

**PALO PINTO COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**PALO PINTO COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**TABLE OF CONTENTS**

|   | <u>Exhibit</u> | <u>Page</u> |
|---|----------------|-------------|
| <b>FINANCIAL SECTION</b>  |                |             |
| Independent Auditor's Report  |                | 1           |
| Management's Discussion and Analysis (Required Supplementary Information)   |                | 3           |
| <b>BASIC FINANCIAL STATEMENTS</b>   |                |             |
| Statement of Net Position   | A-1            | 9           |
| Statement of Activities   | A-2            | 10          |
| Balance Sheet – Governmental Funds  | A-3            | 11          |
| Reconciliation of the Governmental Funds Balance Sheet to the<br>Statement of Net Position  | A-4            | 12          |
| Statement of Revenues, Expenditures and Changes in Fund<br>Balances – Governmental Funds  | A-5            | 13          |
| Reconciliation of the Statement of Revenues, Expenditures and<br>Changes in Fund Balances of Governmental Funds to the<br>Statement of Activities | A-6            | 15          |
| Statement of Net Position – Internal Service Fund   | A-7            | 16          |
| Statement of Revenues, Expenses, and Changes in<br>Net Position – Internal Service Fund   | A-8            | 17          |
| Statement of Cash Flows – Internal Service Fund   | A-9            | 18          |
| Statement of Assets and Liabilities - Fiduciary Funds   | A-10           | 19          |
| Notes to the Financial Statements   |                | 20          |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>   |                |             |
| Budgetary Comparison Schedule – General Fund  | B-1            | 48          |
| Schedule of Changes in Net Pension Liability and Related Ratios – Texas County<br>and District Retirement System                                  | B-2            | 50          |
| Schedule of Employer Pension Contributions – Texas County<br>and District Retirement System   | B-3            | 51          |
| Schedule of Changes in Total OPEB Liability and Related Ratios – Texas County<br>And District Retirement System                                   | B-4            | 52          |
| Schedule of Employer Other Post Employment Benefit (OPEB) Contributions –<br>Texas County and District Retirement System                          | B-5            | 53          |
| Schedule of Changes in Total OPEB Liability and Related Ratios – Palo Pinto County<br>Retiree Health Care Plan                                    | B-6            | 54          |
| Notes to Required Supplementary Information   |                | 55          |

**PALO PINTO COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**TABLE OF CONTENTS (CONT'D)**

|   | <u>Exhibit</u> | <u>Page</u> |
|---|----------------|-------------|
| <b>OTHER SUPPLEMENTARY INFORMATION</b>  |                |             |
| Combining Balance Sheet – General Fund  | C-1            | 56          |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – General Fund                     | C-2            | 57          |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Budget and Actual - General Fund | C-3            | 58          |
| Combining Balance Sheet – Other Governmental Funds  | C-4            | 60          |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Other Governmental Funds         | C-5            | 64          |
| Combining Statement of Assets and Liabilities – Fiduciary Funds   | C-6            | 68          |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balance – Commissary Fund                              | C-7            | 72          |

*FINANCIAL SECTION*



# **EDGIN, PARKMAN, FLEMING & FLEMING, PC**

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR • P.O. Box 750  
WICHITA FALLS, TEXAS 76307-0750  
PH. (940) 766-5550 • FAX (940) 766-5778

MICHAEL D. EDGIN, CPA  
DAVID L. PARKMAN, CPA  
A. PAUL FLEMING, CPA

## 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of 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, 2020 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables 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, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinion**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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

Wichita Falls, Texas  
January 29, 2021

## 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, 2020.

### 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 \$23,337,502 (*net position*). Of this amount, \$8,251,927 (*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 \$17,138,642. Of this total amount, \$11,994,712 (70 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 \$11,994,712 or 75 percent of total General Fund expenditures.

The County's total long-term liabilities decreased \$4,834,223 (36 percent) during the fiscal year. The decrease is due to the net of an increase in other post-employment benefit liability of \$534,404, a decrease in pension liability of \$5,709,395 and an increase in compensated absences of \$9,760. The County also issued \$542,692 of new debt and retired debt in the amount of \$211,684.

