

PALO PINTO COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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FINANCIAL SECTION



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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Independent Auditor's Report

To The Honorable County Judge and County Commissioners
Palo Pinto County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Palo Pinto County, Texas (County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinions on Governmental Activities and General Fund

As fully described in Note 13 to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2021 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables should be recorded, which would increase the assets and fund balance/net position and change the revenues in the Governmental Activities and General Fund. The amount by which this departure would affect the assets, fund balance/net position, and revenues of the Governmental Activities and General Fund has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and General Fund of the County, as of September 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the County as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, Schedule of Employer Pension Contributions – Texas County and District Retirement System, Schedule of Changes in Total Other Post-Employment Benefit (OPEB) Liability and Related Ratios – Texas County and District Retirement System, Schedule of Employer OPEB Contributions – Texas County and District Retirement System and Schedule of Changes in Total OPEB Liability and Related Ratios – Palo Pinto County Retiree Health Care Plan 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 the County's basic financial statements. The combining and individual fund financial statements (C Exhibits) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
February 8, 2022

Management's Discussion and Analysis

As management of Palo Pinto County, we offer readers of the Palo Pinto County's financial statements this narrative overview of the financial activities of Palo Pinto County for the fiscal year ended September 30, 2021.

Financial Highlights

The assets and deferred outflows of resources of Palo Pinto County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$27,217,763 (*net position*). Of this amount, \$10,138,347 (*unrestricted net position*) may be used to meet the County's ongoing obligations.

As of the close of the fiscal year, the Palo Pinto County's governmental funds reported combined ending fund balances of \$19,172,766. Of this total amount, \$14,351,786 (75 percent) is *available for spending* at the County's discretion (*unassigned fund balance*).

At the end of the fiscal year, unassigned fund balance for the General Fund is \$14,351,786 or 95 percent of total General Fund expenditures.

The County's total long-term liabilities increased \$713,622 (8 percent) during the fiscal year. The increase is due to the net of an increase in other post-employment benefit liability of \$337,405, an increase in pension liability of \$692,567, a decrease in compensated absences of \$10,563 and retirement of debt of \$305,787. The County did not issue new debt in the current year.

Overview of Financial Statements

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

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

The *Statement of Net Position* presents information on all of Palo Pinto County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the County's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the year. All changes in net position are reported as soon as the event causing the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., uncollected taxes).

The government-wide financial statements are presented on pages 10-11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Palo Pinto County, like other state and local governments, uses fund accounting to ensure and demonstrate

compliance with finance-related legal requirements. All of the funds of Palo Pinto County can be divided into three categories: governmental funds, internal service, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial focus is on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus 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 for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental 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*.

Palo Pinto County maintains thirty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, American Rescue Plan Fund and Capital Improvement Fund, which are considered to be major funds. Data from the other twenty-nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining funds* elsewhere in this report.

Palo Pinto County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund.

The basic governmental financial statements can be found on pages 12 and 14-15 of this report.

Internal service. The County adopted a Health Reimbursement Arrangement (HRA) Plan and it is accounted for as an internal service fund. The internal service fund's financial statements are on pages 17-19 of this report.

Fiduciary funds. 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 of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The combined fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the audited financial statements.

The notes can be found on pages 22-51 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Palo Pinto County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,217,763 at September 30, 2021.

The largest portion of the County's net position (54 percent) reflects its investment in capital assets (eg, land, buildings, machinery and equipment, and infrastructure), less any related debt

used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Palo Pinto 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.

Net Position

	<i>Government Activities</i>	
	<u>2021</u>	<u>2020</u>
<i>Current and Other Assets</i>	\$ 23,254,446	\$ 18,455,662
<i>Capital Assets</i>	<u>15,772,813</u>	<u>14,313,750</u>
Total Assets	<u>\$ 39,027,259</u>	<u>\$ 32,769,412</u>
 <i>Deferred Outflows of Resources</i>	 <u>\$ 2,993,192</u>	 <u>\$ 1,337,978</u>
 <i>Current Liabilities</i>	 \$ 3,666,858	 \$ 917,203
<i>Long-Term Liabilities</i>	<u>9,195,342</u>	<u>8,481,720</u>
Total Liabilities	<u>\$ 12,862,200</u>	<u>\$ 9,398,923</u>
 <i>Deferred Inflows of Resources</i>	 <u>\$ 1,940,488</u>	 <u>\$ 1,370,965</u>
 Net Position:		
<i>Net Investment in Capital Assets</i>	\$ 14,708,985	\$ 12,944,135
<i>Restricted</i>	2,370,431	2,141,440
<i>Unrestricted</i>	<u>10,138,347</u>	<u>8,251,927</u>
Total Net Position	<u>\$ 27,217,763</u>	<u>\$ 23,337,502</u>

Restricted net position represents resources that are subject to external restrictions. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, Palo Pinto County is able to report positive balances in net position, for the government as a whole, as well as for its separate governmental activities.

Changes in Net Position

	<i>Government Activities</i>	
	<u>2021</u>	<u>2020</u>
Revenues:		
Program Revenues:		
<i>Charges for Services</i>	\$ 3,421,354	\$ 3,171,757
<i>Operating Grants and Contributions</i>	606,622	406,482
<i>Capital Grants and Contributions</i>	194,109	138,779
General Revenues:		
<i>Property Taxes</i>	13,655,840	12,728,451
<i>Other Taxes</i>	2,218,211	1,975,928
<i>Other</i>	322,179	729,787
Total Revenues	<u>\$ 20,418,315</u>	<u>\$ 19,151,184</u>
Expenses:		
<i>General Government</i>	\$ 2,811,665	\$ 2,589,101
<i>Administration of Justice</i>	2,006,458	1,648,767
<i>Public Safety</i>	3,324,172	2,587,054
<i>Corrections and Rehabilitation</i>	2,661,704	2,219,740
<i>Health and Human Services</i>	437,205	610,057
<i>Community and Economic Development</i>	258,845	330,602
<i>Infrastructure and Environmental Services</i>	5,037,522	4,317,136
<i>Debt Service</i>	483	42,786
Total Expenses	<u>\$ 16,538,054</u>	<u>\$ 14,345,243</u>
<i>Change in Net Position</i>	<u>\$ 3,880,261</u>	<u>\$ 4,805,941</u>
<i>Net Position - 10/1</i>	<u>23,337,502</u>	<u>18,531,561</u>
<i>Net Position - 9/30</i>	<u>\$ 27,217,763</u>	<u>23,337,502</u>

Financial Analysis of the Government's Funds

Governmental funds. The focus of Palo Pinto 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 financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

The General Fund is the chief operating fund of Palo Pinto County. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$14,351,786 while the total fund balance

reached \$15,645,603. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 95 percent of total General Fund expenditures, while total fund balance represents 103 percent of total General Fund expenditures.

The fund balance of Palo Pinto County's General Fund increased by \$2,362,935 during the current fiscal year. Key factors in this growth are as follows:

- Property taxes increased by \$897,878 due to increased appraised values less a small decline in tax rate.
- Sales taxes increased by \$197,571 due to additional consumer spending from stimulus funds.
- Licenses, fees, and fines increased by \$278,160 due to an increase in fines and fees charged by the County and District clerks along with increased commissions for the tax assessor/collector.
- Federal and state grants decreased by \$193,427 mostly due to grant in the prior year for NIBRS System that did not occur in the current year.
- General Fund expenditures decreased \$855,967 mostly due to a decrease in emergency medical and health services from a reduction in funding of the PPC ESD #1 and decreased sheriff department costs due to five fewer vehicles purchased in the current year compared to the prior year and the new NIBRS system purchased in the prior year.
- General Fund proceeds from capital leases decreased from \$42,692 in the prior year to \$0 in the current year.
- General Fund proceeds from sale of capital assets decreased from \$519,902 in the prior year to \$0 in the current year due to the sale of the old Mineral Wells Annex-Poston building in the prior year.
- General Fund net transfers out to other funds decreased \$467,632 from the prior year.

The American Rescue Plan Fund has a fund balance of \$3,617 all of which is committed for public safety. This represents an increase of \$3,617 from 2020. There were no significant changes from the prior year in revenues and expenditures. The County received \$2,834,811 of American Rescue Plan grant in the current year but none has been expended through September 30, 2021. Only a small amount of interest was earned on the funds in the current year.

The Annex Capital Improvement Fund has a fund balance of \$734,741 all of which is committed for future capital improvement projects. This represents a decrease of \$616,994 from 2020. The significant changes in activity between years is a decrease in transfers from the General Fund by \$450,000 to fund the Mineral Wells Annex renovation and an increase in capital expenditures by \$117,281 for the Mineral Wells Annex renovation.

The nonmajor Capital Projects Funds have a total fund balance of \$989,333 all of which is restricted or committed for future capital projects. This represents an increase of \$152,083 from 2020. It is the intent of the County to use these funds for future growth and expansion needs of the County.

The Debt Service Funds have a total fund balance of \$8,319. The Funds are used to account for the Texas Capital Fund loan and the County's certificates of obligation. The monthly lease payments received by the County are immediately paid toward the loan balance. Interest and sinking tax levy collections are used to service the annual certificate of obligation payments.

Palo Pinto County's Special Revenue Funds have a combined restricted and committed fund balance of \$1,791,153 which represents an increase of \$124,128 primarily due to increased revenues and decreased expenditures for the County Clerk Preservation Records Fund.

General Fund Budgetary Highlights

The final amended budget showed budgeted revenues increased \$24,287 over the original budget. No individual revenue categories changed significantly from the beginning to the final budget. The final amended budget showed budgeted expenditures increased \$24,287 over the original budget. No individual expenditure categories changed significantly.

It is the practice of the County to budget very conservatively. Actual revenues were \$768,222 or 4.2% higher than budgeted. Property taxes were \$225,431 or 1.7% higher than budgeted, sales taxes were \$339,202 or 21.2% higher than budgeted and licenses, fees and fines were \$291,579 or 11.4% percent higher than budgeted due to conservative budgeting. Actual operating expenditures were \$2,261,811 or 13.0% lower than budgeted. This can be attributed primarily to lower than anticipated costs in 29th district court, district attorney, general operations, jail and detention operations, road and bridge operations, and sheriff operations.

Capital Asset and Debt Administration

Capital assets. Palo Pinto County's investment in capital assets for its governmental activities as of September 30, 2021 amounts to \$15,772,813 (net of depreciation). This investment in capital assets includes land, buildings and building improvements, other improvements, transportation, machinery, equipment and other assets, infrastructure and construction-in-progress.

Major capital asset events during the current fiscal year included the following:

- ◆ Infrastructure additions totaling \$198,504.
- ◆ The costs for annex building project in progress at the end of the year totaling \$1,834,238.
- ◆ The purchase of several vehicles, a bobcat compact track loader, a tractor and trailer totaling \$338,399.
- ◆ The purchase of body cameras/in-car video system totaling \$304,585
- ◆ A generator and radio tower lighting upgrade totaling \$174,874.
- ◆ The purchase of a pole barn totaling \$48,881.
- ◆ The disposal of an old vehicle and a copier with a net book value of \$12,394.

Additional information on the County's capital assets can be found in Note 5 on page 31 of this report.

Long-term debt. At the end of the fiscal year, the County had total long-term obligations of \$9,195,342 outstanding, including net pension liability and net other post-employment obligation liability. This debt is 100% backed by the full faith and credit of the County.

Additional information on the County's long-term debt can be found in Note 7 on pages 32-35 of this report.

Economic Factors and Next Year's Budgets

At the end of the fiscal year the unassigned fund balance in the General Fund was \$14,351,786. The County appropriated \$929,703 of this amount for spending in the 2021-22 fiscal year budget for several contingency line items in the General Fund for unexpected emergencies.

Requests for Information

This financial report is designed to provide a general overview of Palo Pinto County's finances. Questions concerning information in this report should be addressed to the County Auditor, Palo Pinto County, P.O. Box 159, Palo Pinto, Texas 76484.

Reference: Gauthier, Stephen J. Governmental Accounting, Auditing, and Financial Reporting, Chicago: Government Finance Officers Association, 2001.

