

TRINITY COUNTY, TEXAS
AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORT

September 30, 2020

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INTRODUCTORY SECTION

TRINITY COUNTY, TEXAS
PRINCIPAL PUBLIC OFFICIALS
September 30, 2020

COMMISSIONERS' COURT

Steven D. Page County Judge
Grover "Tiger" Worsham Commissioner, Precinct 1
Mike Loftin Commissioner, Precinct 2
Neal Smith Commissioner, Precinct 3
Steven Truss Commissioner, Precinct 4

COUNTY ELECTED OFFICIALS

Tommy Park Constable, Precinct 1
Mark W. Cole Constable, Precinct 2
Carl Casey Constable, Precinct 3
Reggie Olive Constable, Precinct 4
Joe Warner Bell 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
Lindy Madden Warren Tax Assessor/Collector

DISTRICT ELECTED OFFICIALS

Bennie Shiro District Attorney, 258th Judicial District
Kristen Raiford District Clerk
Travis Kitchens District Judge, 258th Judicial District
Kaycee Jones District Judge, 411th Judicial District

APPOINTED OFFICIALS

Bonnie Kennedy County Auditor

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, fiduciary 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Trinity County, Texas, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trinity County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2021 on our consideration of Trinity County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Trinity County's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
July 27, 2021

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, 2020. 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 \$9,452,522 (*net position*) at September 30, 2020.
- Total assets and deferred outflows increased by \$229,788 over the prior year; total liabilities and deferred inflows decreased by \$466,625 over the prior year.
- Overall revenues exceeded expenses by \$696,413.

Fund Financial Statements

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$3,021,408. Overall revenues exceeded expenditures by \$481,917.

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 \$9,452,522 at September 30, 2020.

The largest portion of the County's net position, or \$6,281,705, reflects its investment in capital assets (\$7,385,195) less the related debt used to acquire those assets that remains outstanding (\$1,103,490). 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 \$1,390,010) represents resources that are subject to restriction on how they may be used.

The remaining balance of \$1,780,807 is unrestricted in nature.

Net Position

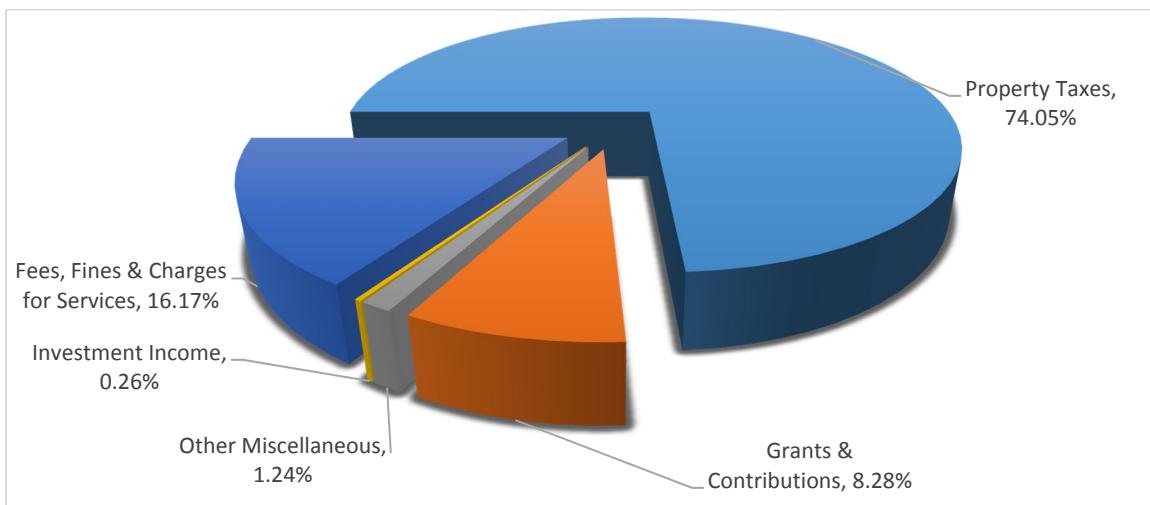
	2020	2019
Current and other assets	\$ 3 711 041	\$ 3 279 683
Capital assets, net	7 385 195	7 529 693
TOTAL ASSETS	11 096 236	10 809 376
Deferred outflows	754 619	811 691
Long-term liabilities	537 082	1 568 073
Other liabilities	817 261	1 068 357
TOTAL LIABILITIES	1 354 343	2 636 430
Deferred inflows	1 043 990	228 528
Net Position:		
Net investment in capital assets	6 281 705	6 127 494
Restricted	1 390 010	1 160 422
Unrestricted	1 780 807	1 468 193
TOTAL NET POSITION	\$ 9 452 522	\$ 8 756 109

Changes in Net Position

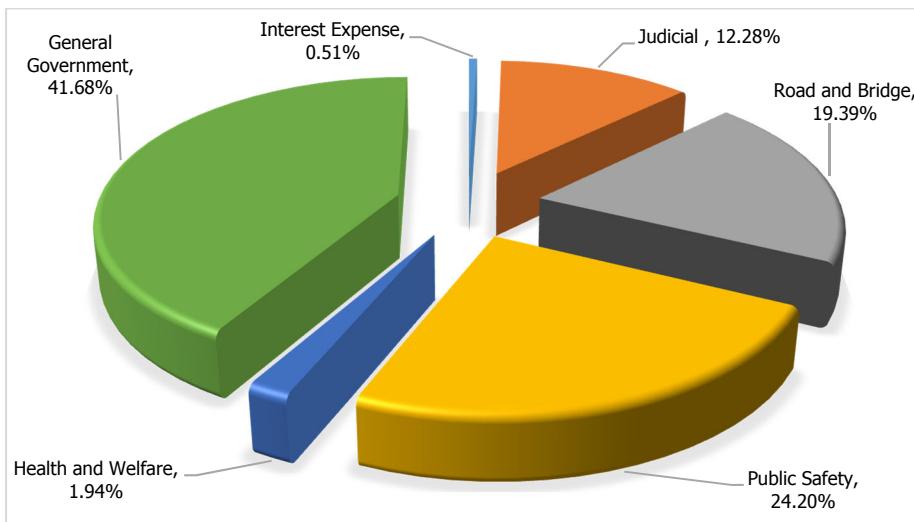
	2020	2019
Revenues:		
Charges for service	\$ 1 292 192	\$ 1 154 073
Grants and contributions, net of pass-through expenditures	662 392	667 244
Property taxes	5 916 813	5 659 848
Investment income	21 069	45 944
Gain (loss) on sale of assets	(10 504)	12 815
Other	120 517	138 405
TOTAL REVENUES	8 002 479	7 678 329
Expenses:		
General government	3 042 709	2 621 900
Judicial	896 722	942 542
Public safety	1 767 512	1 827 565
Road and bridge	1 421 791	1 819 280
Health and welfare	140 680	178 800
Interest on long-term debt	36 653	48 141
TOTAL EXPENSES	7 306 066	7 438 228
INCREASE (DECREASE) IN NET POSITION	696 413	240 101
Net position, at beginning of year	8 756 109	8 516 008
NET POSITION, AT END OF YEAR	\$ 9 452 522	\$ 8 756 109