### 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 9-10 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 and Capital Improvement Fund, which are considered to be major funds. Data from the other thirty-one 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 11 and 13-14 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 16-18 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 *Statement of Fiduciary Assets and Liabilities* can be found on page 19 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 20-47 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 \$23,358,428 at September 30, 2020.



The largest portion of the County's net position (55 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>2020</u>                  | <u>2019</u>                 |
| <i>Current and Other Assets</i>         | \$ 18,455,662                | \$ 17,552,298               |
| <i>Capital Assets</i>                   | <u>14,313,750</u>            | <u>12,786,846</u>           |
| <b>Total Assets</b>                     | <u><u>\$ 32,769,412</u></u>  | <u><u>\$ 30,339,144</u></u> |
| <br>                                    |                              |                             |
| <i>Deferred Outflows of Resources</i>   | <u>\$ 1,337,978</u>          | <u>\$ 2,828,511</u>         |
| <br>                                    |                              |                             |
| <i>Current Liabilities</i>              | \$ 917,203                   | \$ 1,057,203                |
| <i>Long-Term Liabilities</i>            | <u>8,481,720</u>             | <u>13,315,943</u>           |
| <b>Total Liabilities</b>                | <u><u>\$ 9,398,923</u></u>   | <u><u>\$ 14,373,146</u></u> |
| <br>                                    |                              |                             |
| <i>Deferred Inflows of Resources</i>    | <u>\$ 1,370,965</u>          | <u>\$ 262,948</u>           |
| <br>                                    |                              |                             |
| <b>Net Position:</b>                    |                              |                             |
| <i>Net Investment in Capital Assets</i> | \$ 12,944,135                | \$ 11,748,239               |
| <i>Restricted</i>                       | 2,141,440                    | 1,593,336                   |
| <i>Unrestricted</i>                     | <u>8,251,927</u>             | <u>5,189,986</u>            |
| <b>Total Net Position</b>               | <u><u>\$ 23,337,502</u></u>  | <u><u>\$ 18,531,561</u></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>2020</u>                  | <u>2019</u>                 |
| <b>Revenues:</b>                                 |                              |                             |
| <b>Program Revenues:</b>                         |                              |                             |
| <i>Charges for Services</i>                      | \$ 3,171,757                 | \$ 3,262,418                |
| <i>Operating Grants and Contributions</i>        | 406,482                      | 467,560                     |
| <i>Capital Grants and Contributions</i>          | 138,779                      | -                           |
| <b>General Revenues:</b>                         |                              |                             |
| <i>Property Taxes</i>                            | 12,728,451                   | 11,756,822                  |
| <i>Other Taxes</i>                               | 1,975,928                    | 1,751,553                   |
| <i>Other</i>                                     | 729,787                      | 476,585                     |
| <b>Total Revenues</b>                            | <u><u>\$ 19,151,184</u></u>  | <u><u>\$ 17,714,938</u></u> |
| <b>Expenses:</b>                                 |                              |                             |
| <i>General Government</i>                        | \$ 2,589,101                 | \$ 4,597,128                |
| <i>Administration of Justice</i>                 | 1,648,767                    | 2,492,339                   |
| <i>Public Safety</i>                             | 2,587,054                    | 2,971,337                   |
| <i>Corrections and Rehabilitation</i>            | 2,219,740                    | 2,787,946                   |
| <i>Health and Human Services</i>                 | 610,057                      | 620,734                     |
| <i>Community and Economic Development</i>        | 330,602                      | 360,147                     |
| <i>Infrastructure and Environmental Services</i> | 4,317,136                    | 3,090,840                   |
| <i>Debt Service</i>                              | 42,786                       | -                           |
| <b>Total Expenses</b>                            | <u><u>\$ 14,345,243</u></u>  | <u><u>\$ 16,920,471</u></u> |
| <i>Change in Net Position</i>                    | <u><u>\$ 4,805,941</u></u>   | <u><u>\$ 794,467</u></u>    |
| <i>Net Position - 10/1</i>                       | <u>18,531,561</u>            | <u>17,901,538</u>           |
| <i>Prior Period Adjustment</i>                   | <u>\$ -</u>                  | <u>\$ (164,444)</u>         |
| <i>Net Position - 9/30</i>                       | <u><u>\$ 23,337,502</u></u>  | <u><u>\$ 18,531,561</u></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 \$11,994,712 while the total fund balance reached \$13,282,668. 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 75 percent of total General Fund expenditures, while total fund balance represents 83 percent of total General Fund expenditures.