BASIC FINANCIAL STATEMENTS

PALO PINTO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities
Assets	
Cash	\$ 5,765,642
Investments	16,094,071
Receivables:	
Property taxes, net	327,439
Sales taxes	356,609
Occupancy taxes	64,446
Accounts	96,882
Due from fiduciary	217,657
Prepaid expenses	288,450
Inventory	43,250
Capital assets, net	15,772,813
Total assets	<u>39,027,259</u>
Deferred Outflows of Resources	
Pension plan related	2,576,914
OPEB related	416,278
Total deferred outflows of resources	<u>2,993,192</u>
Liabilities	
Accounts payable	369,175
Accrued liabilities	329,780
Due to fiduciary	35,957
Due to others	97,135
Unearned revenues	2,834,811
Long-term liabilities:	
Due within one year	478,421
Due in more than one year	848,020
Net pension liability	2,378,015
Total OPEB liability	5,490,886
Total liabilities	<u>12,862,200</u>
Deferred Inflows of Resources	
Pension plan related	1,752,699
OPEB related	187,789
Total deferred inflows of resources	<u>1,940,488</u>
Net Position	
Net investment in capital assets	14,708,985
Restricted	2,370,431
Unrestricted	10,138,347
Total net position	<u>\$ 27,217,763</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
General Government	\$ 2,811,665	\$ 1,583,229	\$ 120,000	\$ 194,109	\$ (914,327)
Administration of Justice	2,006,458	771,584	151,249	-	(1,083,625)
Public Safety	3,324,172	45,449	335,373	-	(2,943,350)
Corrections and Rehabilitation	2,661,704	166,167	-	-	(2,495,537)
Health and Human Services	437,205	-	-	-	(437,205)
Community and Economic Development	258,845	770	-	-	(258,075)
Infrastructure and Environmental Services	5,037,522	854,155	-	-	(4,183,367)
Debt service	483	-	-	-	(483)
Total governmental activities	\$ 16,538,054	\$ 3,421,354	\$ 606,622	\$ 194,109	(12,315,969)
General revenues:					
Property taxes, levied for general purposes					13,556,348
Property taxes, levied for debt service					99,492
Sales taxes					1,939,202
Hotel/motel taxes					220,083
Mixed beverage taxes					58,926
Investment earnings					179,295
Miscellaneous					142,884
Total general revenues					16,196,230
Change in net position					3,880,261
Net position - beginning of year					23,337,502
Net position - ending					\$ 27,217,763

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 662,826	\$ 2,838,428	\$ 826,946	\$ 1,337,532	\$ 5,665,732
Investments	14,706,423	-	12,130	1,375,518	16,094,071
Receivables, net:					
Property taxes	326,360	-	-	1,079	327,439
Sales taxes	356,609	-	-	-	356,609
Occupancy taxes	-	-	-	64,446	64,446
Accounts	96,871	-	-	11	96,882
Due from other funds	161,034	-	-	22,659	183,693
Prepaid expenses	288,450	-	-	-	288,450
Inventory	43,250	-	-	-	43,250
Total assets	<u>\$ 16,641,823</u>	<u>\$ 2,838,428</u>	<u>\$ 839,076</u>	<u>\$ 2,801,245</u>	<u>\$ 23,120,572</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 254,838	\$ -	\$ 104,335	\$ 1,393	\$ 360,566
Accrued liabilities	316,066	-	-	9,796	325,862
Due to other funds	1,993	-	-	-	1,993
Due to others	96,963	-	-	172	97,135
Unearned revenues	-	2,834,811	-	-	2,834,811
Total liabilities	<u>669,860</u>	<u>2,834,811</u>	<u>104,335</u>	<u>11,361</u>	<u>3,620,367</u>
Deferred inflows of resources:					
Unavailable property taxes	<u>326,360</u>	<u>-</u>	<u>-</u>	<u>1,079</u>	<u>327,439</u>
Fund balances:					
Nonspendable	331,700	-	-	-	331,700
Restricted	24,235	3,617	-	2,341,500	2,369,352
Committed	8,179	-	734,741	447,305	1,190,225
Assigned	929,703	-	-	-	929,703
Unassigned	14,351,786	-	-	-	14,351,786
Total fund balances	<u>15,645,603</u>	<u>3,617</u>	<u>734,741</u>	<u>2,788,805</u>	<u>19,172,766</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,641,823</u>	<u>\$ 2,838,428</u>	<u>\$ 839,076</u>	<u>\$ 2,801,245</u>	<u>\$ 23,120,572</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds (Exhibit A-3)		\$ 19,172,766
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (Exhibit A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:		
Gross capital assets	\$ 32,256,717	
Related accumulated depreciation	<u>16,483,904</u>	15,772,813
Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		327,439
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Certificates of obligation	410,000	
Note payable	322,000	
Capital leases payable	331,828	
Accrued compensated absences	<u>262,613</u>	(1,326,441)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are recorded only when due.		(3,918)
The County uses an internal service fund to operate a health reimbursement account (HRA) for the benefit of all eligible employees of the County. The assets and liabilities are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		91,301
The County's net pension and OPEB liabilities and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System and the OPEB liability and related deferred outflows and inflows related to the County provided retiree medical coverage do not meet criteria to be reported in the governmental funds financial statements. These items consist of:		
Net pension liability	(2,378,015)	
Deferred outflows - pension related items	2,576,914	
Deferred inflows - pension related items	(1,752,699)	
Total OPEB liability	(5,490,886)	
Deferred outflows - OPEB related items	416,278	
Deferred inflows - OPEB related items	<u>(187,789)</u>	<u>(6,816,197)</u>
Total net position - governmental activities (Exhibit A-1)		<u>\$ 27,217,763</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 13,547,215	\$ -	\$ -	\$ 98,413	\$ 13,645,628
Sales taxes	1,939,202	-	-	-	1,939,202
Occupancy tax	-	-	-	220,083	220,083
Mixed beverage tax	58,926	-	-	-	58,926
Licenses, fees and fines	2,843,889	-	-	303,086	3,146,975
Federal and state grants	216,625	-	-	577,193	793,818
Inmate revenue	68,205	-	-	-	68,205
Commissary revenue	-	-	-	97,962	97,962
Interest earned	154,010	3,617	7,700	13,700	179,027
Other revenue	155,131	-	-	102,876	258,007
Total revenues	<u>18,983,203</u>	<u>3,617</u>	<u>7,700</u>	<u>1,413,313</u>	<u>20,407,833</u>
Expenditures					
29th District Court	360,181	-	-	-	360,181
Capital projects	-	-	2,124,694	17,341	2,142,035
Commissary	-	-	-	84,372	84,372
Commissioner's Court	52,306	-	-	-	52,306
Constable	380,444	-	-	-	380,444
County Attorney	282,051	-	-	6,848	288,899
County Auditor	280,159	-	-	-	280,159
County Clerk	385,745	-	-	70,800	456,545
County Court	204,433	-	-	-	204,433
County Extension Service	107,646	-	-	-	107,646
County Treasurer	139,758	-	-	-	139,758
Courthouse security	-	-	-	124,646	124,646
Debt service - principal	-	-	-	118,000	118,000
Debt service - interest	-	-	-	83	83
Debt service - agent fees	-	-	-	400	400
District Attorney	192,818	-	-	15,622	208,440
District Clerk	233,206	-	-	-	233,206
Election Administration	203,562	-	-	14,092	217,654
Emergency Management	119,432	-	-	-	119,432
Emergency Medical & Health Services	370,000	-	-	-	370,000
General operations	3,165,304	-	-	285,016	3,450,320
Health services	10,000	-	-	-	10,000
Hotel/motel tax	-	-	-	249,660	249,660
Information Technology	166,505	-	-	-	166,505
Jail and detention	2,277,275	-	-	64,440	2,341,715
Justice of the Peace	581,707	-	-	-	581,707
Narcotics Unit	100,920	-	-	-	100,920
Public Works	390,854	-	-	-	390,854
Road and Bridge:					
Precinct No. 1	491,554	-	-	-	491,554
Precinct No. 2	803,197	-	-	-	803,197
Precinct No. 3	598,502	-	-	-	598,502
Precinct No. 4	589,038	-	-	-	589,038
Sheriff	2,047,253	-	-	12,983	2,060,236
Tax Assessor-Collector	565,985	-	-	-	565,985
Vending Expenditures	-	-	-	1,983	1,983
Veteran's Administration	17,894	-	-	-	17,894
Total expenditures	<u>15,117,729</u>	<u>-</u>	<u>2,124,694</u>	<u>1,066,286</u>	<u>18,308,709</u>
Excess of revenues over (under) expenditures	<u>3,865,474</u>	<u>3,617</u>	<u>(2,116,994)</u>	<u>347,027</u>	<u>2,099,124</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Other sources and (uses):					
Transfers in	182,961	-	1,500,000	120,500	1,803,461
Transfers out	(1,685,500)	-	-	(182,961)	(1,868,461)
Total other sources and (uses)	(1,502,539)	-	1,500,000	(62,461)	(65,000)
Net change in fund balances	2,362,935	3,617	(616,994)	284,566	2,034,124
Fund balances, beginning of year	13,282,668	-	1,351,735	2,504,239	17,138,642
Fund balances, end of year	<u>\$ 15,645,603</u>	<u>\$ 3,617</u>	<u>\$ 734,741</u>	<u>\$ 2,788,805</u>	<u>\$ 19,172,766</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds (Exhibit A-5)		\$ 2,034,124
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 2,904,754	
Depreciation expense for the year	<u>1,433,297</u>	1,471,457
The net book value of the capital assets disposed of during the year is not recorded in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale. The net book value of the capital assets disposed of during the year was:		(12,392)
Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources increased by this amount.		10,212
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:		
Certificates of obligation	90,000	
Note payable	28,000	
Capital leases payable	<u>187,787</u>	305,787
Interest on long-term debt in the Statement of Activities differs from the amount reported in governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in accrued interest is as follows:		
Accrued interest at September 30, 2020	(6,263)	
Accrued interest at September 30, 2021	<u>3,918</u>	2,345
Included in long-term liabilities are obligations for accrued vacation leave and the net other post-employment benefit obligation for retiree medical coverage. The changes in these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was:		10,563
The County participates in an agent multiple-employer defined benefit pension and OPEB plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension and OPEB expenses are recognized on an actuarial basis. The plan contributions exceeded the actuarial expense in the current year.		55,717
The County uses an internal service fund to operate a health reimbursement account (HRA) for the benefit of all eligible employees of the County. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is an increase in net position.		<u>2,448</u>
Change in net position of governmental activities (Exhibit A-2)		<u>\$ 3,880,261</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
SEPTEMBER 30, 2021

	<u>Health Reimbursement Arrangement</u>
Assets	
Cash	\$ 99,910
Total assets	<u>99,910</u>
Liabilities	
Accounts payable	<u>8,609</u>
Total liabilities	<u>8,609</u>
Net Position	
Unrestricted	91,301
Total net position	<u>\$ 91,301</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Health Reimbursement Arrangement
Operating revenues	
Charges for services	\$ -
Operating expenses:	
Administration fees	4,511
Reimbursements	58,309
Total operating expenses	<u>62,820</u>
Loss from operations	(62,820)
Non-operating income:	
Interest income	268
Transfers in	<u>65,000</u>
Change in net position	2,448
Total net position - beginning	88,853
Total net position - ending	<u><u>\$ 91,301</u></u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Health Reimbursement Arrangement
Cash flows from operating activities	
Cash paid to employees for health reimbursements	\$ (56,050)
Cash paid to vendor for administrative services	(4,511)
Net cash used by operating activities	<u>(60,561)</u>
Cash flows from investing activities	
Transfers in from other funds	65,000
Interest earnings	268
Net cash provided by investing activities	<u>65,268</u>
Net increase in cash and cash equivalents	4,707
Cash and cash equivalents at beginning of the year	<u>95,203</u>
Cash and cash equivalents at end of the year	<u>\$ 99,910</u>
Reconciliation of loss from operations to net cash used by operating activities:	
Operating loss	\$ (62,820)
Effect of change in current assets and liabilities:	
Increase in accounts payable	2,259
Net cash used by operating activities	<u>\$ (60,561)</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

	<u>Custodial Funds</u>
Assets	
Cash	\$ 1,410,284
Investments	1,300,140
Other receivables	9,968
Due from other funds	35,957
Total assets	<u>2,756,349</u>
Liabilities	
Due to other funds	<u>217,657</u>
Total liabilities	<u>217,657</u>
Net Position	
Restricted for other purposes	2,538,692
Total net position	<u>\$ 2,538,692</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

	<u>Custodial Funds</u>
Additions	\$ 91,870,895
Deductions	<u>93,816,372</u>
Change in net position	<u>(1,945,477)</u>
Net position - beginning, as originally stated	-
Prior period adjustment	4,484,169
Net position - beginning, as restated	<u>4,484,169</u>
Net position - ending	<u><u>\$ 2,538,692</u></u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Palo Pinto, Texas (County) was created by the Act of Legislature on August 27, 1856, and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk, District Clerk, County Tax Assessor-Collector and County Treasurer. The County Auditor is appointed for a term of two years and serves at the will of the District Judge, whose court is located in Palo Pinto County. The 2020 census population for the County was 28,409 and the area covered is approximately 949 square miles. The unincorporated community of Palo Pinto is the County Seat. The County provides the following public services: Public Safety – Sheriff's Department and Jail Detention, Tax Assessing and Collecting, Sanitation, Fire, Emergency Medical Services, Public Records, Criminal and Civil Prosecution, Road and Bridge Maintenance and General Operations.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below:

A. Reporting Entity

In evaluating the County for financial reporting purposes, management has considered all potential component units. The evaluation was made by applying the criteria set forth in generally accepted accounting principles for inclusion of component units with a reporting entity. The major criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility over the unit. The most significant manifestation of this ability to exercise oversight responsibility includes, but is not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no potential component units included in the reporting entity as defined by GASB 14, "The Reporting Entity", as amended by GASB 39 and 61.