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

Revenues by Source
For the Fiscal Year Ended September 30, 2020



Expenses by Function
For the Fiscal Year Ended September 30, 2020



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, 2020, the County's governmental funds reported a combined positive fund balance of \$3,021,408.

The fund balance is comprised of \$1,443,337 that is either in a nonspendable form, restricted, or assigned for specific purposes. The remaining balance, \$1,578,071, is unassigned. During the year, the fund balance in the County's governmental funds increased by \$481,917.

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 \$113,102 for the fund. Actual results yielded a \$251,019 increase in fund balance, with a favorable budget variance of \$364,121.

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 \$54,775 increase in fund balance, with a favorable budget variance of \$303,127

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 \$(14,024) decrease in fund balance, with an unfavorable budget variance of \$(14,024).

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 \$183,281 increase in fund balance, with a favorable budget variance of \$183,281.

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 \$92,609 increase in fund balance, with a favorable budget variance of \$92,609.

Capital Assets

The County's investment in capital assets as of September 30, 2020 totaled \$7,385,195 (net of accumulated depreciation). This investment includes land, buildings, equipment, and improvements (other than buildings).

Capital assets of \$805,026 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)

	2020	2019
Land	\$ 70 333	\$ 44 999
Buildings and improvements	7 340 853	7 330 853
Infrastructure	880 954	880 954
Rolling stock	3 760 905	3 477 789
Furniture and equipment	913 115	913 115
Less accumulated depreciation	(5 580 965)	(5 118 017)
TOTAL	\$ 7 385 195	\$ 7 529 693

Debt Administration

At the end of the current fiscal year, the County had total capital lease obligations of \$1,103,490.

Debt Outstanding

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
Capital leases	\$ 982 199	\$ 727 099	\$ 605 808	\$ 1 103 490
Bond obligations	420 000	-	420 000	-
TOTAL	\$ 1 402 199	\$ 727 099	\$ 1 025 808	\$ 1 103 490

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 457, Groveton, Texas 75845.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TRINITY COUNTY, TEXAS
STATEMENT OF NET POSITION
September 30, 2020

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 2 430 116
Restricted cash	803 793
Receivables Net of Allowance for Uncollectibles:	
Property taxes, net of allowance for uncollectibles	394 480
Other	50 113
Due from Fiduciary fund	6 275
Prepaid expense	26 264
TOTAL CURRENT ASSETS	3 711 041
Noncurrent Assets:	
Capital Assets:	
Land	70 333
Streets and infrastructure	443 797
Buildings and improvements	5 457 821
Vehicles	1 334 496
Machinery and equipment	78 748
TOTAL CAPITAL ASSETS	7 385 195
TOTAL ASSETS	11 096 236
DEFERRED OUTFLOW	
Contribution subsequent to measurement data	167 570
Pension deferred outflows	587 049
TOTAL DEFERRED OUTFLOWS	754 619
TOTAL ASSETS AND DEFERRED OUTFLOWS	11 850 855
LIABILITIES	
Current Liabilities:	
Accounts payable	86 288
Accrued interest	17 401
Accrued liabilities	93 631
Due within one year	619 941
TOTAL CURRENT LIABILITIES	817 261
Noncurrent Liabilities:	
Pension liability	15 132
Due in more than one year	483 549
Accrued compensated absences	38 401
TOTAL NONCURRENT LIABILITIES	537 082
TOTAL LIABILITIES	1 354 343
DEFERRED INFLOWS	
Unavailable revenue	115 234
Deferred pension inflows	928 756
TOTAL DEFERRED INFLOWS	1 043 990
NET POSITION	
Net investment in capital assets	6 281 705
Restricted	1 390 010
Unrestricted	1 780 807
TOTAL NET POSITION	\$ 9 452 522

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, 2020

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	\$ 3 042 709	\$ 354 976	\$ 114 750	\$ -	\$ (2 572 983)	
Judicial	896 722	277 223	53 849	-	(565 650)	
Public safety	1 767 512	127 786	49 331	-	(1 590 395)	
Road and bridge	1 421 791	520 692	192 744	-	(708 355)	
Health and welfare	140 680	11 515	251 718	-	122 553	
Debt service expense	36 653	-	-	-	(36 653)	
Pass-through to other entities	162 596	-	162 596	-	-	
TOTAL GOVERNMENTAL ACTIVITIES	\$ 7 468 662	\$ 1 292 192	\$ 824 988	\$ -	(5 351 482)	
General Revenues:						
Taxes						
Property taxes - General					5 666 707	
Property taxes - Debt service					250 106	
Other tax revenue					13 327	
Unrestricted investment earnings					21 069	
Other unrestricted revenue					107 190	
Gain (loss) on sale of an asset					(10 504)	
TOTAL GENERAL REVENUES					6 047 895	
CHANGE IN NET POSITION					696 413	
Net position - Beginning						
NET POSITION - ENDING	\$	9 452 522				