The fund balance of Palo Pinto County's General Fund increased by \$393,956 during the current fiscal year. Key factors in this growth are as follows:

- Property taxes increased by \$875,441 due to increased tax rate and appraised values.
- Sales taxes increased by \$202,246.
- Federal and state grants increased by \$175,209 due to new grant for NIBRS System.
- General Fund expenditures increased \$258,094 mostly due to the net result of increased sheriff department costs for the new NIBRS system less a decrease in road and bridge costs due to the prior year purchase of road and bridge maintenance equipment.
- General Fund proceeds from capital leases decreased from \$318,678 in the prior year to \$42,692 in the current year.
- General Fund proceeds from sale of capital assets increased \$407,330 due to the sale of the old Mineral Wells Annex-Poston building.
- General Fund net transfers out to other funds increased \$1,430,000 from the prior year.

The Annex Capital Improvement Fund has a fund balance of \$1,351,735 all of which is committed for future capital improvement projects. This represents a decrease of \$38,579 from 2019. The significant changes in activity between years is an increase in transfers from the General Fund by \$1,450,000 to fund the Mineral Wells Annex renovation and an increase in capital expenditures by \$2,007,413 for the Mineral Wells Annex renovation.

The nonmajor Capital Projects Funds have a total fund balance of \$837,250 all of which is restricted or committed for future capital projects. This represents an increase of \$519,480 from 2019. 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 negative \$36. 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. Future interest and sinking tax levy collections will be 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 \$1,667,025 which represents an increase of \$81,486 primarily due to increased revenues in the Hotel/Motel Fund and the County Attorney Pretrial Intervention Fund.

### **General Fund Budgetary Highlights**

The final amended budget showed budgeted revenues increased \$188,291 over the original budget with the entire increase in federal and state grants due to the new NIBRS system grant not in the original budget. The final amended budget showed budgeted expenditures increased

\$227,409 with most of the increase (\$147,954) for Sheriff expenditures due to the NIBRS system not in the original budget.

It is the practice of the County to budget very conservatively. Actual revenues were \$396,350 or 2.3% higher than budgeted. Sales taxes were \$266,631 or 18.1% higher than budgeted and other revenue was \$89,659 or 54.6% percent higher than budgeted due to conservative budgeting. Actual operating expenditures were \$1,488,441 or 8.5% lower than budgeted. This can be attributed primarily to lower than anticipated costs in 29<sup>th</sup> 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, 2020 amounts to \$14,313,750 (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:

- ◆ The purchase of land for annex building totaling \$375,938.
- ◆ The costs for annex building project in progress at the end of the year totaling \$254,712.
- ◆ The purchase of several vehicles and heavy equipment for road and bridge operations totaling \$582,521.
- ◆ The purchase of NIBRS/CAD reporting system totaling \$146,725
- ◆ Infrastructure additions totaling \$290,898.
- ◆ The disposal of several old vehicles, heavy equipment for road and bridge operations and Mineral Wells Annex-Poston building with a net book value of \$219,575.

Additional information on the County's capital assets can be found in Note 5 on page 29 of this report.

*Long-term debt.* At the end of the fiscal year, the County had total long-term obligations of \$8,481,720 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 30-33 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 \$11,994,712. The County appropriated \$936,754 of this amount for spending in the 2020-21 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, 2020**