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

B. Government-wide and Fund Financial Statements

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

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

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

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

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 *American Rescue Plan Fund* is used to account for the federal American Rescue Plan COVID-19 relief grant funds.

The *Annex Capital Improvement Fund* is used to account for financial resources to be used for the acquisition and renovation of the Mineral Wells annex building.

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

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

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

The *Capital Project Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The County reports the following internal service fund:

The *Health Reimbursement Arrangement (HRA) Plan* was established under Internal Revenue Code Section 106 for reimbursing eligible County employees for the cost of certain eligible medical expenses incurred by them, their spouses and eligible dependents.

Additionally, the County reports the following fiduciary funds:

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

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

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

The preparation of the financial statements in conformity with generally accepted accounting principles require the use of estimates by management that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. Financial Statement Amounts

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and investment pools.

Investments for the County are reported at fair value. The authorized investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

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

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

Property taxes are levied by October 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed.

3. Uncollected Taxes Receivable

The office of the Tax Assessor-Collector is under contract to eighteen (18) different taxing entities. It is the responsibility of the Tax Assessor-Collector to collect the taxes for the various taxing districts and then to remit the tax, including any penalty and interest, less a 1% fee of current taxes and 7% of delinquent taxes, to the tax district, except for the Palo Pinto County Education District, in which the Tax Assessor-Collector receives all penalties collected. The amount recorded as investment in uncollected taxes represents the total taxes receivable for the eighteen districts and the Palo Pinto County Education District.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

4. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net 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 two items that qualify for reporting in this category. The amounts reported by the County in this category related to the County's participation in TCERS. Property taxes receivable are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs on fixed assets are not capitalized. Interest is charged to the Debt Service Fund for assets acquired with tax notes. For assets purchased under capital lease agreements, interest is expensed in the fund responsible for making the lease payments.

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

Furniture & Fixtures	7 years
Vehicles	3 - 15 years
Equipment	5 - 7 years
Heavy Equipment	8 - 30 years
Buildings and Improvements	5 - 40 years
Other Improvements	10 - 20 years
Public Domain Infrastructure	15 - 30 years

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

7. **Compensated Absences**

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$262,613 of accrued vacation and compensated absences at September 30, 2021 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum carry over of 520 hours, with the exception of a few grandfathered employees. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

8. **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Issuance costs associated with long-term debt are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. **Fund Balances – Governmental Funds**

Fund balances of the governmental funds are classified as follows:

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

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

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

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

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

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

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

10. Transactions Between Funds

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

11. Use of Estimates

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

12. Pensions

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

13. Other Post-Employment Benefits

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

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

14. New Accounting Standard Adopted

For fiscal year 2021, the County implemented GASB Statement No. 84, "Fiduciary Activities". GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds in its fiduciary financial statements. The County reviewed its agency funds for classification under GASB No. 84 and determined that the funds will be reported in the new fiduciary classification of custodial funds. This reclassification resulted in the restatement of the Center's fiduciary financial statements.

2. COMPLIANCE AND ACCOUNTABILITY

A. *Finance-Related Legal and Contractual Provisions*

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

For the year ended September 30, 2021, the County had no violations of finance-related legal or contractual provisions.

B. *Deficit Fund Balance or Net Position of Individual Funds*

As of September 30, 2021, there were no funds with a deficit fund balance or net position.

3. DEPOSITS AND INVESTMENTS

A. *Deposits*

Deposits, except for those held in trust by the County Clerk, District Clerk, and others were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2021, the carrying amount of the County's deposits was \$21,855,165 and the balance per the bank was \$22,553,141. Included in the carrying amount and bank balance are money market savings and certificates of deposit (recorded as investments) totaling \$6,099,146 and \$10,325,000, respectively.

The County Clerk, District Clerk, and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest-bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2021 were \$2,710,424 and the balance per the bank was \$2,710,424. All deposits and investments were secured by FDIC coverage.

B. *Investments*

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

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

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

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

The County's investments at September 30, 2021 are shown below:

<u>Investments</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Money market savings	N/A	\$ 6,099,146
Certificates of deposit	5.73	<u>10,325,000</u>
 Total		 <u>\$16,424,146</u>

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

The County values its money market savings and certificates of deposit using Level 2 inputs based on statements from the depository financial institution.

C. 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:

1. 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.

2. Custodial Credit Risk

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

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

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.

3. 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.

4. 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.

5. 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.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service and Special Road & Bridge) for the year ended September 30, 2021, was \$0.3566187 per \$100 valuation. The special road and bridge tax rate for the year ended September 20, 2021 was \$0.00603 per \$100 valuation. The long-term debt service tax rate for the year ended September 20, 2021 was \$0.0030813 per \$100 valuation. The total combined tax rate was \$0.42 per \$100 valuation for the year ended September 30, 2021.

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

At September 30, 2021, net property taxes receivable is calculated as follows:

	General Fund	Other Governmental Funds	Totals
Gross property taxes receivable	\$759,335	\$1,799	\$761,134
Allowance for uncollectible taxes	(432,975)	(720)	(433,695)
Net property taxes receivable	<u>\$326,360</u>	<u>\$1,079</u>	<u>\$327,439</u>

Of the \$327,439 of net property taxes receivable at September 30, 2021, the County expects to collect approximately \$175,000 within a year. This is similar to the amount of delinquent taxes received in previous years.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

Governmental Activities:	<u>Balance</u> <u>10/1/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>9/30/21</u>
Capital assets not being depreciated:					
Land	\$ 647,536	\$ -	\$ -	\$ -	\$ 647,536
Construction in progress	<u>317,777</u>	<u>1,834,238</u>	<u>-</u>	<u>-</u>	<u>2,152,015</u>
Total capital assets not being depreciated	<u>965,313</u>	<u>1,834,238</u>	<u>-</u>	<u>-</u>	<u>2,799,551</u>
Capital assets being depreciated:					
Buildings and improvements	10,014,303	48,881	-	-	10,063,184
Equipment	5,383,205	589,387	12,478	-	5,960,114
Vehicles	3,180,203	233,744	40,948	-	3,372,999
Infrastructure	<u>9,862,365</u>	<u>198,504</u>	<u>-</u>	<u>-</u>	<u>10,060,869</u>
Total capital assets being depreciated	<u>28,440,076</u>	<u>1,070,516</u>	<u>53,426</u>	<u>-</u>	<u>29,457,166</u>
Less accumulated depreciation for:					
Buildings and improvements	6,292,792	241,839	-	-	6,534,631
Equipment	2,527,537	366,912	12,478	-	2,881,971
Vehicles	2,141,138	333,479	28,554	-	2,446,063
Infrastructure	<u>4,130,172</u>	<u>491,067</u>	<u>-</u>	<u>-</u>	<u>4,621,239</u>
Total accumulated depreciation	<u>15,091,639</u>	<u>1,433,297</u>	<u>41,032</u>	<u>-</u>	<u>16,483,904</u>
Total capital assets being depreciated, net	<u>13,348,437</u>	<u>(362,781)</u>	<u>12,394</u>	<u>-</u>	<u>12,973,262</u>
Governmental activities capital assets, net	<u>\$14,313,750</u>	<u>\$1,471,457</u>	<u>\$ 12,394</u>	<u>\$ -</u>	<u>\$15,772,813</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 175,706
Administration of Justice	16,567
Public Safety	268,782
Corrections and Rehabilitation	145,643
Community and Economic Development	28,468
Infrastructure and Environmental Services	<u>798,131</u>
Total governmental depreciation	<u>\$1,433,297</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

6. INTERFUND BALANCES AND ACTIVITIES

A. Balances due to and from other funds at September 30, 2021 were as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$ 1,993	Short-term loan
Other Governmental Funds	Fiduciary Funds	22,659	Short-term loan
General Fund	Fiduciary Funds	159,041	Short-term loan
Fiduciary Funds	Fiduciary Funds	<u>35,957</u>	Short-term loan
	Total	<u>\$219,650</u>	

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

B. Transfers in and out during the year ended September 30, 2021 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Reason</u>
Other Governmental Funds	General Fund	\$ 182,961	Supplement other funds
General Fund	Capital Improvement Fund	1,500,000	Supplement other funds
General Fund	Other Governmental Funds	120,500	Supplement other funds
General Fund	Internal Service Fund	<u>65,000</u>	Supplement other funds
	Total	<u>\$1,868,461</u>	

7. LONG-TERM OBLIGATIONS

The County issued certificates of obligations, a note payable and capital leases to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

Changes in long-term liabilities for the year ended September 30, 2021 was as follows:

Governmental Activities:	<u>Balance</u> <u>10/01/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>09/30/21</u>	<u>Due Within</u> <u>One Year</u>
Certificates of obligation	\$ 500,000	\$ -	\$ 90,000	\$ 410,000	\$ 45,000
Note payable	350,000	-	28,000	322,000	28,000
Capital leases payable	519,615	-	187,787	331,828	142,808
Compensated absences	<u>273,176</u>	<u>290,739</u>	<u>301,302</u>	<u>262,613</u>	<u>262,613</u>
Total long-term liabilities – governmental activities	<u>\$1,642,791</u>	<u>\$290,739</u>	<u>\$607,089</u>	<u>\$1,326,441</u>	<u>\$478,421</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

Total debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 215,808	\$12,895	\$ 228,703
2023	165,575	7,990	173,565
2024	169,445	4,120	173,565
2025	73,000	83	73,083
2026	73,000	83	73,083
2027-31	325,000	273	325,273
2032-33	<u>42,000</u>	<u>-</u>	<u>42,000</u>
Totals	<u>\$1,063,828</u>	<u>\$25,444</u>	<u>\$1,089,272</u>

Certificates of Obligation

The County issued Combination Tax and Surplus Certificates of Obligation, Series 2020 through the Texas Water Development Board in March 2020. The County borrowed \$500,000 with interest ranging from 0.0% to .13% to construct a new wastewater treatment plant. The certificates require a principal and interest payment of \$90,083 on February 15, 2021 and annual principal and interest payments of \$45,083 beginning February 15, 2022 with a final principal and interest payment of \$50,033 on February 15, 2030.