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, 2020

	GENERAL FUND	ROAD AND BRIDGE PCT #1	ROAD AND BRIDGE PCT #2	ROAD AND BRIDGE PCT #3	ROAD AND BRIDGE PCT #4	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash and investments	\$ 1 674 568	\$ 120 280	\$ 74 583	\$ 313 619	\$ 247 066	\$ -	\$ 2 430 116
Restricted cash	-	-	-	-	-	803 793	803 793
Taxes receivable, net	382 646	-	-	-	-	11 834	394 480
Other receivables, net	31 654	-	524	-	-	17 935	50 113
Prepaid expense	19 000	1 493	202	2 139	3 430	-	26 264
Due from other funds	6 273	-	-	-	-	2	6 275
TOTAL ASSETS	\$ 2 114 141	\$ 121 773	\$ 75 309	\$ 315 758	\$ 250 496	\$ 833 564	\$ 3 711 041
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 53 789	\$ 9 349	\$ -	\$ 538	\$ 3 496	\$ 888	\$ 68 060
Due to others	-	-	-	-	-	18 228	18 228
Accrued liabilities	68 401	5 284	2 034	4 556	7 379	5 977	93 631
TOTAL LIABILITIES	\$ 122 190	\$ 14 633	\$ 2 034	\$ 5 094	\$ 10 875	\$ 25 093	\$ 179 919
Deferred Inflows:							
Unearned revenues	413 880	-	-	-	-	95 834	509 714
TOTAL DEFERRED INFLOWS	\$ 413 880	\$ -	\$ -	\$ -	\$ -	\$ 95 834	\$ 509 714
Fund Balances:							
Restricted	-	107 140	73 275	310 664	239 621	659 310	1 390 010
Assigned	-	-	-	-	-	53 327	53 327
Unassigned	1 578 071	-	-	-	-	-	1 578 071
TOTAL FUND BALANCES	\$ 1 578 071	\$ 107 140	\$ 73 275	\$ 310 664	\$ 239 621	\$ 712 637	\$ 3 021 408
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 2 114 141	\$ 121 773	\$ 75 309	\$ 315 758	\$ 250 496	\$ 833 564	\$ 3 711 041

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, 2020

Total fund balances - Governmental funds balance sheet	\$ 3 021 408
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	7 385 195
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	(174 137)
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows and outflows in the governmental funds	394 480
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	(55 802)
Payables for long-term liabilities, including certificates of obligations, capital leases, and net pension liabilities are not due in the current period and therefore, are not reported in the governmental funds	<u>(1 118 622)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 9 452 522

TRINITY COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	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	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:							
Property taxes	\$ 5 631 533	\$ -	\$ -	\$ -	\$ -	\$ 250 106	\$ 5 881 639
Other taxes	-	-	-	-	-	13 327	13 327
Fines and forfeitures	230 522	-	-	-	-	78 927	309 449
Fees, licenses, and permits	310 930	129 196	49 691	114 288	203 733	111 615	919 453
Grants and contributions	80 596	42 275	16 260	67 545	66 664	551 648	824 988
Payment in lieu of taxes	28 088	-	-	-	-	-	28 088
Interest	18 576	202	207	446	448	1 190	21 069
Other revenue	108 989	5 005	-	15 080	3 699	9 619	142 392
TOTAL REVENUES	6 409 234	176 678	66 158	197 359	274 544	1 016 432	8 140 405
Expenditures:							
General government	2 553 136	-	-	-	-	349 728	2 902 864
Judicial	770 302	-	-	-	-	128 398	898 700
Public safety	1 757 740	-	-	-	-	14 125	1 771 865
Road and bridge	-	292 003	134 996	280 929	416 706	-	1 124 634
Health and welfare	122 268	-	-	-	-	18 412	140 680
Debt service	-	164 555	-	15 348	144 143	434 318	758 364
Capital outlay	-	40 000	-	-	68 634	-	108 634
Pass through to other entities	-	-	-	-	-	162 596	162 596
TOTAL EXPENDITURES	5 203 446	496 558	134 996	296 277	629 483	1 107 577	7 868 337
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1 205 788	(319 880)	(68 838)	(98 918)	(354 939)	(91 145)	272 068
Other Financing Sources (Uses):							
Sale of assets	2 839	103 325	-	-	103 685	-	209 849
Transfers in (out)	(957 608)	271 330	54 814	282 199	343 863	5 402	-
TOTAL OTHER FINANCING SOURCES (USES)	(954 769)	374 655	54 814	282 199	447 548	5 402	209 849
NET CHANGE IN FUND BALANCE	251 019	54 775	(14 024)	183 281	92 609	(85 743)	481 917
Fund balance - Beginning of year	1 327 052	52 365	87 299	127 383	147 012	798 380	2 539 491
FUND BALANCE - END OF YEAR	\$ 1 578 071	\$ 107 140	\$ 73 275	\$ 310 664	\$ 239 621	\$ 712 637	\$ 3 021 408

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, 2020

Net change in fund balances - Governmental funds	\$ 481 917
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.	542 530
The depreciation of capital assets used in governmental activities is not reported in the government funds.	(687 028)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	35 174
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.	304 423
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.	21 800
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.	454
Amount represents the change in accrued interest from the beginning of the period to the end of the period.	<u>(2 857)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>696 413</u>

TRINITY COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 September 30, 2020

	AGENCY FUNDS
ASSETS	
Restricted cash	\$ 375 017
Other receivables	1 000
TOTAL ASSETS	<u>\$ 376 017</u>
LIABILITIES	
Accounts payable	\$ 1 389
Due to other funds	6 275
Amounts held for others	749
Due to County	367 604
TOTAL LIABILITIES	<u>\$ 376 017</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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. New Accounting Pronouncements

GASB Statement No 87, *Leases* ("GASB 87"), is intended to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The effects of implementing GASB 87 on the County's financial disclosures have not been evaluated by management.

D. 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.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

Agency 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;

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

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

- 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).

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

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

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

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.

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, 2020, 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.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

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

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.

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 \$3,608,926. 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.

TRINITY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 September 30, 2020

NOTE 4 - DETAILED NOTES ON ALL FUNDS - CONTINUED

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	45 days	\$ 267 230
LOGIC Investment Pool	52 days	531 613
Texas CLASS Investment Pool	56 days	797 856
TOTAL INVESTMENTS		\$ 1 596 699

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.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 4 - DETAILED NOTES ON ALL FUNDS - CONTINUED

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	\$ 2 550 975	\$ 1 041 135	\$ 3 592 110
Debt service fund	78 896	-	78 896
TOTAL RECEIVABLES	2 629 871	1 041 135	3 671 006
Allowance for Uncollectibles:			
General fund	(2 168 329)	(1 009 901)	(3 178 230)
Debt service fund	(67 062)	-	(67 062)
TOTAL ALLOWANCES	(2 235 391)	(1 009 901)	(3 245 292)
TOTAL RECEIVABLES, NET	\$ 394 480	\$ 31 234	\$ 425 714

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, 2020 (tax year 2019), was \$ 0.65 per \$100 of assessed valuation. Of this rate, \$0.592 was allocated to debt service and \$0.058 was allocated to maintenance and operation.

