u>

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the year ended September 30, 2022, the County recognized net pension (benefit) expense of \$419,456. Net pension (benefit) expense was charged to functions/programs as follows:

FUNCTION/PROGRAM	GOVERNMENTAL ACTIVITIES
General government	\$ 174 189
Judicial	48 179
Road and bridge	121 175
Public safety	75 913
TOTAL	<u>\$ 419 456</u>

At September 30, 2022, 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	\$ -	\$ 30 470
Difference between projected and actual investment earnings	50 839	180 362
Changes in actuarial assumptions	1 746 558	192 457
Contributions subsequent to the measurement date	-	230 579
TOTALS, GOVERNMENT ACTIVITIES	<u>\$ 1 797 397</u>	<u>\$ 633 868</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2022

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, 2022. 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,		
2022	\$	(175 292)
2023		(527 744)
2024		(369 740)
2025		(321 332)
2026		-
Thereafter		-
TOTAL	\$	<u>(1 394 108)</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 July 25, 2023, the date when the financial statements were available to be issued.

D. Prior Period Adjustment

In the implementation of Governmental Accounting Standards Board Statement #87 - Leases, the County recognized right of use assets of \$15,180 and the related leases of \$12,144 on the Government-wide statements. The County also corrected prior years deferred revenue in the seized funds fund with an adjustment of \$72,259.