|                                       | <u>Governmental<br/>Activities</u> |
|---------------------------------------|------------------------------------|
| <b>Assets</b>                         |                                    |
| Cash                                  | \$ 1,574,429                       |
| Investments                           | 15,458,693                         |
| Receivables:                          |                                    |
| Property taxes, net                   | 317,227                            |
| Sales taxes                           | 296,669                            |
| Occupancy taxes                       | 92,219                             |
| Accounts                              | 199,303                            |
| Due from fiduciary                    | 200,450                            |
| Prepaid expenses                      | 281,478                            |
| Inventory                             | 35,194                             |
| Capital assets, net                   | 14,313,750                         |
| Total assets                          | <u>32,769,412</u>                  |
| <b>Deferred Outflows of Resources</b> |                                    |
| Pension plan related                  | 894,065                            |
| OPEB related                          | 443,913                            |
| Total deferred outflows of resources  | <u>1,337,978</u>                   |
| <b>Liabilities</b>                    |                                    |
| Accounts payable                      | 478,911                            |
| Accrued liabilities                   | 319,615                            |
| Due to fiduciary                      | 32,955                             |
| Due to others                         | 85,722                             |
| Long-term liabilities:                |                                    |
| Due within one year                   | 578,963                            |
| Due in more than one year             | 1,063,828                          |
| Net pension liability                 | 1,685,448                          |
| Total OPEB liability                  | 5,153,481                          |
| Total liabilities                     | <u>9,398,923</u>                   |
| <b>Deferred Inflows of Resources</b>  |                                    |
| Pension plan related                  | 1,153,901                          |
| OPEB related                          | 217,064                            |
| Total deferred inflows of resources   | <u>1,370,965</u>                   |
| <b>Net Position</b>                   |                                    |
| Net investment in capital assets      | 12,944,135                         |
| Restricted                            | 2,141,440                          |
| Unrestricted                          | 8,251,927                          |
| Total net position                    | <u>\$ 23,337,502</u>               |

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

| 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                          | \$ 2,589,101         | \$ 1,389,947         | \$ -                               | \$ -                    | \$ (1,199,154)                                    |
| Administration of Justice                   | 1,648,767            | 698,871              | 156,721                            | -                       | (793,175)   |
| Public Safety                               | 2,587,054            | 114,511              | 221,743                            | 138,779                 | (2,112,021)                                       |
| Corrections and Rehabilitation              | 2,219,740            | 149,864              | -                                  | -                       | (2,069,876)                                       |
| Health and Human Services                   | 610,057              | -                    | -                                  | -                       | (610,057)   |
| Community and Economic Development          | 330,602              | 1,150                | -                                  | -                       | (329,452)   |
| Infrastructure and Environmental Services   | 4,317,136            | 817,414              | 28,018                             | -                       | (3,471,704)                                       |
| Debt service                                | 42,786               | -                    | -                                  | -                       | (42,786)  |
| Total governmental activities               | <u>\$ 14,345,243</u> | <u>\$ 3,171,757</u>  | <u>\$ 406,482</u>                  | <u>\$ 138,779</u>       | <u>(10,628,225)</u>                               |
| General revenues:                           |                      |                      |                                    |                         |   |
| Property taxes, levied for general purposes |                      |                      |                                    |                         | 12,728,451  |
| Sales taxes                                 |                      |                      |                                    |                         | 1,741,631   |
| Hotel/motel taxes                           |                      |                      |                                    |                         | 189,565   |
| Mixed beverage taxes                        |                      |                      |                                    |                         | 44,732  |
| Investment earnings                         |                      |                      |                                    |                         | 250,432   |
| Miscellaneous                               |                      |                      |                                    |                         | 479,355   |
| Total general revenues                      |                      |                      |                                    |                         | <u>15,434,166</u>                                 |
| Change in net position                      |                      |                      |                                    |                         | 4,805,941   |
| Net position - beginning of year            |                      |                      |                                    |                         | <u>18,531,561</u>                                 |
| Net position - ending                       |                      |                      |                                    |                         | <u>\$ 23,337,502</u>                              |