<u>Issuance</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/21</u>
Combination Tax and Surplus Certificates of Obligation, Series 2020	\$500,000	03/10/20	02/15/30	0.00%- 0.13%	<u>\$410,000</u>

Certificates of obligation service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 45,000	\$ 83	\$ 45,083
2023	45,000	83	45,083
2024	45,000	83	45,083
2025	45,000	83	45,083
2026	45,000	83	45,083
2027-30	<u>185,000</u>	<u>273</u>	<u>185,273</u>
Totals	<u>\$410,000</u>	<u>\$ 688</u>	<u>\$410,688</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

Note Payable

The note payable to the Texas Department of Rural Community Affairs is part of the Texas Department of Agriculture's Community Development Block Grant (CDBG) known as the Texas Capital Fund. The County borrowed \$560,000 interest-free to purchase a facility which was leased to a business. The lease proceeds will be used to repay the loan. The monthly lease is for \$2,333 which began in June 2012 but was deferred from August 1, 2014 to July 31, 2015.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/21</u>
Purchase and lease facility as part of the CDBG Texas Capital Fund program	\$560,000	05/23/11	03/01/33	0.00%	<u>\$ 322,000</u>

Note payable service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 28,000	\$ -	\$ 28,000
2023	28,000	-	28,000
2024	28,000	-	28,000
2025	28,000	-	28,000
2026	28,000	-	28,000
2027-31	140,000	-	140,000
2032-33	<u>42,000</u>	<u>-</u>	<u>42,000</u>
Totals	<u>\$322,000</u>	<u>\$ -</u>	<u>\$322,000</u>

Capital Leases Payable

On October 16, 2017, the County entered into a capital lease for the acquisition of a 544K Loader 4WD. The lease requires five annual payments of \$23,103 beginning October 16, 2017 with a bargain purchase payment of \$1 on October 16, 2022. On December 21, 2017, the County entered into a capital lease for the acquisition of a second 544K Loader 4WD. The lease requires four annual payments of \$29,873 beginning December 21, 2017 with a bargain purchase payment of \$1 on December 21, 2021. The County paid off the lease early during the year ended September 30, 2021. On April 11, 2019, the County entered into a capital lease for the acquisition of a used 2015 John Deere 772G Motor Grader. The lease requires five annual payments of \$35,438 beginning April 19, 2020 with a bargain purchase payment of \$1 on April 24, 2024. On July 1, 2019, the County entered into a capital lease for the acquisition of a 4X2 Gradall Hydraulic Excavator. The lease requires five annual payments of \$65,044 beginning July 1, 2020. On February 15, 2019, the County entered into a capital lease for the acquisition of a 2016 Komatsu Excavator. The lease requires three annual payments of \$32,028 beginning February 15, 2020 with a bargain purchase payment of \$1 on February 15, 2022. On August 7, 2020, the County entered into a capital lease for the acquisition of a John Deere utility tractor. The lease requires two annual payments of \$21,766 beginning August 7, 2020 with a bargain purchase payment of \$1 on August 7, 2022. The County paid off the lease early during the year ended September 30, 2021.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/21</u>
544K Loader 4WD (John Deere Financial)	\$107,848	10/16/17	10/16/22	3.50%	\$ 23,037
John Deere 772G Motor Grader (Midland States Bank)	\$152,575	4/24/19	4/24/24	5.20%	96,143
4X2 Gradall Hydraulic Excavator (Government Capital Corporation)	\$292,600	7/1/19	7/1/24	3.64%	181,742
2016 Komatsu Excavator (First National Bank - Leasing)	\$ 91,100	2/15/19	2/15/22	3.65%	<u>30,906</u>
Total balance at 9/30/21					<u>\$331,828</u>

The total cost of assets acquired under capital lease is \$718,973 at September 30, 2021. These assets have accumulated depreciation of \$75,939, for a net book value of \$643,034 as of September 30, 2021.

Capital leases payable service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$142,808	\$12,812	\$155,620
2023	92,575	7,907	100,482
2024	<u>96,445</u>	<u>4,037</u>	<u>100,482</u>
Totals	<u>\$331,828</u>	<u>\$24,756</u>	<u>\$356,584</u>

8. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

9. CONTINGENT LIABILITIES AND COMMITMENTS

Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Litigation

In the normal course of providing services to the public, the County from time-to-time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses are recorded as expenditures in the period when litigation services are rendered and damages are accrued as expenditures when determined to be probable and when amounts can reasonably be estimated. No liabilities have been accrued in the financial statements relative to litigation at September 30, 2021.

Construction Commitments

The County has two construction projects in progress at September 30, 2021. One project is for the construction of a Mineral Wells Annex and the other is for the construction of a new wastewater treatment plant in Mineral Wells. At September 30, 2021, the County has contracts totaling \$2,636,009 related to these projects of which \$2,204,710 had been incurred leaving a commitment of \$431,299.

Operating Leases

During the year ended September 30, 2020, the County entered into operating leases for a motor grader and a utility tractor. The leases are for sixty months. During the year ended September 30, 2021, the County incurred \$23,405 of operating lease expenditures on these leases and future commitments are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Operating</u> <u>Lease Payment</u>
2022	\$23,405
2023	23,405
2024	23,405
2025	<u>23,405</u>
Total	<u>\$93,620</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

10. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional, defined benefit pension plan in the statewide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis that is publicly available at www.tcdrs.org.

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

B. Benefits Provided

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

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	126
Inactive employees entitled to but not yet receiving benefits	125
Active employees	160

C. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 12.48% for the months of the accounting year in 2020, and 12.48% for the months of the accounting year in 2021.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

The contribution rate payable by the employee members for calendar year 2020 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

D. Net Pension Liability

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

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

Real rate of return	5.05% per year
Inflation	2.50% per year
Long-term investment return	7.50% per year, net of pension plan investments expenses
Growth in membership	0.00% per year
Payroll growth	3.00% per year

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2021 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2021.

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

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

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

⁽²⁾ Geometric real rates of return equal the expected rate for the asset class minus the assumed inflation rate of 2.00%, per Cliffwater's 2021 capital market assumptions.

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

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

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

Discount Rate

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments (7.60%).

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2019	\$37,248,235	\$35,562,788	\$1,685,447
Changes for the year:			
Service cost	1,078,786	-	1,078,786
Interest on total pension liability	3,029,788	-	3,029,788
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(413,081)	-	(413,081)
Effect of assumptions changes or inputs	2,250,679	-	2,250,679
Refund of contributions	(49,698)	(49,698)	-
Benefit payments	(1,831,394)	(1,831,394)	-
Administrative expense	-	(28,490)	28,490
Member contributions	-	558,119	(558,119)
Net investment income	-	3,673,327	(3,673,327)
Employer contributions	-	1,055,052	(1,055,052)
Other changes	-	(4,404)	4,404
Balances as of December 31, 2020	<u>\$41,313,315</u>	<u>\$38,935,300</u>	<u>\$2,378,015</u>

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability	<u>\$7,547,028</u>	<u>\$2,378,015</u>	<u>(\$1,971,965)</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

Pension Expense/(Income)

	<u>January 1, 2020 to December 31, 2020</u>
Service cost	\$1,078,786
Interest on total pension liability ⁽¹⁾	3,029,788
Effect of plan changes	-
Administrative expenses	28,490
Member contributions	(558,119)
Expected investment return net of investment expenses	(2,868,640)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(208,676)
Recognition of assumption changes or inputs	604,752
Recognition of investment gains or losses	(374,359)
Other ⁽²⁾	<u>4,404</u>
Pension income	<u>\$ 736,426</u>

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

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

Deferred Outflows / Inflows of Resources

As of September 30, 2021, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,936	\$ 456,464
Change in assumptions	1,688,009	-
Net difference between projected and actual earnings	-	1,296,235
Contributions made subsequent to measurement date	<u>852,969</u>	<u>-</u>
Total	<u>\$2,576,914</u>	<u>\$1,752,699</u>

\$852,969 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2021. The remaining amounts of the County's deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2021	\$ 11,279
2022	338,050
2023	(217,144)
2024	(160,939)

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Group Term Life Program

A. Plan Description

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

1. The County participates in the retiree Group Term Life (GTL) program for the TCDRS which is a statewide, multiple-employer, public employee retirement system.
2. A brief description of benefit terms:
 - a) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree GTL program are included in the OPEB plan.
 - b) The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
 - c) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
 - d) No future increases are assumed in the \$5,000 benefit amount.
 - e) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year.
3. Membership information is shown in the chart below.
4. Contributions made to the retiree GTL program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
5. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$5,000.

B. Membership Information

<u>Members</u>	<u>12/31/19</u>	<u>12/31/20</u>
Number of inactive employees entitled to but not yet receiving benefits ⁽¹⁾	34	35
Number of active employees	172	160
Average age of active employees	47.46	47.84
Average length of service in years for active employees	10.90	11.03
 <u>Inactive Employees Receiving Benefits</u> ⁽¹⁾		
Number of benefit recipients ⁽¹⁾	102	105

⁽¹⁾ "Receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

C. Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method:	
Recognition of economic/demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	2.12% (20-year Bond GO Index published by bondbuyer.com as of 12/31/20)
Cost-of-Living Adjustment	Does not apply
Disability	The rates of disability range from .000% to .018% for work-related disability and .000% to .27% for all other causes depending on age.
Mortality:	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Retirement	Members eligible for service retirement range from 4.5% to 22% for both male and females depending on age.
Other Termination of Employment	Annual rates for termination range from 0.0% to 33.4% for males and 0.0% to 36.2% for females depending on entry age and years of service.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

D. Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balances as of December 31, 2019	\$516,590
Changes for the year:	
Service cost	17,155
Interest on total OPEB liability ⁽¹⁾	14,451
Changes of benefit terms ⁽²⁾	-
Effect of economic/demographic (gains) or losses	(13,085)
Effect of assumptions changes or inputs ⁽³⁾	63,093
Benefit payments	(12,757)
Other	<u>-</u>
Balance as of December 31, 2020	<u>\$585,447</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Reflects change in discount rate

Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.12%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.12%) or 1 percentage point higher (3.12%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	<u>1% Decrease 1.12%</u>	<u>Current Discount Rate 2.12%</u>	<u>1% Increase 3.12%</u>
Total OPEB liability	<u>\$712,159</u>	<u>\$585,447</u>	<u>\$488,406</u>

E. OPEB Expense

	<u>January 1, 2020 to December 31, 2020</u>
Service cost	\$17,155
Interest on total pension liability ⁽¹⁾	14,451
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(4,046)
Recognition of assumption changes or inputs	27,460
Other	<u>-</u>
OPEB expense	<u>\$55,020</u>

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

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

F. Deferred Outflows / Inflows of Resources

As of September 30, 2021, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,117	\$19,358
Changes of assumptions	119,539	18,324
Contributions made subsequent to measurement date	<u>19,715</u>	<u>-</u>
Total	<u>\$143,371</u>	<u>\$37,682</u>

\$19,715 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the plan year ending December 31, 2021. The remaining amounts of the County's deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2021	\$23,414
2022	\$23,414
2023	\$29,146
2024	\$10,000

Retiree Health Care Plan

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

A. Plan Description

Pre-65 Plan – Any employee who meets the retirement eligibility requirements of the TCDRS, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical until the retiree reaches age 65 or qualifies for Medicare. The County pays 100% of the total monthly premium prescribed in the current health plan for retired participants who continue coverage. The retired employee may continue coverage for dependents, if he or she pays the entire premium for the dependent. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

Post-65 Plan – Retirees may purchase a Medicare supplement policy without prescription drug coverage for a reduced premium. Retirees have the option to purchase prescription drug coverage to which the County does not contribute. Spouses may receive the same plan at retiree's expense. Premiums and benefits are subject to change each year. Percent of premium paid by County is subject to change with the intent of leaving the dollar amount of benefit the same. The benefit is subject to annual appropriations by the Commissioners' Court.

B. Demographic Information

<u>Status</u>	<u>9/30/20</u>	<u>9/30/21</u>
Active – Employee Only	88	84
Active – Employee and Dependent	53	46
Retired – Employee Only	22	19
Retired – Employee and Dependent	2	2

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

C. Actuarial Methods and Assumptions Used for GASB Calculations

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

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	2.25% (-0.25% real rate of return plus 2.50% inflation)
Average Per Capita Claim Cost	The medical claim cost ranges from \$6,613 at age 50 to \$10,003 at age 64 and the Medicare supplement annual premium of \$3,151 is used for the per capita claims cost for age 65 and older.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2019
Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report. The rates vary by entry age, gender and years. For males the rates range from 2.4% to 33.4% and for females the rates range from 2.7% to 36.2%.
Disability	None assumed
Retirement Rates	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. The rates are unisex and range from 10% at age 50 to 25% at age 65.
Retiree Contributions	The retiree pays the full additional dependent contribution rate to age 65 and 65% of the Medicare supplement premium.
Salary Scale	3.50%
Data Assumptions - Coverage	100% of all who currently have healthcare coverage will continue with the same coverage until eligibility for Medicare. 100% of all actives who currently have healthcare coverage will continue with coverage upon retirement. For those with family coverage 25% will elect to continue with coverage including the spouse and the remainder will elect individual coverage. Spouse coverage is to age 65.
Valuation Date	September 30, 2020, rolled forward to September 30, 2021
Measurement Date	September 30, 2021

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

D. Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balances as of September 30, 2020	\$4,636,891
Changes for the year:	
Service cost	339,207
Interest cost	109,931
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Other changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	(180,590)
Administrative expense	<u>-</u>
Balance as of September 30, 2021	<u>\$4,905,439</u>

Sensitivity Analysis of the Discount and Trend Rate

Discount Rate

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

	<u>1% Decrease 1.25%</u>	<u>Current Discount Rate 2.25%</u>	<u>1% Increase 3.25%</u>
Total OPEB liability	<u>\$5,714,035</u>	<u>\$4,905,439</u>	<u>\$4,262,883</u>

Trend Rate

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

	<u>1% Decrease 3.5%</u>	<u>Current Trend Rate 4.50%</u>	<u>1% Increase 5.50%</u>
Total OPEB liability	<u>\$4,133,608</u>	<u>\$4,905,439</u>	<u>\$5,916,680</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

E. OPEB Expense

	<u>October 1, 2020 to September 30, 2021</u>
Service cost at October 1, 2020	\$339,207
Interest cost (including interest on Service Cost)	109,931
Changes of benefit terms	-
Current recognized deferred outflows (inflows)	-
Difference between expected and actual experience	(27,095)
Changes in assumptions or other inputs	49,261
Other changes, if significant	-
Difference of projected investment earnings	<u>-</u>
 Total OPEB expense as of September 30, 2021	 <u>\$471,304</u>

F. Deferred Outflows / Inflows of Resources

As of September 30, 2021, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$150,107
Changes of assumptions/inputs	272,907	-
Net difference between projected and actual investments	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
 Total	 <u>\$272,907</u>	 <u>\$150,107</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	
2022	\$22,166
2023	22,166
2024	22,166
2025	22,166
2026	22,166
Thereafter	11,970

The combined total OPEB liability, OPEB related deferred outflows of resources and OPEB related deferred inflows of resources of the Group Term Life Program and the Retiree Health Care Plan is as follows:

Total OPEB Liability	\$5,490,886
Deferred Outflows of Resources	416,278
Deferred Inflows of Resources	187,789

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

12. DEFERRED COMPENSATION PLAN

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code 457. The plans, available to all County employees on a voluntary basis, permit them to defer a portion of their salaries until future years. The County does not make any contributions to the plans.