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, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Property taxes	\$ 6 308 738	\$ 6 308 738	\$ 6 325 196	\$ 16 458
Fines and forfeitures	160 000	160 000	216 214	56 214
Fees, licenses, and permits	264 530	264 530	310 417	45 887
Grants and donations	133 755	133 755	84 712	(49 043)
Payments in lieu of taxes	-	-	58 873	58 873
Interest	10 000	10 000	12 439	2 439
Other revenue	23 300	23 300	74 803	51 503
TOTAL REVENUES	<u>6 900 323</u>	<u>6 900 323</u>	<u>7 082 654</u>	<u>182 331</u>
Expenditures:				
General Government:				
County Judge	181 085	181 085	182 672	(1 587)
County Clerk	148 920	148 920	138 890	10 030
Elections Administrator	89 183	89 183	97 610	(8 427)
County Auditor	139 403	139 403	141 595	(2 192)
County Treasurer	103 348	103 348	99 774	3 574
Data processing	202 081	202 081	242 124	(40 043)
Tax Assessor-Collector	188 766	188 766	185 783	2 983
Veterans office	18 298	18 298	19 324	(1 026)
Courthouse maintenance	235 360	235 360	266 519	(31 159)
County agent	55 608	55 608	55 524	84
County insurance	800 000	800 000	889 903	(89 903)
Non-departmental	533 085	533 085	431 005	102 080
Fringe benefits	25 000	25 000	22 592	2 408
Courthouse miscellaneous	120 205	120 205	263 466	(143 261)
Grant Writer Administrator	43 264	43 264	-	43 264
TOTAL GENERAL GOVERNMENT	<u>2 883 606</u>	<u>2 883 606</u>	<u>3 036 781</u>	<u>(153 175)</u>
Judicial:				
County Court	31 600	31 600	20 451	11 149
District Court	178 855	178 855	233 269	(54 414)
District Clerk	109 981	109 981	119 151	(9 170)
County Attorney	115 116	115 116	105 427	9 689
District Attorney	180 496	180 496	123 299	57 197
Justice of the Peace, Pct 1	75 773	75 773	76 996	(1 223)
Justice of the Peace, Pct 2	71 586	71 586	73 768	(2 182)
Justice of the Peace, Pct 3	71 150	71 150	51 373	19 777
Justice of the Peace, Pct 4	76 013	76 013	81 485	(5 472)
TOTAL JUDICIAL	<u>910 570</u>	<u>910 570</u>	<u>885 219</u>	<u>25 351</u>
Public Safety:				
911/Emergency management	38 613	38 613	38 027	586
Public safety	102 191	102 191	95 883	6 308
Sheriff department	988 915	988 915	1 093 436	(104 521)
Jail	843 496	843 496	1 047 174	(203 678)
Constable, Pct No. 1	44 029	44 029	39 097	4 932
Constable, Pct No. 2	45 225	45 225	42 699	2 526
Constable, Pct No. 3	44 725	44 725	37 237	7 488
Constable, Pct No. 4	45 891	45 891	41 225	4 666
TOTAL PUBLIC SAFETY	<u>2 153 085</u>	<u>2 153 085</u>	<u>2 434 778</u>	<u>(281 693)</u>
Health and Welfare:				
Civic improvements	27 100	27 100	25 140	1 960
Health and welfare	156 000	156 000	82 784	73 216
Environmental enforcement officer	34 969	34 969	37 845	(2 876)
TOTAL HEALTH AND WELFARE	<u>218 069</u>	<u>218 069</u>	<u>145 769</u>	<u>72 300</u>
TOTAL EXPENDITURES	<u>6 165 330</u>	<u>6 165 330</u>	<u>6 502 547</u>	<u>(337 217)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>734 993</u>	<u>734 993</u>	<u>580 107</u>	<u>(154 886)</u>
Other Financing Sources (Uses):				
Sale of assets	-	-	3 057	3 057
Transfers in	111 621	111 621	1 428 187	1 316 566
Transfers out	(897 119)	(897 119)	(1 027 400)	(130 281)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(785 498)</u>	<u>(785 498)</u>	<u>403 844</u>	<u>1 189 342</u>
NET CHANGE IN FUND BALANCE	<u>(50 505)</u>	<u>(50 505)</u>	<u>983 951</u>	<u>1 034 456</u>
Fund balance - Beginning of year	1 784 442	1 784 442	1 784 442	-
FUND BALANCE - END OF YEAR	<u>\$ 1 733 937</u>	<u>\$ 1 733 937</u>	<u>\$ 2 768 393</u>	<u>\$ 1 034 456</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. 1
For the Year Ended September 30, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 130 858	\$ 130 858	\$ 130 150	\$ (708)
Grants and donations	34 320	34 320	45 087	10 767
Interest	135	135	309	174
Other revenue	-	-	13 537	13 537
TOTAL REVENUES	<u>165 313</u>	<u>165 313</u>	<u>189 083</u>	<u>23 770</u>
Expenditures:				
Road and bridge	348 036	348 036	399 768	(51 732)
Capital outlay	-	-	17 622	(17 622)
Debt Service:				
Principal	45 780	45 780	32 787	12 993
Interest	14 239	14 239	26 847	(12 608)
TOTAL EXPENDITURES	<u>408 055</u>	<u>408 055</u>	<u>477 024</u>	<u>(68 969)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(242 742)</u>	<u>(242 742)</u>	<u>(287 941)</u>	<u>(45 199)</u>
Other Financing Sources (Uses):				
Sale of assets	500	500	15 211	14 711
Transfers in	242 242	242 242	242 242	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>242 742</u>	<u>242 742</u>	<u>257 453</u>	<u>14 711</u>
NET CHANGE IN FUND BALANCES	-	-	(30 488)	(30 488)
Fund balances - Beginning of year	<u>259 369</u>	<u>259 369</u>	<u>259 369</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 259 369</u>	<u>\$ 259 369</u>	<u>\$ 228 881</u>	<u>\$ (30 488)</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, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 50 330	\$ 50 330	\$ 50 057	\$ (273)
Grants and donations	13 200	13 200	17 341	4 141
Interest	100	100	197	97
TOTAL REVENUES	<u>63 630</u>	<u>63 630</u>	<u>67 595</u>	<u>3 965</u>
Expenditures:				
Road and bridge	<u>116 941</u>	<u>116 941</u>	<u>138 985</u>	<u>(22 044)</u>
TOTAL EXPENDITURES	<u>116 941</u>	<u>116 941</u>	<u>138 985</u>	<u>(22 044)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(53 311)</u>	<u>(53 311)</u>	<u>(71 390)</u>	<u>(18 079)</u>
Other Financing Sources (Uses):				
Transfers in	120 511	120 511	120 511	-
Transfers (out)	<u>(67 200)</u>	<u>(67 200)</u>	<u>(67 200)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>53 311</u>	<u>53 311</u>	<u>53 311</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(18 079)	(18 079)
Fund balance - Beginning of year	<u>202 516</u>	<u>202 516</u>	<u>202 516</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 202 516</u>	<u>\$ 202 516</u>	<u>\$ 184 437</u>	<u>\$ (18 079)</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, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 115 759	\$ 115 759	\$ 115 133	\$ (626)
Grants and donations	30 360	30 360	40 885	10 525
Interest	200	200	369	169
Other revenue	-	-	17 073	17 073
TOTAL REVENUES	<u>146 319</u>	<u>146 319</u>	<u>173 460</u>	<u>27 141</u>
Expenditures:				
Road and bridge	377 665	377 665	409 286	(31 621)
Capital outlay	-	-	100 752	(100 752)
Debt Service:				
Principal	54 949	54 949	54 933	16
Interest	5 708	5 708	21 523	(15 815)
TOTAL EXPENDITURES	<u>438 322</u>	<u>438 322</u>	<u>586 494</u>	<u>(148 172)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(292 003)</u>	<u>(292 003)</u>	<u>(413 034)</u>	<u>(121 031)</u>
Other Financing Sources (Uses):				
Sales of assets	1 000	1 000	65 701	64 701
Transfers in	291 003	291 003	291 003	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>292 003</u>	<u>292 003</u>	<u>356 704</u>	<u>64 701</u>
NET CHANGE IN FUND BALANCE	-	-	(56 330)	(56 330)
Fund balance - Beginning of year	<u>324 082</u>	<u>324 082</u>	<u>324 082</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 324 082</u>	<u>\$ 324 082</u>	<u>\$ 267 752</u>	<u>\$ (56 330)</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, 2022