C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2020 is as follows:

	BALANCE 09/30/2019	INCREASES	DECREASES	BALANCE 09/30/2020
Capital Assets Not Being Depreciated:				
Land	\$ 44 999	\$ 25 334	\$ -	\$ 70 333
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	44 999	25 334	-	70 333
Capital Assets Being Depreciated:				
Buildings and improvements	7 330 853	10 000	-	7 340 853
Infrastructure	880 954	-	-	880 954
Rolling stock	3 477 789	769 692	(486 576)	3 760 905
Furniture and equipment	913 115	-	-	913 115
TOTAL CAPITAL ASSETS BEING DEPRECIATED	12 602 711	779 692	(486 576)	12 895 827
Less Accumulated Depreciation For:				
Buildings and improvements	(1 696 547)	(186 485)	-	(1 883 032)
Infrastructure	(354 967)	(82 190)	-	(437 157)
Rolling stock	(2 254 170)	(396 319)	224 080	(2 426 409)
Furniture and equipment	(812 333)	(22 034)	-	(834 367)
TOTAL ACCUMULATED DEPRECIATION	(5 118 017)	(687 028)	224 080	(5 580 965)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	7 484 694	92 664	(262 496)	7 310 546
TOTAL CAPITAL ASSETS, NET	\$ 7 529 693	\$ 117 998	\$ (262 496)	\$ 7 385 195

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

General government	\$ 184 766
Judicial	990
Road and bridge	381 709
Public safety	119 563
TOTAL	\$ 687 028

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 5 - LIABILITIES

A. Long-term Liabilities

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

The assets acquired through capital leases are as follows:

	GENERAL FUND	ROAD AND BRIDGE FUND	TOTALS
Asset:			
Rolling stock	\$ 153 061	\$ 1 279 856	\$ 1 432 917
Less accumulated depreciation	(41 719)	(209 496)	(251 215)
TOTAL	\$ 111 342	\$ 1 070 360	\$ 1 181 702

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020 were as follows:

YEAR ENDING SEPTEMBER 30	GENERAL FUND	ROAD AND BRIDGE FUND	TOTALS
2021	\$ 79 952	\$ 570 045	\$ 649 997
2022	31 777	88 879	120 656
2023	-	257 751	257 751
2024	-	125 001	125 001
Total minimum lease payments	111 729	1 041 676	1 153 405
Less amount representing interest	(3 520)	(46 395)	(49 915)
Present value of minimum lease payments	\$ 108 209	\$ 995 281	\$ 1 103 490

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

	BALANCE 09/30/2019	ADDITIONS	REDUCTIONS	BALANCE 09/30/2020	DUE WITHIN ONE YEAR
Leases Payable:					
2012 Refunding	\$ 135 000	\$ -	\$ (135 000)	\$ -	\$ -
2012 Certificates	285 000	-	(285 000)	-	-
Capital leases	982 199	727 099	(605 808)	1 103 490	619 941
TOTAL LONG-TERM DEBT	\$ 1 402 199	\$ 727 099	\$ (1 025 808)	\$ 1 103 490	\$ 619 941

Interest expenses for the year totaled \$36,654.

The annual debt service requirements to maturity for long-term debt are as follows:

YEAR ENDING SEPTEMBER 30	CAPITAL LEASES	
	PRINCIPAL	INTEREST
2021	\$ 619 941	\$ 30 056
2022	105 866	14 790
2023	252 682	5 069
2024	125 001	-
TOTALS	\$ 1 103 490	\$ 49 915

Bonds and other debt payable at September 30, 2020, are comprised of the following:

General Obligation Refunding Bonds, Series 2012. On June 15, 2012, the County issued \$1,435,000 of general obligation bonds carrying a rate of 3.250%. The bonds were issued to retire existing bonds and take advantage of lower interest rates. The bonds are subject to mandatory redemption in prescribed amounts before the maturity dates from 2012 to 2023. The proceeds, net of issue costs, were used to refund the outstanding balance (\$1,370,000) of the Certificates of Obligation, Series 2008.

Certificates of Obligation, Series 2012. On June 15, 2012, the County issued \$700,000 of certificates of obligation. The bonds were issued as term bonds at a rate of 3.50%. The bonds are subject to mandatory redemption in prescribed amounts before the maturity date from 2013 to 2023. The net proceeds were used to fund the purchase of the courthouse annex buildings.

Both the Series 2012 bonds and certificates require annual payments of principal and semi-annual payments of interest at varying amounts. The bond indenture allows the County to pay the bonds from the proceeds of an additional ad valorem tax that may be levied by the County, and the County has pledged any such proceeds to secure the payment. The bonds have been recorded in the debt service fund.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

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, 2020:

DUE TO	DUE FROM	AMOUNT
General fund	Grant fund	\$ 2
General fund	Agency funds	6 273
		<u>\$ 6 275</u>

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, 2020:

FUND	TRANSFERS IN	TRANSFERS OUT
General	\$ -	\$ 957 608
Road and Bridge Precinct No. 1	271 330	-
Road and Bridge Precinct No. 2	54 814	-
Road and Bridge Precinct No. 3	282 199	-
Road and Bridge Precinct No. 4	343 863	-
Nonmajor Special Revenue Funds	5 402	-
TOTALS	\$ 957 608	\$ 957 608

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 a comprehensive annual financial report ("CAFR") on a calendar year basis. The CAFR 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	124
Active employees	95
	<u>290</u>

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

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 9.10% for calendar year 2019 and .5% for calendar year 2020. The contribution rate payable by the employee members for fiscal year 2020 is the rate of 8.5% as adopted by the County. For fiscal year 2020, the County's required contributions equaled actual contributions which totaled \$221,481.

TRINITY COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 September 30, 2020

NOTE 5 - LIABILITIES - CONTINUED

The County's Net Pension Liability/Asset ("NPL") was measured as of December 31, 2019 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, 2019 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2019, included (a) 8.0% 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, 2019 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, 2019 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 8.10%. 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	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (GEOMETRIC)
U. S. equities	14.50%	5.20%
Private equity	20.00%	8.20%
Global equities	2.50%	5.50%
International equities - Developed	7.00%	5.20%
International equities - Emerging	7.00%	5.70%
Investment-grade bonds	3.00%	(0.20)%
Strategic credit	12.00%	3.14%
Direct lending	11.00%	7.16%
Distressed debt	4.00%	6.90%
REIT equities	3.00%	4.50%
Master limited partnerships	2.00%	8.40%
Private real estate partnerships	6.00%	5.50%
Hedge funds	8.00%	2.30%
TOTAL	100.0%	

Discount Rate. The discount rate used to measure the Total Pension Liability was 8.10%, 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.