Deferred compensation is available to employees' beneficiaries in case of death. One plan is through the National Association of Counties and its assets are administered by Nationwide Retirement Solutions, an independent third-party administrator. The second plan's assets are managed by ITT Hartford, an independent administrator. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts and all income attributed to those amounts, property or rights are solely the property and rights of the participants.

13. JUDICIAL ASSESSMENT RECEIVABLES

At September 30, 2021, the County has not recorded the receivables from judicial assessments in the accompanying financial statements; nor have they been recorded in the prior year. Though these amounts are significant, the County has not determined the allowances for uncollectible amounts for recording them at year end. Consequently, the effects on the financial statements of not including the judicial assessment receivables are not reasonably determinable.

14. NET POSITION/FUND BALANCES

The Governmental Activities' net position consisted of the following at September 30, 2021:

Net investment in capital assets	<u>\$14,708,985</u>
Restricted:	
General Government	1,147,632
Administration of Justice	311,208
Public Safety	239,239
Corrections and Rehabilitation	87,819
Community and Economic Development	152,561
Infrastructure and Environmental Services	<u>431,972</u>
Total restricted	<u>2,370,431</u>
Unrestricted	<u>10,138,347</u>
Total net position	<u>\$27,217,763</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

The Governmental Funds' fund balances consisted of the following at September 30, 2021:

	General Fund	American Rescue Plan Fund	Annex Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 288,450	\$ -	\$ -	\$ -	\$ 288,450
Inventories	43,250	-	-	-	43,250
Total nonspendable	<u>331,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,700</u>
Restricted:					
General Government	-	-	-	1,146,553	1,146,553
Administration of Justice	-	-	-	311,208	311,208
Public Safety	24,235	3,617	-	211,387	239,239
Corrections and Rehabilitation	-	-	-	87,819	87,819
Community and Economic Development	-	-	-	152,561	152,561
Infrastructure and Environmental Services	-	-	-	431,972	431,972
Total restricted	<u>24,235</u>	<u>3,617</u>	<u>-</u>	<u>2,341,500</u>	<u>2,369,352</u>
Committed:					
General Government	8,179	-	-	-	8,179
Health and Human Services	-	-	-	6,095	6,095
Infrastructure and Environmental Services	-	-	734,741	441,210	1,175,951
Total committed	<u>8,179</u>	<u>-</u>	<u>734,741</u>	<u>447,305</u>	<u>1,190,225</u>
Assigned:					
2021-22 budget deficit	929,703	-	-	-	929,703
Total assigned	<u>929,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>929,703</u>
Unassigned	14,351,786	-	-	-	14,351,786
Total fund balances	<u>\$ 15,645,603</u>	<u>\$ 3,617</u>	<u>\$ 734,741</u>	<u>\$ 2,788,805</u>	<u>\$ 19,172,766</u>

15. COVID-19

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

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2021

State and local governments placed restrictions on the operations of businesses and public gatherings to promote health and slow the spread of the virus. The federal government passed several appropriations to address the negative economic impact caused by these restrictions. The County received \$3,268,871 in federal COVID-19 relief grant awards during the year ended September 30, 2021. Of this amount, \$434,060 was expended and \$2,834,811 had yet to be expended as of September 30, 2021. However, the impact of the COVID-19 pandemic on the national, state, and local economies and, ultimately, the Center's finances is not known at this time.

16. PRIOR PERIOD ADJUSTMENT

During fiscal year 2021, the County adopted GASB Statement No. 84, Fiduciary Activities. Prior to the implementation of GASB 84, the County's fiduciary funds were reported as agency funds only in a statement of fiduciary assets and liabilities. After the implementation of GASB 84, the County's fiduciary funds are reported as custodial funds in a statement of fiduciary net position and in a statement of changes in fiduciary net position. The effect of reporting fiduciary funds as custodial funds is an increase to beginning net position of \$4,484,169 for custodial funds.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

PALO PINTO COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 13,321,784	\$ 13,321,784	\$ 13,547,215	\$ 225,431
Sales taxes	1,600,000	1,600,000	1,939,202	339,202
Mixed beverage tax	47,000	47,000	58,926	11,926
Licenses, fees and fines	2,552,310	2,552,310	2,843,889	291,579
Federal and state grants	232,500	240,555	216,625	(23,930)
Inmate revenue	93,000	93,000	68,205	(24,795)
Interest earned	203,000	203,000	154,010	(48,990)
Other revenue	141,100	157,332	155,131	(2,201)
Total revenues	<u>18,190,694</u>	<u>18,214,981</u>	<u>18,983,203</u>	<u>768,222</u>
Expenditures				
29th District Court	573,788	573,788	360,181	213,607
Commissioners' Court	54,005	54,005	52,306	1,699
Constable	398,791	400,291	380,444	19,847
County Attorney	291,370	291,370	282,051	9,319
County Auditor	282,917	282,917	280,159	2,758
County Clerk	404,653	404,665	385,745	18,920
County Court	211,469	211,469	204,433	7,036
County Extension Service	110,355	110,355	107,646	2,709
County Treasurer	141,019	141,019	139,758	1,261
District Attorney	353,502	353,502	192,818	160,684
District Clerk	244,465	244,465	233,206	11,259
Election Administration	200,417	216,649	203,562	13,087
Emergency Management	133,797	153,797	119,432	34,365
Emergency Medical & Health Services	370,000	370,000	370,000	-
General Operations	3,596,457	3,568,494	3,165,304	403,190
Health Services	10,000	10,000	10,000	-
Information Technology	197,095	197,095	166,505	30,590
Jail and Detention	2,581,099	2,592,617	2,277,275	315,342
Justice of the Peace	594,670	594,670	581,707	12,963
Narcotics Unit	169,161	169,161	100,920	68,241
Public Works	478,022	478,022	390,854	87,168
Road and Bridge:				
Precinct No. 1	643,643	643,643	491,554	152,089
Precinct No. 2	1,015,934	1,015,934	803,197	212,737
Precinct No. 3	737,527	737,527	598,502	139,025
Precinct No. 4	751,727	751,727	589,038	162,689
Sheriff	2,175,000	2,178,000	2,047,253	130,747
Tax Assessor-Collector	614,828	614,816	565,985	48,831
Veterans' Administration	19,542	19,542	17,894	1,648
Total expenditures	<u>17,355,253</u>	<u>17,379,540</u>	<u>15,117,729</u>	<u>2,261,811</u>
Excess of revenues over expenditures before other sources and (uses)	<u>835,441</u>	<u>835,441</u>	<u>3,865,474</u>	<u>3,030,033</u>

PALO PINTO COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Other sources and (uses):				
Proceeds from the sale of capital assets	5,000	5,000	-	(5,000)
Transfers in	-	-	182,961	182,961
Transfers out	(1,779,467)	(1,779,467)	(1,685,500)	93,967
Total other sources and (uses)	(1,774,467)	(1,774,467)	(1,502,539)	271,928
Net change in fund balances	(939,026)	(939,026)	2,362,935	3,301,961
Fund balances, beginning of year	13,282,668	13,282,668	13,282,668	-
Fund balances, end of year	<u>\$ 12,343,642</u>	<u>\$ 12,343,642</u>	<u>\$ 15,645,603</u>	<u>\$ 3,301,961</u>

PALO PINTO COUNTY, TEXAS

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability										
Service cost	\$ 1,078,785	\$ 1,100,438	\$ 1,073,724	\$ 995,107	\$ 1,207,726	\$ 1,046,808	\$ 1,018,218	N/A	N/A	N/A
Interest on total pension liability	3,029,788	3,112,978	2,928,202	2,546,892	2,503,133	2,523,339	2,357,748	N/A	N/A	N/A
Effect of plan changes	-	(3,082,847)	(150,442)	2,847,868	(3,403,227)	(192,524)	-	N/A	N/A	N/A
Effect of assumption changes or inputs	2,250,679	-	-	168,325	-	415,741	-	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(413,081)	(293,307)	143,741	(272,062)	(336,008)	(989,135)	(109,415)	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,881,092)	(1,805,679)	(1,678,293)	(1,636,946)	(1,373,929)	(1,336,135)	(1,354,829)	N/A	N/A	N/A
Net change in total pension liability	4,065,079	(968,417)	2,316,932	4,649,184	(1,402,305)	1,468,094	1,911,722	N/A	N/A	N/A
Total pension liability, beginning	37,248,236	38,216,653	35,899,721	31,250,537	32,652,842	31,184,748	29,273,026	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$ 41,313,315</u>	<u>\$ 37,248,236</u>	<u>\$ 38,216,653</u>	<u>\$ 35,899,721</u>	<u>\$ 31,250,537</u>	<u>\$ 32,652,842</u>	<u>\$ 31,184,748</u>	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$ 1,055,052	\$ 956,238	\$ 973,986	\$ 856,180	\$ 868,018	\$ 887,413	\$ 836,369	N/A	N/A	N/A
Member contributions	558,119	560,604	543,693	536,931	512,318	517,657	483,850	N/A	N/A	N/A
Investment income net of investment expenses	3,673,327	5,061,849	(590,482)	4,055,653	1,923,170	(48,568)	1,684,170	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,881,092)	(1,805,678)	(1,678,293)	(1,636,946)	(1,373,929)	(1,336,135)	(1,354,829)	N/A	N/A	N/A
Administrative expenses	(28,490)	(27,100)	(24,756)	(21,015)	(20,966)	(18,878)	(19,747)	N/A	N/A	N/A
Other	(4,404)	(4,935)	(1,611)	(3,489)	(180,009)	(322,305)	(93,265)	N/A	N/A	N/A
Net change in fiduciary net position	3,372,512	4,740,978	(777,463)	3,787,314	1,728,602	(320,816)	1,536,548	N/A	N/A	N/A
Fiduciary net position, beginning	35,562,788	30,821,810	31,599,273	27,811,959	26,083,357	26,404,173	24,867,625	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$ 38,935,300</u>	<u>\$ 35,562,788</u>	<u>\$ 30,821,810</u>	<u>\$ 31,599,273</u>	<u>\$ 27,811,959</u>	<u>\$ 26,083,357</u>	<u>\$ 26,404,173</u>	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 2,378,015</u>	<u>\$ 1,685,448</u>	<u>\$ 7,394,843</u>	<u>\$ 4,300,448</u>	<u>\$ 3,438,578</u>	<u>\$ 6,569,485</u>	<u>\$ 4,780,575</u>	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	<u>94.24%</u>	<u>95.48%</u>	<u>80.65%</u>	<u>88.02%</u>	<u>89.00%</u>	<u>79.88%</u>	<u>84.67%</u>	N/A	N/A	N/A
Covered payroll	<u>\$ 7,973,135</u>	<u>\$ 8,008,635</u>	<u>\$ 7,767,043</u>	<u>\$ 7,497,204</u>	<u>\$ 7,318,831</u>	<u>\$ 7,395,103</u>	<u>\$ 6,912,147</u>	N/A	N/A	N/A
Net pension liability as a % of covered payroll	<u>29.83%</u>	<u>21.05%</u>	<u>95.21%</u>	<u>57.36%</u>	<u>46.98%</u>	<u>88.84%</u>	<u>69.16%</u>	N/A	N/A	N/A