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Fines, licenses and permits	\$ 206 353	\$ 206 353	\$ 205 236	\$ (1 117)
Grants and donations	54 120	54 120	96 691	42 571
Interest	200	200	402	202
Other revenue	-	-	5 196	5 196
TOTAL REVENUES	<u>260 673</u>	<u>260 673</u>	<u>307 525</u>	<u>46 852</u>
Expenditures:				
Road and bridge	540 391	540 391	616 676	(76 285)
Capital outlay	3 000	3 000	25 000	(22 000)
Debt Service:				
Principal	26 000	26 000	14 580	11 420
Interest	5 687	5 687	17 643	(11 956)
TOTAL EXPENDITURES	<u>575 078</u>	<u>575 078</u>	<u>673 899</u>	<u>(98 821)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(314 405)</u>	<u>(314 405)</u>	<u>(366 374)</u>	<u>(51 969)</u>
Other Financing Sources (Uses):				
Transfers in	<u>314 405</u>	<u>314 405</u>	<u>314 405</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>314 405</u>	<u>314 405</u>	<u>314 405</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(51 969)	(51 969)
Fund balance - Beginning of year	<u>404 840</u>	<u>404 840</u>	<u>404 840</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 404 840</u>	<u>\$ 404 840</u>	<u>\$ 352 871</u>	<u>\$ (51 969)</u>

TRINITY COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - LAST TEN YEARS*
For the Year Ended September 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:								
Service cost	\$ 326 160	\$ 288 410	\$ 286 759	\$ 283 491	\$ 285 124	\$ 268 757	\$ 242 989	\$ 234 680
Interest on the total pension liability	880 406	856 535	823 450	795 012	764 599	723 589	700 690	649 068
Effect of plan changes	(91 846)	-	-	-	-	-	(18 062)	-
Effect of assumption changes or inputs	(101 678)	541 086	-	-	69 152	-	96 428	-
Effect of economic/demographic (gains) or losses	25 015	53 891	(59 206)	(91 941)	(166 220)	(57 030)	(150 552)	213 927
Benefit payments/refunds of contributions	(866 441)	(583 663)	(702 426)	(577 479)	(573 703)	(590 746)	(536 307)	(470 681)
NET CHANGE IN TOTAL PENSION LIABILITY	171 616	1 156 259	348 577	409 083	378 952	344 570	335 186	626 994
Total pension liability - Beginning	11 728 504	10 572 245	10 223 668	9 814 585	9 435 633	9 091 063	8 755 877	8 128 883
TOTAL PENSION LIABILITY - ENDING	11 900 120	11 728 504	10 572 245	10 223 668	9 814 585	9 435 633	9 091 063	8 755 877
Fiduciary Net Position:								
Employer contributions	224 017	229 721	221 481	223 604	223 182	239 138	217 163	204 818
Member contributions	188 476	191 891	181 968	172 382	168 167	163 314	152 167	140 838
Investment income net of investment expenses	2 457 611	1 090 292	1 533 946	(183 023)	1 259 415	613 758	111 782	553 575
Benefit payments/refunds of contributions	(958 287)	(583 663)	(702 426)	(577 479)	(573 703)	(590 747)	(536 307)	(470 681)
Administrative expenses	(7 231)	(8 396)	(8 045)	(7 501)	(6 461)	(6 672)	(6 031)	(6 294)
Other	(12 303)	(2 634)	(8 765)	(4 431)	(3 602)	(79 487)	(106 036)	171 667
NET CHANGE IN FIDUCIARY NET POSITION	1 892 283	917 211	1 218 159	(376 448)	1 066 998	339 304	(167 262)	593 923
Fiduciary net position - Beginning	11 474 324	10 557 113	9 338 954	9 715 402	8 648 404	8 309 100	8 476 362	7 882 439
FIDUCIARY NET POSITION - ENDING	13 366 607	11 474 324	10 557 113	9 338 954	9 715 402	8 648 404	8 309 100	8 476 362
NET PENSION LIABILITY/(ASSET), ENDING	\$ (1 466 487)	\$ 254 180	\$ 15 132	\$ 884 714	\$ 99 183	\$ 787 229	\$ 781 963	\$ 279 515
Fiduciary net position as a percentage of total pension liability	112.32%	97.83%	99.86%	91.35%	98.99%	91.66%	91.40%	96.81%
Pensionable covered payroll	\$ 2 692 512	\$ 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	(54.47)%	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, 2022