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

NOTE 5 - LIABILITIES - CONTINUED

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

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET POSITION LIABILITY (ASSET) (A) - (B)
Balance at 12/31/2018	\$ 10 223 668	\$ 9 338 954	\$ 884 714
Changes for the Year:			
Service cost	286 759	-	286 759
Interest on total pension liability	823 450	-	823 450
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	(59 206)	-	(59 206)
Changes of assumptions	-	-	-
Refund of contributions	(151 529)	(151 529)	-
Benefit payments	(550 897)	(550 897)	-
Administrative expenses	-	(8 045)	8 045
Employer contributions	-	181 968	(181 968)
Member contributions	-	1 533 946	(1 533 946)
Net investment income	-	221 481	(221 481)
Other	-	(8 765)	8 765
Balance at 12/31/2019	<u>\$ 10 572 245</u>	<u>\$ 10 557 113</u>	<u>\$ 15 132</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 8.1%, as well as what the County's net pension liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

	1% DECREASE IN DISCOUNT RATE (7.1%)	DISCOUNT RATE (8.1%)	1% INCREASE IN DISCOUNT RATE (9.1%)
Total pension liability	\$ 11 674 898	\$ 10 572 245	\$ 9 623 936
Fiduciary net position	10 557 113	10 557 113	10 557 113
NET PENSION LIABILITY (ASSET)	<u>\$ 1 117 785</u>	<u>\$ 15 132</u>	<u>\$ (933 177)</u>

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the year ended September 30, 2020, the County recognized net pension (benefit) expense of \$454. Net pension (benefit) expense was charged to functions/programs as follows:

FUNCTION/PROGRAM	GOVERNMENTAL ACTIVITIES
General government	\$ 196
Judicial	61
Road and bridge	119
Public safety	78
TOTAL	<u>\$ 454</u>

At September 30, 2020, 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	\$ 70 117	-
Difference between projected and actual investment earnings	-	-
Changes in actuarial assumptions	858 639	587 049
Contributions subsequent to the measurement date	-	167 570
TOTALS, GOVERNMENT ACTIVITIES	<u>\$ 928 756</u>	<u>\$ 754 619</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$167,570, will be recognized as a reduction of the net pension liability/asset for the fiscal year ending September 30, 2020. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

PLAN YEAR ENDING DECEMBER 31,	
2021	\$ (119 561)
2022	(98 591)
2023	34 451
2024	(158 006)
TOTAL	<u>\$ (341 707)</u>

TRINITY COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
September 30, 2020

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 27, 2021, the date when the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TRINITY COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	AMOUNTS		
Revenues:					
Property taxes	\$ 5 577 639	\$ 5 688 202	\$ 5 631 533	\$	(56 669)
Fines and forfeitures	155 500	155 500	230 522	75 022	
Fees, licenses, and permits	257 085	257 085	310 930	53 845	
Grants and donations	55 200	149 451	80 596	(68 855)	
Payments in lieu of taxes	25 000	25 000	28 088	3 088	
Interest	35 000	35 000	18 576	(16 424)	
Other revenue	50 300	124 075	108 989	(15 086)	
TOTAL REVENUES	6 155 724	6 434 313	6 409 234		(25 079)
Expenditures:					
General Government:					
County Judge	171 531	171 531	170 435	1 096	
County Clerk	123 537	123 537	110 085	13 452	
Elections Administrator	79 180	82 188	85 593	(3 405)	
County Auditor	123 182	123 182	116 805	6 377	
County Treasurer	88 710	88 710	81 899	6 811	
Data processing	144 800	144 800	160 676	(15 876)	
Tax Assessor-Collector	186 468	297 031	286 455	10 576	
Veterans office	15 528	15 528	14 619	909	
Courthouse maintenance	204 730	204 730	226 439	(21 709)	
County agent	51 920	51 920	39 841	12 079	
County insurance	779 000	779 000	746 343	32 657	
Non-departmental	543 884	632 628	417 086	215 542	
Fringe benefits	25 000	25 000	28 827	(3 827)	
Courthouse miscellaneous	148 050	155 568	68 033	87 535	
TOTAL GENERAL GOVERNMENT	2 685 520	2 895 353	2 553 136		342 217
Judicial:					
County Court	36 525	36 525	18 045	18 480	
District Court	183 701	183 701	175 263	8 438	
District Clerk	96 868	96 868	100 432	(3 564)	
County Attorney	122 847	123 846	106 217	17 629	
District Attorney	105 203	117 260	110 354	6 906	
Justice of the Peace, Pct 1	64 851	64 851	65 947	(1 096)	
Justice of the Peace, Pct 2	64 851	64 851	63 970	881	
Justice of the Peace, Pct 3	64 851	64 851	64 599	252	
Justice of the Peace, Pct 4	64 851	64 851	65 475	(624)	
TOTAL JUDICIAL	804 548	817 604	770 302		47 302
Public Safety:					
911/Emergency management	36 375	36 375	34 518	1 857	
Public safety	93 691	93 691	90 444	3 247	
Sheriff department	679 041	732 148	786 349	(54 201)	
Jail	597 967	609 417	724 900	(115 483)	
Constable, Pct No. 1	38 769	38 769	32 019	6 750	
Constable, Pct No. 2	38 769	38 769	29 159	9 610	
Constable, Pct No. 3	38 769	38 769	27 776	10 993	
Constable, Pct No. 4	38 769	38 769	32 575	6 194	
TOTAL PUBLIC SAFETY	1 562 150	1 626 707	1 757 740		(131 033)
Health and Welfare:					
Civic improvements	48 500	48 500	27 765	20 735	
Health and welfare	205 000	205 000	67 706	137 294	
Environmental enforcement officer	30 000	30 000	26 797	3 203	
TOTAL HEALTH AND WELFARE	283 500	283 500	122 268		161 232
TOTAL EXPENDITURES	5 335 718	5 623 164	5 203 446		419 718
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	820 006	811 149	1 205 788		394 639
Other Financing Sources (Uses):					
Sale of assets	-	1 000	2 839	1 839	
Transfers in	-	9 457	4 598	(4 859)	
Transfers out	(933 108)	(952 206)	(962 206)	(10 000)	
TOTAL OTHER FINANCING SOURCES (USES)	(933 108)	(941 749)	(954 769)	(13 020)	
NET CHANGE IN FUND BALANCE	(113 102)	(130 600)	251 019	381 619	
Fund balance - Beginning of year	1 327 052	1 327 052	1 327 052	-	
FUND BALANCE - END OF YEAR	\$ 1 213 950	\$ 1 196 452	\$ 1 578 071	\$ 381 619	