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

PALO PINTO COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution (1)</u>	<u>Actual Employer Contribution (1)</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (2)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2011	\$ 657,457	\$ 657,457	\$ -	\$ 6,121,549	10.7%
2012	692,767	692,767	-	6,338,220	10.9%
2013	769,860	769,860	-	6,694,417	11.5%
2014	836,369	836,369	-	6,912,147	12.1%
2015	887,413	887,413	-	7,395,103	12.0%
2016	868,018	868,018	-	7,318,831	11.9%
2017	856,180	856,180	-	7,497,204	11.4%
2018	973,986	973,986	-	7,767,043	12.5%
2019	956,238	956,238	-	8,008,635	11.9%
2020	1,055,052	1,055,052	-	7,973,135	13.2%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

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

PALO PINTO COUNTY, TEXAS

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 17,155	\$ 11,940	\$ 13,994	\$ 12,537	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OEPB liability	14,451	16,815	14,803	15,226	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	63,093	105,318	(45,807)	17,627	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(13,085)	(9,594)	10,291	(9,405)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(12,757)	(12,013)	(10,874)	(8,997)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	68,857	112,466	(17,593)	26,988	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	516,590	404,124	421,717	394,729	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	<u>\$ 585,447</u>	<u>\$ 516,590</u>	<u>\$ 404,124</u>	<u>\$ 421,717</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	<u>\$ 7,973,135</u>	<u>\$ 8,008,635</u>	<u>\$ 7,767,043</u>	<u>\$ 7,497,204</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB liability as a % of covered payroll	<u>7.34%</u>	<u>6.45%</u>	<u>5.20%</u>	<u>5.62%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

PALO PINTO COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OTHER POST EMPLOYMENT BENEFIT (OPEB) CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 31,094	\$ 32,035	\$ 27,958	\$ 25,491
Contributions in relation to the contractually required contribution	<u>(31,094)</u>	<u>(32,035)</u>	<u>(27,958)</u>	<u>(25,491)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,973,135</u>	<u>\$ 8,008,635</u>	<u>\$ 7,767,043</u>	<u>\$ 7,497,204</u>
Contributions as a percentage of pensionable covered payroll	<u>0.39%</u>	<u>0.40%</u>	<u>0.36%</u>	<u>0.34%</u>

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

Note - the contractually required contribution is for the County's indicated fiscal year.

PALO PINTO COUNTY, TEXAS

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	\$ 339,207	\$ 257,481	\$ 257,481	\$ 247,435	N/A	N/A	N/A	N/A	N/A	N/A
Interest cost	109,931	177,915	157,617	157,892	N/A	N/A	N/A	N/A	N/A	N/A
Change of benefit terms	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Difference between expected and actual experience	-	(204,297)	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes in assumptions	-	371,429	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Other changes	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Contributions-employer	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(180,590)	(180,590)	(164,666)	(164,666)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expense	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	268,548	421,938	250,432	240,661	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	4,636,891	4,214,953	3,964,521	3,723,860	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	<u>\$ 4,905,439</u>	<u>\$ 4,636,891</u>	<u>\$ 4,214,953</u>	<u>\$ 3,964,521</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	<u>\$ 7,052,997</u>	<u>\$ 7,052,997</u>	<u>\$ 6,627,588</u>	<u>\$ 6,627,588</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB liability as a % of covered payroll	<u>69.55%</u>	<u>65.74%</u>	<u>63.60%</u>	<u>59.82%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

PALO PINTO COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021

BUDGET

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

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

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

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

DEFINED BENEFIT PENSION PLAN

Texas County and District Retirement System

Changes in benefit terms or assumptions

The changes of the benefit terms or assumptions that affected measurement of the total pension plan liability during the measurement period were as follows:

- Real Rate of Return decreased from 5.25% per year to 5.05% per year
- Inflation decreased from 2.75% per year to 2.50% per year
- Long-term investment return (discount rate) decreased from 8.00% per year to 7.50% per year
- Payroll growth decreased from 3.25% per year to 3.00% per year
- Current discount rate decreased from 8.10% to 7.60%

DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Texas County and District Retirement System

Changes in benefit terms or assumptions

The only changes of benefit terms or assumptions that affected measurement of the Texas County and District Retirement System total OPEB plan liability during the measurement period was a decrease to the investment rate of return (discount rate) from 2.74% to 2.12%.

PALO PINTO COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021

Palo Pinto County Retiree Health Care Plan

Changes in benefit terms or assumptions

There were no changes of benefit terms or assumptions that affected measurement of the Palo Pinto County Retiree Health Care Plan total OPEB plan liability during the measurement period.

***COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AS SUPPLEMENTARY INFORMATION***

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET - GENERAL FUND
SEPTEMBER 30, 2021

	10 General Fund	11/12/13/14 Road and Bridge Fund	Total
ASSETS			
Cash	\$ 511,649	\$ 151,177	\$ 662,826
Investments	11,817,711	2,888,712	14,706,423
Receivables, net:			
Property taxes	278,608	47,752	326,360
Sales tax	356,609	-	356,609
Accounts	70,249	26,622	96,871
Due from other funds	133,666	27,368	161,034
Prepaid expenses	264,419	24,031	288,450
Inventory	2,712	40,538	43,250
Total assets	<u>\$ 13,435,623</u>	<u>\$ 3,206,200</u>	<u>\$ 16,641,823</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 212,652	\$ 42,186	\$ 254,838
Accrued liabilities	272,560	43,506	316,066
Due to other funds	1,993	-	1,993
Due to others	96,963	-	96,963
Total liabilities	<u>584,168</u>	<u>85,692</u>	<u>669,860</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>278,608</u>	<u>47,752</u>	<u>326,360</u>
Fund balances:			
Nonspendable	267,131	64,569	331,700
Restricted	24,235	-	24,235
Committed	8,179	-	8,179
Assigned	667,627	262,076	929,703
Unassigned	11,605,675	2,746,111	14,351,786
Total fund balances	<u>12,572,847</u>	<u>3,072,756</u>	<u>15,645,603</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,435,623</u>	<u>\$ 3,206,200</u>	<u>\$ 16,641,823</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	10 General Fund	11/12/13/14 Road and Bridge Fund	Total
Revenues			
Property taxes	\$ 11,573,946	\$ 1,973,269	\$ 13,547,215
Sales taxes	1,939,202	-	1,939,202
Mixed beverage tax	58,926	-	58,926
Licenses, fees and fines	2,155,229	688,660	2,843,889
Federal and state grants	216,625	-	216,625
Inmate revenue	68,205	-	68,205
Interest earned	125,096	28,914	154,010
Other revenue	153,201	1,930	155,131
Total revenues	<u>16,290,430</u>	<u>2,692,773</u>	<u>18,983,203</u>
Expenditures			
29th District Court	360,181	-	360,181
Commissioners' Court	52,306	-	52,306
Constable	380,444	-	380,444
County Attorney	282,051	-	282,051
County Auditor	280,159	-	280,159
County Clerk	385,745	-	385,745
County Court	204,433	-	204,433
County Extension Service	107,646	-	107,646
County Treasurer	139,758	-	139,758
District Attorney	192,818	-	192,818
District Clerk	233,206	-	233,206
Election Administration	203,562	-	203,562
Emergency Management	119,432	-	119,432
Emergency Medical & Health Services	370,000	-	370,000
General operations	3,165,304	-	3,165,304
Health services	10,000	-	10,000
Information Technology	166,505	-	166,505
Jail and detention	2,277,275	-	2,277,275
Justice of the Peace	581,707	-	581,707
Narcotics Unit	100,920	-	100,920
Public Works	390,854	-	390,854
Road and Bridge:			
Precinct No. 1	-	491,554	491,554
Precinct No. 2	-	803,197	803,197
Precinct No. 3	-	598,502	598,502
Precinct No. 4	-	589,038	589,038
Sheriff	2,047,253	-	2,047,253
Tax Assessor-Collector	565,985	-	565,985
Veteran's Administration	17,894	-	17,894
Total expenditures	<u>12,635,438</u>	<u>2,482,291</u>	<u>15,117,729</u>
Excess of revenues over expenditures before other sources and (uses)	<u>3,654,992</u>	<u>210,482</u>	<u>3,865,474</u>
Other sources and (uses):			
Transfers in	182,961	-	182,961
Transfers out	(1,685,500)	-	(1,685,500)
Total other sources and (uses)	<u>(1,502,539)</u>	<u>-</u>	<u>(1,502,539)</u>
Net change in fund balances	2,152,453	210,482	2,362,935
Fund balances, beginning of year	10,420,394	2,862,274	13,282,668
Fund balances, end of year	<u>\$ 12,572,847</u>	<u>\$ 3,072,756</u>	<u>\$ 15,645,603</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General (10)		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 11,395,309	\$ 11,573,946	\$ 178,637
Sales taxes	1,600,000	1,939,202	339,202
Mixed beverage tax	47,000	58,926	11,926
Licenses, fees and fines	1,863,310	2,155,229	291,919
Federal and state grants	240,555	216,625	(23,930)
Inmate revenue	93,000	68,205	(24,795)
Interest earned	160,000	125,096	(34,904)
Other revenue	156,332	153,201	(3,131)
Total revenues	<u>15,555,506</u>	<u>16,290,430</u>	<u>734,924</u>
Expenditures			
29th District Court	573,788	360,181	213,607
Commissioners' Court	54,005	52,306	1,699
Constable	400,291	380,444	19,847
County Attorney	291,370	282,051	9,319
County Auditor	282,917	280,159	2,758
County Clerk	404,665	385,745	18,920
County Court	211,469	204,433	7,036
County Extension Service	110,355	107,646	2,709
County Treasurer	141,019	139,758	1,261
District Attorney	353,502	192,818	160,684
District Clerk	244,465	233,206	11,259
Election Administration	216,649	203,562	13,087
Emergency Management	153,797	119,432	34,365
Emergency Medical & Health Services	370,000	370,000	-
General operations	3,568,494	3,165,304	403,190
Health services	10,000	10,000	-
Information Technology	197,095	166,505	30,590
Jail and detention	2,592,617	2,277,275	315,342
Justice of the Peace	594,670	581,707	12,963
Narcotics Unit	169,161	100,920	68,241
Public Works	478,022	390,854	87,168
Road and Bridge:			
Precinct No. 1	-	-	-
Precinct No. 2	-	-	-
Precinct No. 3	-	-	-
Precinct No. 4	-	-	-
Sheriff	2,178,000	2,047,253	130,747
Tax Assessor-Collector	614,816	565,985	48,831
Veteran's Administration	19,542	17,894	1,648
Total expenditures	<u>14,230,709</u>	<u>12,635,438</u>	<u>1,595,271</u>
Excess of revenues over expenditures before other sources and (uses)	<u>1,324,797</u>	<u>3,654,992</u>	<u>2,330,195</u>
Other sources and (uses):			
Proceeds from the sale of capital assets	5,000	-	(5,000)
Transfers in	-	182,961	182,961
Transfers out	(1,685,500)	(1,685,500)	-
Total other sources and (uses):	<u>(1,680,500)</u>	<u>(1,502,539)</u>	<u>177,961</u>
Net change in fund balances	(355,703)	2,152,453	2,508,156
Fund balances, beginning of year	<u>10,420,394</u>	<u>10,420,394</u>	<u>-</u>
Fund balances, end of year	<u>\$ 10,064,691</u>	<u>\$ 12,572,847</u>	<u>\$ 2,508,156</u>