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%
2021	\$ 224 017	\$ 224 017	-	\$ 2 692 512	8.3%

*10 years data will be presented as it becomes available

TRINITY COUNTY, TEXAS
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS
September 30, 2022

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, 2022

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 32 518	\$ 854 265	\$ 886 783
Receivables:			
Property taxes (net of allowance)	11 764	-	11 764
Other	-	10 584	10 584
Due from other funds	-	2	2
TOTAL ASSETS	\$ 44 282	\$ 864 851	\$ 909 133
LIABILITIES			
Accounts payable	\$ -	\$ 8 832	\$ 8 832
Accrued payroll	-	3 117	3 117
Accrued expenses	-	3 217	3 217
Due to other funds	-	36 075	36 075
Due to others	-	18 977	18 977
TOTAL LIABILITIES	-	70 218	70 218
DEFERRED INFLOWS			
Unavailable revenues	11 764	79 167	90 931
TOTAL DEFERRED INFLOWS	11 764	79 167	90 931
FUND BALANCES			
Restricted	32 518	671 970	704 488
Assigned	-	43 496	43 496
TOTAL FUND BALANCES	32 518	715 466	747 984
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 44 282	\$ 864 851	\$ 909 133

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, 2022

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:			
Property taxes	\$ 18 282	\$ -	\$ 18 282
Other taxes	-	28 513	28 513
Fines and forfeitures	-	257 847	257 847
Fees, licenses and permits	-	128 028	128 028
Grants and contributions	-	585 673	585 673
Interest	21	507	528
Other revenue	-	34 966	34 966
TOTAL REVENUES	18 303	1 035 534	1 053 837
Expenditures:			
General government	-	501 654	501 654
Judicial	-	119 022	119 022
Public safety	-	91 001	91 001
Health and welfare	-	32 752	32 752
Pass-through expenditures	-	173 413	173 413
TOTAL EXPENDITURES	-	917 842	917 842
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18 303	117 692	135 995
Other Financing Sources (Uses):			
Transfers out	-	(10 323)	(10 323)
Transfers in	-	6 260	6 260
TOTAL OTHER FINANCING SOURCES (USES)	-	(4 063)	(4 063)
NET CHANGE IN FUND BALANCES	18 303	113 629	131 932
Fund balance - Beginning of year	14 215	529 578	543 793
Prior period adjustment	-	72 259	72 259
FUND BALANCE - BEGINNING OF YEAR (RESTATED)	14 215	601 837	616 052
FUND BALANCE - END OF YEAR	\$ 32 518	\$ 715 466	\$ 747 984