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

|  | General<br>Fund      | Annex<br>Capital<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                      |   |                                |                                |
| Cash   | \$ 404,523           | \$ 1,669                                | \$ 1,073,034                   | \$ 1,479,226                   |
| Investments  | 12,501,521           | 1,579,152                               | 1,378,020                      | 15,458,693                     |
| Receivables, net:  |                      |   |                                |                                |
| Property taxes   | 317,227              | -                                       | -                              | 317,227                        |
| Sales taxes  | 296,669              | -                                       | -                              | 296,669                        |
| Occupancy taxes  | -                    | -                                       | 92,219                         | 92,219                         |
| Accounts   | 196,520              | -                                       | 2,783                          | 199,303                        |
| Due from other funds   | 153,445              | -                                       | 17,422                         | 170,867                        |
| Prepaid expenses   | 281,478              | -                                       | -                              | 281,478                        |
| Inventory  | 35,194               | -                                       | -                              | 35,194                         |
| Total assets   | <u>\$ 14,186,577</u> | <u>\$ 1,580,821</u>                     | <u>\$ 2,563,478</u>            | <u>\$ 18,330,876</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b> |                      |   |                                |                                |
| Liabilities:   |                      |   |                                |                                |
| Accounts payable   | \$ 190,701           | \$ 229,086                              | \$ 52,774                      | \$ 472,561                     |
| Accrued liabilities  | 307,107              | -                                       | 6,245                          | 313,352                        |
| Due to other funds   | 3,336                | -                                       | 36                             | 3,372                          |
| Due to others  | 85,538               | -                                       | 184                            | 85,722                         |
| Total liabilities  | <u>586,682</u>       | <u>229,086</u>                          | <u>59,239</u>                  | <u>875,007</u>                 |
| Deferred inflows of resources:   |                      |   |                                |                                |
| Unavailable property taxes   | <u>317,227</u>       | <u>-</u>                                | <u>-</u>                       | <u>317,227</u>                 |
| Fund balances:   |                      |   |                                |                                |
| Nonspendable   | 316,672              | -                                       | -                              | 316,672                        |
| Restricted   | 23,293               | -                                       | 2,118,147                      | 2,141,440                      |
| Committed  | 11,237               | 1,351,735                               | 386,092                        | 1,749,064                      |
| Assigned   | 936,754              | -                                       | -                              | 936,754                        |
| Unassigned   | 11,994,712           | -                                       | -                              | 11,994,712                     |
| Total fund balances  | <u>13,282,668</u>    | <u>1,351,735</u>                        | <u>2,504,239</u>               | <u>17,138,642</u>              |
| Total liabilities, deferred inflows of resources,<br>and fund balances   | <u>\$ 14,186,577</u> | <u>\$ 1,580,821</u>                     | <u>\$ 2,563,478</u>            | <u>\$ 18,330,876</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, 2020**

Total fund balances - governmental funds (Exhibit A-3) \$ 17,138,642

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

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

|                                  |                   |            |
|----------------------------------|-------------------|------------|
| Gross capital assets             | \$ 29,405,389     |            |
| Related accumulated depreciation | <u>15,091,639</u> | 14,313,750 |

|   |  |         |
|---|--|---------|
| Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds. |  | 317,227 |
|---|--|---------|

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   | 500,000        |             |
| Note payable                 | 350,000        |             |
| Capital leases payable       | 519,615        |             |
| Accrued compensated absences | <u>273,176</u> | (1,642,791) |

|   |  |         |
|---|--|---------|
| 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. |  | (6,263) |
|---|--|---------|

|  |  |        |
|--|--|--------|
| 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. |  | 88,853 |
|--|--|--------|

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                     | (1,685,448)      |                    |
| Deferred outflows - pension related items | 894,065          |                    |
| Deferred inflows - pension related items  | (1,153,901)      |                    |
| Total OPEB liability                      | (5,153,481)      |                    |
| Deferred outflows - OPEB related items    | 443,913          |                    |
| Deferred inflows - OPEB related items     | <u>(217,064)</u> | <u>(6,871,916)</u> |

|  |  |                      |
|--|--|----------------------|
| Total net position - governmental activities (Exhibit A-1) |  | <u>\$ 23,337,502</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, 2020**