Road and Bridge (11/12/13/14)			Total		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,926,475	\$ 1,973,269	\$ 46,794	\$ 13,321,784	\$ 13,547,215	\$ 225,431
-	-	-	1,600,000	1,939,202	339,202
-	-	-	47,000	58,926	11,926
689,000	688,660	(340)	2,552,310	2,843,889	291,579
-	-	-	240,555	216,625	(23,930)
-	-	-	93,000	68,205	(24,795)
43,000	28,914	(14,086)	203,000	154,010	(48,990)
1,000	1,930	930	157,332	155,131	(2,201)
<u>2,659,475</u>	<u>2,692,773</u>	<u>33,298</u>	<u>18,214,981</u>	<u>18,983,203</u>	<u>768,222</u>
-	-	-	573,788	360,181	213,607
-	-	-	54,005	52,306	1,699
-	-	-	400,291	380,444	19,847
-	-	-	291,370	282,051	9,319
-	-	-	282,917	280,159	2,758
-	-	-	404,665	385,745	18,920
-	-	-	211,469	204,433	7,036
-	-	-	110,355	107,646	2,709
-	-	-	141,019	139,758	1,261
-	-	-	353,502	192,818	160,684
-	-	-	244,465	233,206	11,259
-	-	-	216,649	203,562	13,087
-	-	-	153,797	119,432	34,365
-	-	-	370,000	370,000	-
-	-	-	3,568,494	3,165,304	403,190
-	-	-	10,000	10,000	-
-	-	-	197,095	166,505	30,590
-	-	-	2,592,617	2,277,275	315,342
-	-	-	594,670	581,707	12,963
-	-	-	169,161	100,920	68,241
-	-	-	478,022	390,854	87,168
643,643	491,554	152,089	643,643	491,554	152,089
1,015,934	803,197	212,737	1,015,934	803,197	212,737
737,527	598,502	139,025	737,527	598,502	139,025
751,727	589,038	162,689	751,727	589,038	162,689
-	-	-	2,178,000	2,047,253	130,747
-	-	-	614,816	565,985	48,831
-	-	-	19,542	17,894	1,648
<u>3,148,831</u>	<u>2,482,291</u>	<u>666,540</u>	<u>17,379,540</u>	<u>15,117,729</u>	<u>2,261,811</u>
(489,356)	210,482	699,838	835,441	3,865,474	3,030,033
-	-	-	5,000	-	(5,000)
(93,967)	-	93,967	-	182,961	182,961
<u>(93,967)</u>	<u>-</u>	<u>93,967</u>	<u>(1,779,467)</u>	<u>(1,685,500)</u>	<u>93,967</u>
(583,323)	210,482	793,805	<u>(1,774,467)</u>	<u>(1,502,539)</u>	<u>271,928</u>
2,862,274	2,862,274	-	(939,026)	2,362,935	3,301,961
<u>\$ 2,278,951</u>	<u>\$ 3,072,756</u>	<u>\$ 793,805</u>	<u>13,282,668</u>	<u>13,282,668</u>	<u>-</u>
			<u>\$ 12,343,642</u>	<u>\$ 15,645,603</u>	<u>\$ 3,301,961</u>

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds						
	20	23	24	25	30	32	35
	Commissary	Historical Commission	Marlow Cemetery Trust	County Attorney	District Attorney Fees	Tax Assessor-Collector	Hotel/Motel Fund
ASSETS							
Cash	\$ 87,980	\$ 20,529	\$ 970	\$ 310	\$ 1,563	\$ 7,003	\$ 46,475
Investments	-	-	-	-	-	-	21,111
Receivables, net:							
Property taxes	-	-	-	-	-	-	-
Occupancy taxes	-	-	-	-	-	-	64,446
Accounts	11	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	37	-
Total assets	\$ 87,991	\$ 20,529	\$ 970	\$ 310	\$ 1,563	\$ 7,040	\$ 132,032
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to others	172	-	-	-	-	-	-
Total liabilities	172	-	-	-	-	-	-
Deferred inflows of resources:							
Unavailable property taxes	-	-	-	-	-	-	-
Fund balances:							
Restricted	87,819	20,529	-	310	1,563	7,040	132,032
Committed	-	-	970	-	-	-	-
Total fund balances	87,819	20,529	970	310	1,563	7,040	132,032
Total liabilities and fund balances	\$ 87,991	\$ 20,529	\$ 970	\$ 310	\$ 1,563	\$ 7,040	\$ 132,032

Special Revenue Funds							
37 Co. Attorney Pretrial Intervention	42 District Attorney Forfeited	45 Sheriff Forfeited	47 CARES Act Grant	48 District Attorney State	49 Election Services Fund	50 County Clerk PRF	51 District Clerk PRF
\$ 24,956	\$ 87,577	\$ 4,541 46,419	\$ -	\$ 33,560	\$ 6,236	\$ 114,356 579,667	\$ 29,893 66,452
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	18,500	851
<u>\$ 24,956</u>	<u>\$ 87,577</u>	<u>\$ 50,960</u>	<u>\$ -</u>	<u>\$ 33,560</u>	<u>\$ 6,236</u>	<u>\$ 712,523</u>	<u>\$ 97,196</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	429	-	636	-
-	-	-	-	429	-	636	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
24,956	87,577	50,960	-	33,131	6,236	711,887	97,196
<u>24,956</u>	<u>87,577</u>	<u>50,960</u>	<u>-</u>	<u>33,131</u>	<u>6,236</u>	<u>711,887</u>	<u>97,196</u>
<u>\$ 24,956</u>	<u>\$ 87,577</u>	<u>\$ 50,960</u>	<u>\$ -</u>	<u>\$ 33,560</u>	<u>\$ 6,236</u>	<u>\$ 712,523</u>	<u>\$ 97,196</u>

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds						
	52 Preservation of Records	53 Juvenile Case Management	54 Law Library Fund	55 Courthouse Security Fund	56 Justice Technology Fund	57 Justice Court Security Fee	58 Employee Fund
ASSETS							
Cash	\$ 19,142	\$ 28,422	\$ 12,726	\$ 91,370	\$ 18,412	\$ 32,335	\$ 5,148
Investments	76,675	-	90,546	76,675	81,787	-	-
Receivables, net:							
Property taxes	-	-	-	-	-	-	-
Occupancy taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Due from other funds	416	132	1,225	1,252	147	34	-
Total assets	<u>\$ 96,233</u>	<u>\$ 28,554</u>	<u>\$ 104,497</u>	<u>\$ 169,297</u>	<u>\$ 100,346</u>	<u>\$ 32,369</u>	<u>\$ 5,148</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 1,006	\$ 139	\$ 225	\$ -	\$ 23
Accrued liabilities	-	-	-	8,731	-	-	-
Due to others	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,006</u>	<u>8,870</u>	<u>225</u>	<u>-</u>	<u>23</u>
Deferred inflows of resources:							
Unavailable property taxes	-	-	-	-	-	-	-
Fund balances:							
Restricted	96,233	28,554	103,491	160,427	100,121	32,369	-
Committed	-	-	-	-	-	-	5,125
Total fund balances	<u>96,233</u>	<u>28,554</u>	<u>103,491</u>	<u>160,427</u>	<u>100,121</u>	<u>32,369</u>	<u>5,125</u>
Total liabilities and fund balances	<u>\$ 96,233</u>	<u>\$ 28,554</u>	<u>\$ 104,497</u>	<u>\$ 169,297</u>	<u>\$ 100,346</u>	<u>\$ 32,369</u>	<u>\$ 5,148</u>

59 Special Court Fund	Debt Service Funds		Capital Projects Funds				Total Other Governmental Funds
	62 Texas Capital Fund	63 TWDB Fund	70 Texas Capital Fund	71 Sewer Plant	72 Dempsey Facility	73 HAVA Project	
\$ 2,627	\$ -	\$ 8,254	\$ 100	\$ 431,972	\$ 105,024	\$ 116,051	\$ 1,337,532
-	-	-	-	-	336,186	-	1,375,518
-	-	1,079	-	-	-	-	1,079
-	-	-	-	-	-	-	64,446
-	-	-	-	-	-	-	11
-	-	65	-	-	-	-	22,659
<u>\$ 2,627</u>	<u>\$ -</u>	<u>\$ 9,398</u>	<u>\$ 100</u>	<u>\$ 431,972</u>	<u>\$ 441,210</u>	<u>\$ 116,051</u>	<u>\$ 2,801,245</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,393
-	-	-	-	-	-	-	9,796
-	-	-	-	-	-	-	172
-	-	-	-	-	-	-	11,361
-	-	1,079	-	-	-	-	1,079
2,627	-	8,319	100	431,972	-	116,051	2,341,500
-	-	-	-	-	441,210	-	447,305
<u>2,627</u>	<u>-</u>	<u>8,319</u>	<u>100</u>	<u>431,972</u>	<u>441,210</u>	<u>116,051</u>	<u>2,788,805</u>
<u>\$ 2,627</u>	<u>\$ -</u>	<u>\$ 9,398</u>	<u>\$ 100</u>	<u>\$ 431,972</u>	<u>\$ 441,210</u>	<u>\$ 116,051</u>	<u>\$ 2,801,245</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds						
	20	23	24	25	30	32	35
	Commissary	Historical Commission	Marlow Cemetery Trust	County Attorney	District Attorney Fees	Tax Assessor- Collector	Hotel/ Motel Fund
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	-	-	-	-	220,083
Licenses, fees and fines	-	-	-	216	4	243	-
Federal and state grants	-	-	-	-	-	-	-
Commissary revenue	97,962	-	-	-	-	-	-
Interest earned	-	60	3	-	-	19	522
Other revenue	-	770	-	-	-	-	-
Total revenues	<u>97,962</u>	<u>830</u>	<u>3</u>	<u>216</u>	<u>4</u>	<u>262</u>	<u>220,605</u>
Expenditures							
Capital projects	-	-	-	-	-	-	-
Commissary	84,372	-	-	-	-	-	-
County Attorney	-	-	-	1,205	-	-	-
County Clerk	-	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-	-
Debt Service - principal	-	-	-	-	-	-	-
Debt Service - interest	-	-	-	-	-	-	-
Debt Service - bond issuance costs	-	-	-	-	-	-	-
District Attorney	-	-	-	-	-	-	-
Elections Administration	-	-	-	-	-	-	-
General operations	-	2,230	-	-	-	-	-
Hotel/motel tax	-	-	-	-	-	-	249,660
Jail and detention	-	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-	-
Vending expenditures	-	-	-	-	-	-	-
Total expenditures	<u>84,372</u>	<u>2,230</u>	<u>-</u>	<u>1,205</u>	<u>-</u>	<u>-</u>	<u>249,660</u>
Excess (deficiency) of revenues over (under) expenditures before other sources/(uses)	<u>13,590</u>	<u>(1,400)</u>	<u>3</u>	<u>(989)</u>	<u>4</u>	<u>262</u>	<u>(29,055)</u>
Other sources/(uses):							
Transfers in	-	500	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other sources/(uses)	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>13,590</u>	<u>(900)</u>	<u>3</u>	<u>(989)</u>	<u>4</u>	<u>262</u>	<u>(29,055)</u>
Fund balances, beginning of year	<u>74,229</u>	<u>21,429</u>	<u>967</u>	<u>1,299</u>	<u>1,559</u>	<u>6,778</u>	<u>161,087</u>
Fund balances, end of year	<u>\$ 87,819</u>	<u>\$ 20,529</u>	<u>\$ 970</u>	<u>\$ 310</u>	<u>\$ 1,563</u>	<u>\$ 7,040</u>	<u>\$ 132,032</u>