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2022

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
ASSETS					
Cash and cash equivalents	\$ 255 224	\$ 20 145	\$ 47 101	\$ 2 419	\$ 330 490
Due from other funds	2	-	-	-	-
Other receivables	8 403	834	626	105	-
TOTAL ASSETS	\$ 263 629	\$ 20 979	\$ 47 727	\$ 2 524	\$ 330 490
LIABILITIES					
Accounts payable	\$ 60	\$ 1 225	\$ 652	\$ 45	\$ 6 609
Accrued payroll	-	-	-	-	3 117
Other accrued expenses	1 247	-	-	-	8
Due to other funds	-	-	-	-	-
Due to others	-	-	-	-	18 977
TOTAL LIABILITIES	1 307	1 225	652	45	28 711
DEFERRED INFLOWS					
Unavailable revenues	-	-	-	-	70 000
TOTAL DEFERRED INFLOWS	-	-	-	-	70 000
FUND BALANCES					
Restricted	262 322	19 754	47 075	-	231 779
Assigned	-	-	-	2 479	-
TOTAL FUND BALANCES	262 322	19 754	47 075	2 479	231 779
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 263 629	\$ 20 979	\$ 47 727	\$ 2 524	\$ 330 490

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
\$ 7 551	\$ 1 437	\$ 24 253	\$ 41 986	\$ 21 512	\$ 2 862	\$ 9 399
-	-	-	-	-	-	-
148	-	-	-	-	-	-
<u>\$ 7 699</u>	<u>\$ 1 437</u>	<u>\$ 24 253</u>	<u>\$ 41 986</u>	<u>\$ 21 512</u>	<u>\$ 2 862</u>	<u>\$ 9 399</u>
\$ 240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
-	-	-	-	-	-	-
93	-	-	-	1 048	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 048</u>	<u>-</u>	<u>1</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1 437	-	41 986	20 464	2 862	-
7 366	-	24 253	-	-	-	9 398
<u>7 366</u>	<u>1 437</u>	<u>24 253</u>	<u>41 986</u>	<u>20 464</u>	<u>2 862</u>	<u>9 398</u>
<u>\$ 7 699</u>	<u>\$ 1 437</u>	<u>\$ 24 253</u>	<u>\$ 41 986</u>	<u>\$ 21 512</u>	<u>\$ 2 862</u>	<u>\$ 9 399</u>

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2022

	GRANT FUNDS	CHILD SAFETY FUND	SCHOOL FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS				
Cash and cash equivalent	\$ 89 886	\$ -	\$ -	\$ 854 265
Due from other funds	-	-	-	2
Other receivables	-	468	-	10 584
TOTAL ASSETS	\$ 89 886	\$ 468	\$ -	\$ 864 851
 LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 8 832
Accrued payroll	-	-	-	3 117
Other accrued expenses	821	-	-	3 217
Due to other funds	36 075	-	-	36 075
Due to others	-	-	-	18 977
TOTAL LIABILITIES	36 896	-	-	70 218
 DEFERRED INFLOWS				
Unavailable revenues	9 167	-	-	79 167
TOTAL DEFERRED INFLOWS	9 167	-	-	79 167
 FUND BALANCES				
Restricted	43 823	468	-	671 970
Assigned	-	-	-	43 496
TOTAL FUND BALANCES	43 823	468	-	715 466
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 89 886	\$ 468	\$ -	\$ 864 851