|                                     | General<br>Fund   | Annex<br>Capital<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------|-------------------|---|--------------------------------|--------------------------------|
| <b>Revenues</b>                     |                   |   |                                |                                |
| Property taxes                      | \$ 12,649,337     | \$ -                                    | \$ -                           | \$ 12,649,337                  |
| Sales taxes                         | 1,741,631         | -                                       | -                              | 1,741,631                      |
| Occupancy tax                       | -                 | -                                       | 189,565                        | 189,565                        |
| Mixed beverage tax                  | 44,732            | -                                       | -                              | 44,732                         |
| Licenses, fees and fines            | 2,565,729         | -                                       | 260,949                        | 2,826,678                      |
| Federal and state grants            | 410,052           | -                                       | 154,866                        | 564,918                        |
| Inmate revenue                      | 72,636            | -                                       | -                              | 72,636                         |
| Commissary revenue                  | -                 | -                                       | 77,228                         | 77,228                         |
| Interest earned                     | 212,482           | 18,834                                  | 18,820                         | 250,136                        |
| Other revenue                       | 253,959           | -                                       | 100,627                        | 354,586                        |
| <b>Total revenues</b>               | <b>17,950,558</b> | <b>18,834</b>                           | <b>802,055</b>                 | <b>18,771,447</b>              |
| <b>Expenditures</b>                 |                   |   |                                |                                |
| 29th District Court                 | 413,309           | -                                       | -                              | 413,309                        |
| Capital projects                    | -                 | 2,007,413                               | 12,176                         | 2,019,589                      |
| Commissary                          | -                 | -                                       | 109,716                        | 109,716                        |
| Commissioner's Court                | 53,016            | -                                       | -                              | 53,016                         |
| Constable                           | 371,662           | -                                       | 504                            | 372,166                        |
| County Attorney                     | 278,946           | -                                       | 579                            | 279,525                        |
| County Auditor                      | 278,640           | -                                       | -                              | 278,640                        |
| County Clerk                        | 337,414           | -                                       | 166,537                        | 503,951                        |
| County Court                        | 212,330           | -                                       | -                              | 212,330                        |
| County Extension Service            | 105,943           | -                                       | -                              | 105,943                        |
| County Treasurer                    | 134,933           | -                                       | -                              | 134,933                        |
| Courthouse security                 | -                 | -                                       | 114,291                        | 114,291                        |
| Debt service - principal            | -                 | -                                       | 28,000                         | 28,000                         |
| Debt service - interest             | -                 | -                                       | 36                             | 36                             |
| Debt service - bond issuance costs  | -                 | -                                       | 42,750                         | 42,750                         |
| District Attorney                   | 253,654           | -                                       | 20,304                         | 273,958                        |
| District Clerk                      | 240,211           | -                                       | -                              | 240,211                        |
| Election Administration             | 229,566           | -                                       | 18,141                         | 247,707                        |
| Emergency Management                | 115,488           | -                                       | -                              | 115,488                        |
| Emergency Medical & Health Services | 533,000           | -                                       | -                              | 533,000                        |
| General operations                  | 3,110,363         | -                                       | 113,573                        | 3,223,936                      |
| Health services                     | 10,000            | -                                       | -                              | 10,000                         |
| Hotel/motel tax                     | -                 | -                                       | 149,042                        | 149,042                        |
| Information Technology              | 131,394           | -                                       | -                              | 131,394                        |
| Jail and detention                  | 2,334,499         | -                                       | 23,040                         | 2,357,539                      |
| Justice of the Peace                | 579,943           | -                                       | -                              | 579,943                        |
| Narcotics Unit                      | 139,105           | -                                       | -                              | 139,105                        |
| Public Works                        | 485,788           | -                                       | -                              | 485,788                        |
| Road and Bridge:                    |                   |   |                                |                                |
| Precinct No. 1                      | 599,447           | -                                       | -                              | 599,447                        |
| Precinct No. 2                      | 780,330           | -                                       | -                              | 780,330                        |
| Precinct No. 3                      | 743,570           | -                                       | -                              | 743,570                        |
| Precinct No. 4                      | 598,271           | -                                       | -                              | 598,271                        |