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, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>		<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ORIGINAL</u>	<u>FINAL</u>	
Revenues:					
Fines, licenses and permits	\$ 124 358	\$ 124 358	\$ 129 196	\$ 129 196	4 838
Grants and donations	11 700	11 700	42 275	42 275	30 575
Interest	135	135	202	202	67
Other revenue	-	2 894	5 005	5 005	2 111
TOTAL REVENUES	136 193	139 087	176 678	176 678	37 591
Expenditures:					
Road and bridge	345 120	348 014	292 003	292 003	53 117
Capital outlay	-	40 000	40 000	40 000	-
Debt Service:					
Principal	272 580	272 580	147 580	147 580	125 000
Interest	17 324	17 324	16 975	16 975	349
TOTAL EXPENDITURES	635 024	677 918	496 558	496 558	181 360
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(498 831)	(538 831)	(319 880)	(319 880)	218 951
Other Financing Sources (Uses):					
Sale of assets	227 501	227 501	103 325	103 325	124 176
Transfers in	271 330	311 330	271 330	271 330	- (40 000)
TOTAL OTHER FINANCING SOURCES (USES)	498 831	538 831	374 655	374 655	84 176
NET CHANGE IN FUND BALANCES	-	-	54 775	54 775	303 127
Fund balances - Beginning of year	52 365	52 365	52 365	52 365	-
FUND BALANCES - END OF YEAR	\$ 52 365	\$ 52 365	\$ 107 140	\$ 107 140	\$ 303 127

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, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ORIGINAL	FINAL	
Revenues:					
Fines, licenses and permits	\$ 47 830	\$ 47 830	\$ 49 691	\$ 49 691	1 861
Grants and donations	4 500	4 500	16 260	16 260	11 760
Interest	100	100	207	207	107
TOTAL REVENUES	<u>52 430</u>	<u>52 430</u>	<u>66 158</u>	<u>66 158</u>	<u>13 728</u>
Expenditures:					
Road and bridge	107 244	166 032	134 996	134 996	31 036
TOTAL EXPENDITURES	<u>107 244</u>	<u>166 032</u>	<u>134 996</u>	<u>134 996</u>	<u>31 036</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(54 814)</u>	<u>(113 602)</u>	<u>(68 838)</u>	<u>(68 838)</u>	<u>44 764</u>
Other Financing Sources (Uses):					
Transfers in	122 014	180 802	122 014	122 014	(60 000)
Transfers out	(67 200)	(67 200)	(67 200)	(67 200)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>54 814</u>	<u>113 602</u>	<u>54 814</u>	<u>54 814</u>	<u>(60 000)</u>
NET CHANGE IN FUND BALANCE	-	-	(14 024)	(14 024)	(14 024)
Fund balance - Beginning of year	<u>87 299</u>	<u>87 299</u>	<u>87 299</u>	<u>87 299</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 87 299</u>	<u>\$ 87 299</u>	<u>\$ 73 275</u>	<u>\$ 73 275</u>	<u>\$ (14 024)</u>

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, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
Fines, licenses and permits	\$ 110 009	\$ 110 009	\$ 114 288	\$ 4 279
Grants and donations	10 350	10 350	67 545	57 195
Interest	200	200	446	246
Other revenue	-	-	15 080	15 080
TOTAL REVENUES	<u>120 559</u>	<u>120 559</u>	<u>197 359</u>	<u>76 800</u>
Expenditures:				
Road and bridge	360 252	360 252	280 929	79 323
Debt Service:				
Principal	163 375	163 375	15 348	148 027
Interest	4 131	4 131	-	4 131
TOTAL EXPENDITURES	<u>527 758</u>	<u>527 758</u>	<u>296 277</u>	<u>231 481</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(407 199)</u>	<u>(407 199)</u>	<u>(98 918)</u>	<u>308 281</u>
Other Financing Sources (Uses):				
Sales of assets	125 000	125 000	-	(125 000)
Transfers in	282 199	282 199	282 199	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>407 199</u>	<u>407 199</u>	<u>282 199</u>	<u>(125 000)</u>
NET CHANGE IN FUND BALANCE	-	-	183 281	183 281
Fund balance - Beginning of year	<u>127 383</u>	<u>127 383</u>	<u>127 383</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 127 383</u>	<u>\$ 127 383</u>	<u>\$ 310 664</u>	<u>\$ 183 281</u>

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, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ORIGINAL	FINAL	
Revenues:					
Fines, licenses and permits	\$ 196 103	\$ 196 103	\$ 203 733	\$ 7 630	
Grants and donations	18 450	18 450	66 664	48 214	
Interest	200	200	448	248	
Other revenue	-	-	3 699	3 699	
TOTAL REVENUES	214 753	214 753	274 544	59 791	
Expenditures:					
Road and bridge	570 682	570 682	416 706	153 976	
Capital outlay	3 000	70 834	68 634	2 200	
Debt Service:					
Principal	129 752	141 971	138 325	3 646	
Interest	5 182	5 182	5 818	(636)	
TOTAL EXPENDITURES	708 616	788 669	629 483	159 168	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(493 863)	(573 916)	(354 939)	218 977	
Other Financing Sources (Uses):					
Sale of assets	150 000	150 000	103 685	(46 315)	
Transfers in	343 863	423 916	343 863	(80 053)	
TOTAL OTHER FINANCING SOURCES (USES)	493 863	573 916	447 548	(126 368)	
NET CHANGE IN FUND BALANCE	-	-	92 609	92 609	
Fund balance - Beginning of year	147 012	147 012	147 012	-	
FUND BALANCE - END OF YEAR	\$ 147 012	\$ 147 012	\$ 239 621	\$ 92 609	

TRINITY COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - LAST TEN YEARS*
For the Year Ended September 30, 2020

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

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

See independent auditors' report.