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, 2022

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
Revenues:					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 257 847
Fees, licenses, and permits	106 425	9 608	8 535	-	-
Other taxes	-	-	-	-	-
Grants and contributions	-	-	-	-	-
Interest	180	18	33	2	190
Other revenue	-	-	-	1 620	-
TOTAL REVENUES	<u>106 605</u>	<u>9 626</u>	<u>8 568</u>	<u>1 622</u>	<u>258 037</u>
Expenditures:					
General government	56 321	-	-	-	-
Judicial	-	13 582	-	-	82 922
Public safety	-	-	-	-	81 022
Health and welfare	-	-	-	-	-
Pass-through expenditures	-	-	-	-	-
TOTAL EXPENDITURES	<u>56 321</u>	<u>13 582</u>	<u>-</u>	<u>-</u>	<u>163 944</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>50 284</u>	<u>(3 956)</u>	<u>8 568</u>	<u>1 622</u>	<u>94 093</u>
Other Financing Sources (Uses):					
Transfers out	-	-	-	-	(6 260)
Transfers in	-	-	-	-	6 260
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>50 284</u>	<u>(3 956)</u>	<u>8 568</u>	<u>1 622</u>	<u>94 093</u>
Fund balance - Beginning of year	212 038	23 710	38 507	857	65 427
Prior period adjustment	-	-	-	-	72 259
FUND BALANCE - BEGINNING OF YEAR (RESTATED)	<u>212 038</u>	<u>23 710</u>	<u>38 507</u>	<u>857</u>	<u>137 686</u>
FUND BALANCE - END OF YEAR	<u>\$ 262 322</u>	<u>\$ 19 754</u>	<u>\$ 47 075</u>	<u>\$ 2 479</u>	<u>\$ 231 779</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 424	1 568	-	-	-	-	-
-	-	-	-	28 513	-	-
-	-	-	3 076	-	-	-
6	2	7	31	14	3	18
-	-	26 256	-	-	-	-
<u>1 430</u>	<u>1 570</u>	<u>26 263</u>	<u>3 107</u>	<u>28 527</u>	<u>3</u>	<u>18</u>
-	-	-	-	-	-	27 850
-	2 224	-	-	-	-	-
-	-	9 755	224	-	-	-
-	-	-	-	24 708	-	-
-	-	-	-	-	-	-
-	<u>2 224</u>	<u>9 755</u>	<u>224</u>	<u>24 708</u>	<u>-</u>	<u>27 850</u>
<u>1 430</u>	<u>(654)</u>	<u>16 508</u>	<u>2 883</u>	<u>3 819</u>	<u>3</u>	<u>(27 832)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1 430</u>	<u>(654)</u>	<u>16 508</u>	<u>2 883</u>	<u>3 819</u>	<u>3</u>	<u>(27 832)</u>
5 936	2 091	7 745	39 103	16 645	2 859	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>7 366</u>	\$ <u>1 437</u>	\$ <u>24 253</u>	\$ <u>41 986</u>	\$ <u>20 464</u>	\$ <u>2 862</u>	\$ <u>9 398</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, 2022

	<u>GRANT FUNDS</u>	<u>CHILD SAFETY FUND</u>	<u>SCHOOL FUND</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</u>
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 257 847
Fees, licenses, and permits	-	468	-	128 028
Other taxes	-	-	-	28 513
Grants and contributions	409 184	-	173 413	585 673
Interest	3	-	-	507
Other revenue	<u>7 090</u>	<u>-</u>	<u>-</u>	<u>34 966</u>
 TOTAL REVENUES	 <u>416 277</u>	 <u>468</u>	 <u>173 413</u>	 <u>1 035 534</u>
 Expenditures:				
General government	417 483	-	-	501 654
Judicial	20 294	-	-	119 022
Public safety	-	-	-	91 001
Health and welfare	8 044	-	-	32 752
Pass-through expenditures	<u>-</u>	<u>-</u>	<u>173 413</u>	<u>173 413</u>
 TOTAL EXPENDITURES	 <u>445 821</u>	 <u>-</u>	 <u>173 413</u>	 <u>917 842</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(29 544)</u>	 <u>468</u>	 <u>-</u>	 <u>117 692</u>
 Other Financing Sources (Uses):				
Transfers out	(4 063)	-	-	(10 323)
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>6 260</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(4 063)</u>	 <u>-</u>	 <u>-</u>	 <u>(4 063)</u>
 NET CHANGE IN FUND BALANCES	 <u>(33 607)</u>	 <u>468</u>	 <u>-</u>	 <u>113 629</u>
Fund balance - Beginning of year	77 430	-	-	529 578
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>72 259</u>
FUND BALANCE - BEGINNING OF YEAR (RESTATED)	<u>77 430</u>	<u>-</u>	<u>-</u>	<u>601 837</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 43 823</u>	 <u>\$ 468</u>	 <u>\$ -</u>	 <u>\$ 715 466</u>

See independent auditors' report.

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITIONS
 September 30, 2022

	<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>170 814</u>	\$ <u>88 013</u>	\$ <u>-</u>	\$ <u>236 806</u>
TOTAL ASSETS	<u>170 814</u>	<u>88 013</u>	<u>-</u>	<u>236 806</u>
LIABILITIES				
Accounts payable	-	-	-	-
Accrued expenses	-	73 809	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>73 809</u>	<u>-</u>	<u>-</u>
NET POSITION	<u>\$ 170 814</u>	<u>\$ 14 204</u>	<u>\$ -</u>	<u>\$ 236 806</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>4 180</u>	\$ <u>503 703</u>
<u>3 149</u>	<u>741</u>	<u>4 180</u>	<u>503 703</u>
905	-	-	905
-	-	-	73 809
<u>3 255</u>	<u>-</u>	<u>3 381</u>	<u>6 636</u>
<u>4 160</u>	<u>-</u>	<u>3 381</u>	<u>81 350</u>
\$ <u>(1 011)</u>	\$ <u>741</u>	\$ <u>799</u>	\$ <u>422 353</u>