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, 2020**

|  | General<br>Fund      | Annex<br>Capital<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---|--------------------------------|--------------------------------|
| Sheriff                                      | 2,309,457            | -                                       | 19,946                         | 2,329,403                      |
| Tax Assessor-Collector                       | 576,339              | -                                       | -                              | 576,339                        |
| Vending Expenditures                         | -                    | -                                       | 2,990                          | 2,990                          |
| Veteran's Administration                     | 17,078               | -                                       | -                              | 17,078                         |
| Total expenditures                           | <u>15,973,696</u>    | <u>2,007,413</u>                        | <u>821,625</u>                 | <u>18,802,734</u>              |
| Excess of revenues over (under) expenditures | <u>1,976,862</u>     | <u>(1,988,579)</u>                      | <u>(19,570)</u>                | <u>(31,287)</u>                |
| Other sources and (uses):                    |                      |   |                                |                                |
| Proceeds from the issuance of capital leases | 42,692               | -                                       | -                              | 42,692                         |
| Proceeds from the issuance of bonds          | -                    | -                                       | 500,000                        | 500,000                        |
| Proceeds from the sale of capital assets     | 519,902              | -                                       | -                              | 519,902                        |
| Transfers in                                 | 7,632                | 1,950,000                               | 120,500                        | 2,078,132                      |
| Transfers out                                | <u>(2,153,132)</u>   | <u>-</u>                                | <u>-</u>                       | <u>(2,153,132)</u>             |
| Total other sources and (uses)               | <u>(1,582,906)</u>   | <u>1,950,000</u>                        | <u>620,500</u>                 | <u>987,594</u>                 |
| Net change in fund balances                  | 393,956              | (38,579)                                | 600,930                        | 956,307                        |
| Fund balances, beginning of year             | 12,888,712           | 1,390,314                               | 1,903,309                      | 16,182,335                     |
| Fund balances, end of year                   | <u>\$ 13,282,668</u> | <u>\$ 1,351,735</u>                     | <u>\$ 2,504,239</u>            | <u>\$ 17,138,642</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, 2020**

|   |                  |                     |
|---|------------------|---------------------|
| Net change in fund balances - total governmental funds (Exhibit A-5)  |                  | \$ 956,307          |
| 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  | \$ 3,077,951     |                     |
| Depreciation expense for the year   | <u>1,331,472</u> | 1,746,479           |
| 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:   |                  |                     |
|   |                  | (219,575)           |
| 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.  |                  |                     |
|   |                  | 79,114              |
| The issuance of long-term debt provides current financial resources to governmental funds. However, the issuance increases long-term liabilities in the Statement of Net Position. The County issued the following debt for the purchase of capital assets in the current year totaling:  |                  |                     |
| Certificates of obligation  | (500,000)        |                     |
| Capital leases payable  | <u>(42,692)</u>  | (542,692)           |
| 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:  |                  |                     |
| Note payable  | 28,000           |                     |
| Capital leases payable  | <u>183,684</u>   | 211,684             |
| 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, 2019  | (10,515)         |                     |
| Accrued interest at September 30, 2020  | <u>6,263</u>     | 4,252               |
| 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:   |                  |                     |
|   |                  | (286,732)           |
| 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.   |                  |                     |
|   |                  | 2,853,413           |
| 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>3,691</u>        |
| Change in net position of governmental activities (Exhibit A-2)   |                  | <u>\$ 4,805,941</u> |

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**SEPTEMBER 30, 2020**

|                     | Health<br>Reimbursement<br>Arrangement |
|---------------------|--|
| <b>Assets</b>       |  |
| Cash                | \$ 95,203                              |
| Total assets        | <u>95,203</u>                          |
| <b>Liabilities</b>  |  |
| Accounts payable    | <u>6,350</u>                           |
| Total liabilities   | <u>6,350</u>                           |
| <b>Net Position</b> |  |
| Unrestricted        | 88,853                                 |
| Total net position  | <u>\$ 88,853</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, 2020**

|                                       | Health<br>Reimbursement<br>Arrangement |
|---------------------------------------|--|
| <b>Operating revenues</b>             |  |
| Charges for services                  | \$ -                                   |
| <b>Operating expenses:</b>            |  |
| Administration fees                   | 4,312                                  |
| Reimbursements                        | 67,293                                 |
| Total operating expenses              | <u>71,605</u>                          |
| <b>Loss from operations</b>           | (71,605)                               |
| <b>Non-operating income:</b>          |  |
| Interest income                       | 296                                    |
| <b>Transfers in</b>                   | <u>75,000</u>                          |
| <b>Change in net position</b>         | 3,691                                  |
| <b>Total net position - beginning</b> | 85,162                                 |
| <b>Total net position - ending</b>    | <u>\$ 88,853</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, 2020**