TRINITY COUNTY, TEXAS
 SCHEDULE OF PENSION CONTRIBUTIONS
 LAST TEN FISCAL YEARS*
 For the Year Ended September 30, 2020

YEAR ENDING SEPTEMBER 30,	ACTUARILY 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%

*10 years data will be presented as it becomes available

TRINITY COUNTY, TEXAS
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS
September 30, 2020

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>	10.5 years
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	3.0%
<i>Salary Increases</i>	4.9% average over career including inflation, varies by age and service
<i>Investment Rate of Return</i>	8.0%, 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>	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously, Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 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 SCHEDULE OF NET ASSETS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 86 600	\$ 717 193	\$ 803 793
Receivables:			
Property taxes (net of allowance)	11 834	-	11 834
Other	-	17 935	17 935
Due from other funds	-	2	2
TOTAL ASSETS	\$ 98 434	\$ 735 130	\$ 833 564
LIABILITIES			
Accounts payable	\$ 59	\$ 829	\$ 888
Accrued payroll	-	3 619	3 619
Accrued expenses	-	2 358	2 358
Due to others	-	18 228	18 228
TOTAL LIABILITIES	59	25 034	25 093
DEFERRED INFLOWS			
Unavailable revenues	11 834	84 000	95 834
TOTAL DEFERRED INFLOWS	11 834	84 000	95 834
FUND BALANCES			
Restricted	86 541	572 769	659 310
Assigned	-	53 327	53 327
TOTAL FUND BALANCES	86 541	626 096	712 637
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 98 434	\$ 735 130	\$ 833 564

TRINITY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:			
Property taxes	\$ 250 106	\$ -	\$ 250 106
Other taxes	-	13 327	13 327
Fines and forfeitures	-	78 927	78 927
Fees, licenses and permits	-	111 615	111 615
Grants and contributions	-	551 648	551 648
Interest	472	718	1 190
Other revenue	-	9 619	9 619
TOTAL REVENUES	250 578	765 854	1 016 432
Expenditures:			
General government	-	349 728	349 728
Judicial	-	128 398	128 398
Public safety	-	14 125	14 125
Health and welfare	-	18 412	18 412
Pass-through expenditures	-	162 596	162 596
Debt service	434 318	-	434 318
TOTAL EXPENDITURES	434 318	673 259	1 107 577
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(183 740)	92 595	(91 145)
Other Financing Sources (Uses):			
Transfers out	-	(4 598)	(4 598)
Transfers in	-	10 000	10 000
TOTAL OTHER FINANCING SOURCES (USES)	-	5 402	5 402
NET CHANGE IN FUND BALANCES	(183 740)	97 997	(85 743)
Fund balance - Beginning of year	270 281	528 099	798 380
FUND BALANCE - END OF YEAR	\$ 86 541	\$ 626 096	\$ 712 637

TRINITY COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2020

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
ASSETS					
Cash and cash equivalents	\$ 184 651	\$ 25 756	\$ 31 274	\$ 3 726	\$ 186 651
Due from other funds	2	-	-	-	-
Other receivables	12 934	-	-	15	4 986
TOTAL ASSETS	\$ 197 587	\$ 25 756	\$ 31 274	\$ 3 741	\$ 191 637
LIABILITIES					
Accounts payable	\$ -	\$ 245	\$ 129	\$ -	\$ -
Accrued payroll	-	-	-	-	3 619
Accrued expenses	907	-	-	-	8
Due to others	-	-	-	-	18 228
TOTAL LIABILITIES	907	245	129	-	21 855
DEFERRED INFLOWS					
Unavailable revenues	-	-	-	-	84 000
TOTAL DEFERRED INFLOWS	-	-	-	-	84 000
FUND BALANCES					
Restricted	196 680	25 511	31 145	-	85 782
Assigned	-	-	-	3 741	-
TOTAL FUND BALANCES	196 680	25 511	31 145	3 741	85 782
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 197 587	\$ 25 756	\$ 31 274	\$ 3 741	\$ 191 637

JURY SERVICE FUND	COURT TECHNOLOGY FUND	SPECIAL CRIME FUNDS	LEOSE EDUCATION FUND	HOTEL/ MOTEL TAX FUND	AIRPORT FUND	COURTHOUSE PRESERVATION FUND
\$ 5 202	\$ 4 044	\$ 7 738	\$ 35 652	\$ 14 228	\$ 2 857	\$ 37 191
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 5 202</u>	<u>\$ 4 044</u>	<u>\$ 7 738</u>	<u>\$ 35 652</u>	<u>\$ 14 228</u>	<u>\$ 2 857</u>	<u>\$ 37 191</u>
\$ 268	\$ 183	\$ -	\$ -	\$ -	\$ -	\$ 4
-	-	-	-	-	-	-
273	-	-	-	568	-	-
-	-	-	-	-	-	-
<u>541</u>	<u>183</u>	<u>-</u>	<u>-</u>	<u>568</u>	<u>-</u>	<u>4</u>
-	3 861	-	35 652	13 660	2 857	-
<u>4 661</u>	<u>-</u>	<u>7 738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37 187</u>
<u>4 661</u>	<u>3 861</u>	<u>7 738</u>	<u>35 652</u>	<u>13 660</u>	<u>2 857</u>	<u>37 187</u>
\$ 5 202	\$ 4 044	\$ 7 738	\$ 35 652	\$ 14 228	\$ 2 857	\$ 37 191

TRINITY COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2020

	GRANT FUNDS	SCHOOL FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS			
Cash and cash equivalent	\$ 178 223	\$ -	\$ 717 193
Due from other funds	-	-	2
Other receivables	-	-	17 935
TOTAL ASSETS	\$ 178 223	\$ -	\$ 735 130
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 829
Accrued payroll	-	-	3 619
Accrued expenses	602	-	2 358
Due to others	-	-	18 228
TOTAL LIABILITIES	602	-	25 034
DEFERRED INFLOWS			
Unavailable revenues	-	-	84 000
TOTAL DEFERRED INFLOWS	-	-	84 000
FUND BALANCES			
Restricted	177 621	-	572 769
Assigned	-	-	53 327
TOTAL FUND BALANCES	177 621	-	626 096
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 178 223	\$ -	\$ 735 130