Special Revenue Funds

37 Co. Attorney Pretrial Intervention	42 District Attorney Forfeited	45 Sheriff Forfeited	47 CARES Act Grant	48 District Attorney State	49 Election Services Fund	50 County Clerk PRF	51 District Clerk PRF
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,000	-	-	-	-	5,852	194,701	11,942
-	-	-	434,060	23,133	-	-	-
63	260	410	311	3	30	5,550	557
-	6,550	651	-	-	4,760	-	-
<u>10,063</u>	<u>6,810</u>	<u>1,061</u>	<u>434,371</u>	<u>23,136</u>	<u>10,642</u>	<u>200,251</u>	<u>12,499</u>
-	-	-	-	-	-	-	-
5,643	-	-	-	-	-	70,800	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	997	-	-	14,625	-	-	-
-	-	-	227,981	-	11,445	-	-
-	-	-	64,440	-	-	-	-
-	-	12,983	-	-	-	-	-
<u>5,643</u>	<u>997</u>	<u>12,983</u>	<u>292,421</u>	<u>14,625</u>	<u>11,445</u>	<u>70,800</u>	<u>-</u>
4,420	5,813	(11,922)	141,950	8,511	(803)	129,451	12,499
-	-	-	(182,961)	-	-	-	-
-	-	-	(182,961)	-	-	-	-
4,420	5,813	(11,922)	(41,011)	8,511	(803)	129,451	12,499
20,536	81,764	62,882	41,011	24,620	7,039	582,436	84,697
<u>\$ 24,956</u>	<u>\$ 87,577</u>	<u>\$ 50,960</u>	<u>\$ -</u>	<u>\$ 33,131</u>	<u>\$ 6,236</u>	<u>\$ 711,887</u>	<u>\$ 97,196</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds						
	52	53	54	55	56	57	58
	Preservation of Records	Juvenile Case Management	Law Library Fund	Courthouse Security Fund	Justice Technology Fund	Justice Court Security Fee	Employee Fund
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy tax	-	-	-	-	-	-	-
Licenses, fees and fines	6,013	14,839	16,660	24,398	12,785	3,530	-
Federal and state grants	-	-	-	-	-	-	-
Commissary revenue	-	-	-	-	-	-	-
Interest earned	609	73	520	765	645	88	16
Other revenue	-	-	-	-	-	-	1,395
Total revenues	6,622	14,912	17,180	25,163	13,430	3,618	1,411
Expenditures							
Capital projects	-	-	-	-	-	-	-
Commissary	-	-	-	-	-	-	-
County Attorney	-	-	-	-	-	-	-
County Clerk	-	-	-	-	-	-	-
Courthouse security	-	-	-	124,646	-	-	-
Debt Service - principal	-	-	-	-	-	-	-
Debt Service - interest	-	-	-	-	-	-	-
Debt Service - bond issuance costs	-	-	-	-	-	-	-
District Attorney	-	-	-	-	-	-	-
Elections Administration	-	-	-	-	-	-	-
General operations	939	18,000	12,664	-	11,757	-	-
Hotel/motel tax	-	-	-	-	-	-	-
Jail and detention	-	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-	-
Vending expenditures	-	-	-	-	-	-	1,983
Total expenditures	939	18,000	12,664	124,646	11,757	-	1,983
Excess (deficiency) of revenues over (under) expenditures before other sources/(uses)	5,683	(3,088)	4,516	(99,483)	1,673	3,618	(572)
Other sources/(uses):							
Transfers in	-	-	-	120,000	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other sources/(uses)	-	-	-	120,000	-	-	-
Net change in fund balances	5,683	(3,088)	4,516	20,517	1,673	3,618	(572)
Fund balances, beginning of year	90,550	31,642	98,975	139,910	98,448	28,751	5,697
Fund balances, end of year	<u>\$ 96,233</u>	<u>\$ 28,554</u>	<u>\$ 103,491</u>	<u>\$ 160,427</u>	<u>\$ 100,121</u>	<u>\$ 32,369</u>	<u>\$ 5,125</u>

59 Special Court Fund	Debt Service Funds		Capital Projects Funds				Total Other Governmental Funds
	62 Texas Capital Fund	63 TWDB Fund	70 Texas Capital Fund	71 Sewer Plant	72 Dempsey Facility	73 HAVA Project	
\$ -	\$ -	\$ 98,413	\$ -	\$ -	\$ -	\$ -	\$ 98,413
-	-	-	-	-	-	-	220,083
1,903	-	-	-	-	-	-	303,086
-	-	-	-	-	-	120,000	577,193
-	-	-	-	-	-	-	97,962
5	-	25	-	259	2,673	234	13,700
-	28,000	-	-	-	60,750	-	102,876
<u>1,908</u>	<u>28,000</u>	<u>98,438</u>	<u>-</u>	<u>259</u>	<u>63,423</u>	<u>120,234</u>	<u>1,413,313</u>
-	-	-	-	15,700	1,641	-	17,341
-	-	-	-	-	-	-	84,372
-	-	-	-	-	-	-	6,848
-	-	-	-	-	-	-	70,800
-	-	-	-	-	-	-	124,646
-	28,000	90,000	-	-	-	-	118,000
-	-	83	-	-	-	-	83
-	-	-	-	400	-	-	400
-	-	-	-	-	-	-	15,622
-	-	-	-	-	-	14,092	14,092
-	-	-	-	-	-	-	285,016
-	-	-	-	-	-	-	249,660
-	-	-	-	-	-	-	64,440
-	-	-	-	-	-	-	12,983
-	-	-	-	-	-	-	1,983
-	<u>28,000</u>	<u>90,083</u>	<u>-</u>	<u>16,100</u>	<u>1,641</u>	<u>14,092</u>	<u>1,066,286</u>
<u>1,908</u>	<u>-</u>	<u>8,355</u>	<u>-</u>	<u>(15,841)</u>	<u>61,782</u>	<u>106,142</u>	<u>347,027</u>
-	-	-	-	-	-	-	120,500
-	-	-	-	-	-	-	(182,961)
-	-	-	-	-	-	-	(62,461)
<u>1,908</u>	<u>-</u>	<u>8,355</u>	<u>-</u>	<u>(15,841)</u>	<u>61,782</u>	<u>106,142</u>	<u>284,566</u>
<u>719</u>	<u>-</u>	<u>(36)</u>	<u>100</u>	<u>447,813</u>	<u>379,428</u>	<u>9,909</u>	<u>2,504,239</u>
<u>\$ 2,627</u>	<u>\$ -</u>	<u>\$ 8,319</u>	<u>\$ 100</u>	<u>\$ 431,972</u>	<u>\$ 441,210</u>	<u>\$ 116,051</u>	<u>\$ 2,788,805</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

	40 District Attorney Seized Funds	79 Sheriff's Department Civil Process	80 Tax Collection	81 Auto Registration	82 Justice of the Peace Precinct #2
Assets					
Cash	\$ 116,974	\$ 3,298	\$ 270,110	\$ 327,480	\$ 1,829
Investments	-	-	-	-	-
Other receivables	-	-	-	-	281
Due from other funds	-	-	-	-	-
Total assets	<u>116,974</u>	<u>3,298</u>	<u>270,110</u>	<u>327,480</u>	<u>2,110</u>
Liabilities					
Due to other funds	-	1,799	16,860	39,696	2,110
Total liabilities	<u>-</u>	<u>1,799</u>	<u>16,860</u>	<u>39,696</u>	<u>2,110</u>
Net Position					
Restricted for other purposes	116,974	1,499	253,250	287,784	-
Total net position	<u>\$ 116,974</u>	<u>\$ 1,499</u>	<u>\$ 253,250</u>	<u>\$ 287,784</u>	<u>\$ -</u>

83	84	85	87	88	89	90
Justice of the Peace Precinct #3	Justice of the Peace Precinct #4	Justice of the Peace Precinct #5	County Treasurer (Special)	County Clerk	Juvenile Rest	District Clerk
\$ 10,728	\$ 11,894	\$ 11,117	\$ 77,891	\$ 52,589	\$ 200	\$ 34,396
-	-	-	-	-	-	-
397	918	507	-	4,481	-	1,007
-	-	-	35,957	-	-	-
<u>11,125</u>	<u>12,812</u>	<u>11,624</u>	<u>113,848</u>	<u>57,070</u>	<u>200</u>	<u>35,403</u>
11,125	12,812	11,624	56	57,070	-	34,101
<u>11,125</u>	<u>12,812</u>	<u>11,624</u>	<u>56</u>	<u>57,070</u>	<u>-</u>	<u>34,101</u>
-	-	-	113,792	-	200	1,302
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,792</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,302</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

	92	93	94	95	96
	Justice of the Peace Precinct #1	County Clerk	County Attorney	District Clerk	District Attorney
Assets					
Cash	\$ 24,126	\$ 66,569	\$ 1,621	\$ 381,495	\$ 6,505
Investments	-	-	-	68,605	-
Other receivables	2,377	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>26,503</u>	<u>66,569</u>	<u>1,621</u>	<u>450,100</u>	<u>6,505</u>
Liabilities					
Due to other funds	<u>26,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>26,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Restricted for other purposes	<u>-</u>	<u>66,569</u>	<u>1,621</u>	<u>450,100</u>	<u>6,505</u>
Total net position	<u>\$ -</u>	<u>\$ 66,569</u>	<u>\$ 1,621</u>	<u>\$ 450,100</u>	<u>\$ 6,505</u>

97	98	110	
Public Works	Inmate Trust	Deferred Compensation	Totals
\$ 4,421	\$ 7,041	\$ -	\$ 1,410,284
-	-	1,231,535	1,300,140
-	-	-	9,968
-	-	-	35,957
<u>4,421</u>	<u>7,041</u>	<u>1,231,535</u>	<u>2,756,349</u>
3,901	-	-	217,657
<u>3,901</u>	<u>-</u>	<u>-</u>	<u>217,657</u>
520	7,041	1,231,535	2,538,692
<u>\$ 520</u>	<u>\$ 7,041</u>	<u>\$ 1,231,535</u>	<u>\$ 2,538,692</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

	40 District Attorney Seized Funds	79 Sheriff's Department Civil Process	80 Tax Collection	81 Auto Registration	82 Justice of the Peace Precinct #2
Additions	\$ 31,068	\$ 98,707	\$ 76,864,189	\$ 11,881,459	\$ 22,169
Deductions	<u>44,458</u>	<u>116,173</u>	<u>77,037,704</u>	<u>11,984,875</u>	<u>22,169</u>
Change in net position	<u>(13,390)</u>	<u>(17,466)</u>	<u>(173,515)</u>	<u>(103,416)</u>	<u>-</u>
Net position - beginning, as originally stated	-	-	-	-	-
Prior period adjustment	<u>130,364</u>	<u>18,965</u>	<u>425,515</u>	<u>392,450</u>	<u>-</u>
Net position - beginning, as restated	<u>130,364</u>	<u>18,965</u>	<u>425,515</u>	<u>392,450</u>	<u>-</u>
Net position - ending	<u>\$ 116,974</u>	<u>\$ 1,499</u>	<u>\$ 252,000</u>	<u>\$ 289,034</u>	<u>\$ -</u>

83	84	85	87	88	89	90
Justice of the Peace Precinct #3	Justice of the Peace Precinct #4	Justice of the Peace Precinct #5	County Treasurer (Special)	County Clerk	Juvenile Rest	District Clerk
\$ 124,167	\$ 172,300	\$ 167,180	\$ 472,758	\$ 642,734	\$ 90	\$ 443,208
<u>124,167</u>	<u>172,300</u>	<u>167,180</u>	<u>461,379</u>	<u>642,734</u>	<u>90</u>	<u>443,208</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,379</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>102,413</u>	<u>-</u>	<u>200</u>	<u>1,302</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>102,413</u>	<u>-</u>	<u>200</u>	<u>1,302</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,792</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,302</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

	92	93	94	95
	Justice of the Peace Precinct #1	County Clerk	County Attorney	District Clerk
Additions	\$ 400,263	\$ 15,010	\$ 5,022	\$ 75,755
Deductions	<u>400,263</u>	<u>11,000</u>	<u>5,261</u>	<u>1,869,347</u>
Change in net position	<u>-</u>	<u>4,010</u>	<u>(239)</u>	<u>(1,793,592)</u>
Net position - beginning, as originally stated	-	-	-	-
Prior period adjustment	-	62,559	1,860	2,243,692
Net position - beginning, as restated	<u>-</u>	<u>62,559</u>	<u>1,860</u>	<u>2,243,692</u>
Net position - ending	<u>\$ -</u>	<u>\$ 66,569</u>	<u>\$ 1,621</u>	<u>\$ 450,100</u>

96	97	98	110	
District Attorney	Public Works	Inmate Trust	Deferred Compensation	Totals
\$ -	\$ 55,590	\$ 248,842	\$ 150,384	\$ 91,870,895
-	55,570	258,494	-	93,816,372
-	20	(9,652)	150,384	(1,945,477)
-	-	-	-	-
6,505	500	16,693	1,081,151	4,484,169
6,505	500	16,693	1,081,151	4,484,169
<u>\$ 6,505</u>	<u>\$ 520</u>	<u>\$ 7,041</u>	<u>\$ 1,231,535</u>	<u>\$ 2,538,692</u>

PALO PINTO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - COMMISSARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Revenues	
Commissary revenue	\$ 26,948
Phone card revenue	63,252
Over-the-counter revenue	7,759
Other income	3
Total revenues	<u>97,962</u>
Expenditures	
Commissary:	
Operations and management	3,600
Phone card expense	17,392
Commissary supplies	2,356
Over-the-counter supplies	3,242
Indigent supplies	6,296
Cable TV	2,004
Miscellaneous expense	17,688
Capital expense	31,794
Total expenditures	<u>84,372</u>
Excess of revenues over (under) expenditures	13,590
Fund balance, beginning of year	<u>74,229</u>
Fund balance, end of year	<u>\$ 87,819</u>