TRINITY COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGE IN NET POSITION OF FIDUCIARY FUNDS
 September 30, 2022

	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	\$ 40 800	\$ 965 069	\$ 100	\$ 75 169
Interest income	<u>157</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ADDITIONS	<u>40 957</u>	<u>965 069</u>	<u>100</u>	<u>75 169</u>
Disbursements:				
Payment to others	<u>10 071</u>	<u>950 865</u>	<u>100</u>	<u>8 121</u>
TOTAL DISBURSEMENTS	<u>10 071</u>	<u>950 865</u>	<u>100</u>	<u>8 121</u>
CHANGE IN NET POSITION	30 886	14 204	-	67 048
Beginning net position	<u>139 928</u>	<u>-</u>	<u>-</u>	<u>169 758</u>
ENDING NET POSITION	<u>\$ 170 814</u>	<u>\$ 14 204</u>	<u>\$ -</u>	<u>\$ 236 806</u>

See independent auditors' report.

UNCLAIMED MONEY FUND	DISTRICT ATTORNEY HOT CHECK FUND	RESTITUTION FUND	COMBINED FIDUCIARY FUNDS
\$ -	\$ -	\$ 4 540	\$ 1 085 678
<u>-</u>	<u>-</u>	<u>-</u>	<u>157</u>
<u>-</u>	<u>-</u>	<u>4 540</u>	<u>1 085 835</u>
<u>799</u>	<u>-</u>	<u>4 590</u>	<u>974 546</u>
<u>799</u>	<u>-</u>	<u>4 590</u>	<u>974 546</u>
(799)	-	(50)	111 289
<u>(212)</u>	<u>741</u>	<u>849</u>	<u>311 064</u>
\$ <u><u>(1 011)</u></u>	\$ <u><u>741</u></u>	\$ <u><u>799</u></u>	\$ <u><u>422 353</u></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, 2022, and the related notes to the financial statements, which collectively comprise Trinity County, Texas' basic financial statements and have issued our report thereon dated July 25, 2023.

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 2022-001 to 2022-005) 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
July 25, 2023


CERTIFIED PUBLIC ACCOUNTANTS

TRINITY COUNTY, TEXAS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended September 30, 2022

2022-001

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.

2022-002

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 2022, 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 2022, 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.

2022-003

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.

2022-004

Condition. Possible conflict of interest

Cause. The County Sheriff is owner of an auction service that does work for the County.

Effect. There is a possible conflict of interest due to no documentation of the relationship or approval of the service in the County Commissioners Court minutes.

TRINITY COUNTY, TEXAS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended September 30, 2022

Recommendation. Annually the County Sheriff should submit to the Commissioners Court documentation of the relationship and the use of the service for approval by the Court.

View of Responsible Officials and Corrective Action Plan. Management acknowledges the importance of maintaining transparency and ensuring the highest level of ethical conduct in our operations. Commissioners Court may authorize the County Sheriff to conduct a public auction of seized property and surplus County property using the Sheriff's personal auction company.

We agree that a document of the relationship and use of the public auction service owned by the County Sheriff should be in effect to address any potential conflict of interest.

The County Attorney will prepare a contract including a conflict-of-interest disclosure statement for approval by the Commissioner Court.

2022-005

Condition. Lack of written and approved guidance on disbursement of funds.

Cause. Funds are raised to provide scholarships to local student, however there are no written specific guidance for awarding the funds that have been approved by the County administration.

Effect. The donors intent in the fundraising process may not be met with the disbursements.

Recommendation. Written guidelines should be established and approved by the Commissioners Court.

View of Responsible Officials and Corrective Action Plan. Management recognizes the significance of ensuring that funds raised for scholarships are disbursed in accordance with the donors' intent. We support the recommendation to establish written guidelines that provide clarity and ensure transparency and consistency in the disbursement process.

Written guidelines will be established and approved by the Commissioners Court. The Court's endorsement will signify their commitment to upholding the donors' intentions and provide an additional layer of oversight and accountability.

TRINITY COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2022

2021-001

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

Status. Ongoing

2021-002

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