TRINITY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2020

	RECORDS MANAGEMENT FUND	LAW LIBRARY FUND	SECURITY FEE FUND	FAMILY PRESERVATION FUND	SEIZED FUNDS
Revenues:					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 78 927
Fees, licenses, and permits	93 395	7 980	7 541	-	-
Other taxes	-	-	-	-	-
Grants and contributions	-	-	-	-	-
Interest	213	34	40	7	238
Other revenue	-	-	-	1 065	-
TOTAL REVENUES	93 608	8 014	7 581	1 072	79 165
Expenditures:					
General government	59 258	-	-	-	-
Judicial	-	6 986	5 764	-	93 718
Public safety	-	-	-	-	7 048
Health and welfare	-	-	-	-	-
Pass-through expenditures	-	-	-	-	-
TOTAL EXPENDITURES	59 258	6 986	5 764	-	100 766
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	34 350	1 028	1 817	1 072	(21 601)
Other Financing Sources (Uses):					
Transfers out	-	-	-	-	-
Transfers in	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	34 350	1 028	1 817	1 072	(21 601)
Fund balance - Beginning of year	162 330	24 483	29 328	2 669	107 383
FUND BALANCE - END OF YEAR	\$ 196 680	\$ 25 511	\$ 31 145	\$ 3 741	\$ 85 782

JURY SERVICE FUND	COURT TECHNOLOGY FUND	SPECIAL CRIME FUNDS	LEOSE EDUCATION FUND	HOTEL/ MOTEL TAX FUND	AIRPORT FUND	COURTHOUSE PRESERVATION FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
372	2 327	-	-	-	-	-
-	-	-	-	13 327	-	-
-	-	-	4 363	-	-	-
7	8	10	45	25	4	81
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
379	2 335	10	4 408	13 352	4	81
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-	-
232	3 975	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	18 412	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
232	3 975	-	-	18 412	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
147	(1 640)	10	4 408	(5 060)	4	81
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
147	(1 640)	10	4 408	(5 060)	4	81
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
4 514	5 501	7 728	31 244	18 720	2 853	37 106
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 4 661	\$ 3 861	\$ 7 738	\$ 35 652	\$ 13 660	\$ 2 857	\$ 37 187

TRINITY COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2020

	GRANT FUNDS	SCHOOL FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:			
Fines and forfeitures	\$ -	\$ -	\$ 78 927
Fees, licenses, and permits	- -	- -	111 615
Other taxes	- -	- -	13 327
Grants and contributions	384 689	162 596	551 648
Interest	6 -	- -	718
Other revenue	<u>8 554</u>	<u>- -</u>	<u>9 619</u>
 TOTAL REVENUES	 <u>393 249</u>	 <u>162 596</u>	 <u>765 854</u>
Expenditures:			
General government	290 470	- -	349 728
Judicial	17 723	- -	128 398
Public safety	7 077	- -	14 125
Health and welfare	- -	- -	18 412
Pass-through expenditures	<u>- -</u>	<u>162 596</u>	<u>162 596</u>
 TOTAL EXPENDITURES	 <u>315 270</u>	 <u>162 596</u>	 <u>673 259</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>77 979</u>	 - -	 <u>92 595</u>
Other Financing Sources (Uses):			
Transfers out	(4 598)	- -	(4 598)
Transfers in	<u>10 000</u>	<u>- -</u>	<u>10 000</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>5 402</u>	 - -	 <u>5 402</u>
 NET CHANGE IN FUND BALANCES	 83 381	 - -	 97 997
Fund balance - Beginning of year	<u>94 240</u>	<u>- -</u>	<u>528 099</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 177 621</u>	 \$ - -	 <u>\$ 626 096</u>

TRINITY COUNTY, TEXAS
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
September 30, 2020

	GENERAL ESCROW FUND	COUNTY TAX ASSESSOR COLLECTOR FUND	COUNTY AGENCY FUND	DISTRICT CLERK TRUST FUND
ASSETS				
Restricted cash	\$ 87 717	\$ 106 709	\$ (1 000)	\$ 172 443
Other receivable	-	-	1 000	-
TOTAL ASSETS	\$ 87 717	\$ 106 709	\$ -	\$ 172 443
LIABILITIES				
Accounts payable	\$ 5	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to County	-	-	-	-
Due to others	87 712	106 709	-	172 443
TOTAL LIABILITIES	\$ 87 717	\$ 106 709	\$ -	\$ 172 443

UNCLAIMED MONEY FUND	DISTRICT ATTORNEY HOT CHECK FUND	RESTITUTION FUND	COMBINED FIDUCIARY FUNDS
\$ 4 278	\$ 740	\$ 4 130	\$ 375 017
-	-	-	1 000
<u>\$ 4 278</u>	<u>\$ 740</u>	<u>\$ 4 130</u>	<u>\$ 376 017</u>
\$ 1 384	\$ -	\$ -	\$ 1 389
2 894	-	3 381	6 275
-	-	749	749
-	740	-	367 604
<u>\$ 4 278</u>	<u>\$ 740</u>	<u>\$ 4 130</u>	<u>\$ 376 017</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, 2020, 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 27, 2021.

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 001 to 002) that we consider to be significant deficiencies.

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

Trinity County, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Trinity County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.


Axley & Rode LLP
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
July 27, 2021


www.axleyrode.com

TRINITY COUNTY, TEXAS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended September 30, 2020

2020-001

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.

2020-002

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

Cause. Errors may exist in past census data at TCDRS.

Effect. Errant data in the TCDRS system could cause a significant misstatement of the pension liability of the County.

Recommendation. We recommend the County review the current census data with TCDRS and adjust as needed.

View of Responsible Officials and Corrective Action Plan.

The County noted that the TCDRS system has been changing the data input and reporting significantly the last few years, and the TCDRS in 2020 established a portal for change notifications. The County payroll department will review the census data on TCDRS and monitor future changes utilizing the updated TCDRS systems and reports.

TRINITY COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

2019-001

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.

2019-002

Condition. In testing of payroll transactions, several transactions did not have timesheets approved by supervisors.

Cause. Sometimes supervisors do not physically authorize timesheets, but confirm over phone with Deputy Treasurer as needed.

Effect. Payroll transactions may not have been properly disbursed.

Recommendation. We recommend the Deputy Treasurer note the time, date, and person who verbally approved of timesheet.

View of Responsible Officials and Corrective Action Plan.

The County has determine that this recommendation is not practical and will accept the risk with the opinion that risk is limited due to other mitigating factors in the payroll process.

2019-003

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.

Cause. Errors may exist in past census data at TCDRS.

Effect. Errant data in the TCDRS system could cause a significant misstatement of the pension liability of the County.

Recommendation. We recommend the County review the current census data with TCDRS and adjust as needed.

View of Responsible Officials and Corrective Action Plan.

The County noted that the TCDRS system has been changing the data input and reporting significantly the last few years, and the TCDRS in 2020 established a portal for change notifications. The County payroll department will review the census data on TCDRS and monitor future changes utilizing the updated TCDRS systems and reports.