|   | Health<br>Reimbursement<br>Arrangement |
|---|--|
| <b>Cash flows from operating activities</b>   |  |
| Cash paid to employees for health reimbursements                                    | \$ (77,232)                            |
| Cash paid to employees for administrative services                                  | (4,312)                                |
| Net cash used by operating activities   | <u>(81,544)</u>                        |
| <b>Cash flows from investing activities</b>   |  |
| Transfers in from other funds   | 75,000                                 |
| Interest earnings   | 296                                    |
| Net cash provided by investing activities   | <u>75,296</u>                          |
| <b>Net decrease in cash and cash equivalents</b>                                    | (6,248)                                |
| <b>Cash and cash equivalents at beginning of the year</b>                           | 101,451                                |
| <b>Cash and cash equivalents at end of the year</b>                                 | <u>\$ 95,203</u>                       |
| Reconciliation of loss from operations to net cash<br>used by operating activities: |  |
| Operating loss  | \$ (71,605)                            |
| Effect of change in current assets and liabilities:                                 |  |
| Decrease in accounts payable  | (9,939)                                |
| Net cash used by operating activities   | <u>\$ (81,544)</u>                     |

The accompanying notes are an integral part of this statement.

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2020**

|                      | Agency<br>Funds     |
|----------------------|---------------------|
| <b>Assets</b>        |                     |
| Cash                 | \$ 3,471,053        |
| Investments          | 1,172,606           |
| Other receivables    | 8,003               |
| Due from other funds | 32,955              |
| Total assets         | <u>\$ 4,684,617</u> |
| <b>Liabilities</b>   |                     |
| Due to other funds   | \$ 200,450          |
| Due to others        | 4,484,167           |
| Total liabilities    | <u>\$ 4,684,617</u> |

The accompanying notes are an integral part of this statement.



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**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 2010 census population for the County was 28,111 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, 2020**

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 *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 Agency Funds:

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

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

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, 2020**

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, 2020**

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 \$273,176 of accrued vacation and compensated absences at September 30, 2020 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum 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, 2020**

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, 2020**

**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, 2020, 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, 2020, 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, 2020, the carrying amount of the County's deposits was \$17,028,549 and the balance per the bank was \$17,815,112. Included in the carrying amount and bank balance are money market savings and certificates of deposit (recorded as investments) totaling \$8,058,693 and \$7,400,000, 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, 2020 were \$4,643,659 and the balance per the bank was \$4,643,659. 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.

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.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

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

| <u>Investments</u>      | <u>Weighted<br/>Maturity<br/>(Months)</u> | <u>Fair<br/>Value</u> |
|-------------------------|---|-----------------------|
| Money market savings    | N/A                                       | \$ 8,058,693          |
| Certificates of deposit | 5.73                                      | <u>7,400,000</u>      |
| Total                   |   | <u>\$15,458,693</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.

*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.

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.



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

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, 2020, was \$0.420 per \$100 valuation.

No taxes were levied for the payment of principal and interest related to long-term debt as the bonded debt was paid in full in a prior year.

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, 2020, net property taxes receivable is calculated as follows:

|                                   |                   |
|-----------------------------------|-------------------|
| Gross property taxes receivable   | \$703,476         |
| Allowance for uncollectible taxes | <u>( 386,249)</u> |
| Net property taxes receivable     | <u>\$317,227</u>  |

Of the \$703,476 of property taxes receivable at September 30, 2020, the County expects to collect approximately \$150,000 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, 2020**

**5. CAPITAL ASSETS**

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

| <b>Governmental Activities:</b>             | Balance<br><u>10/1/19</u> | <u>Additions</u>   | <u>Retirements</u> | <u>Transfers</u> | Balance<br><u>9/30/20</u> |
|---|---------------------------|--------------------|--------------------|------------------|---------------------------|
| Capital assets not being depreciated:       |                           |                    |                    |                  |                           |
| Land  | \$ 271,598                | \$ 375,938         | \$ -               | \$ -             | \$ 647,536                |
| Construction in progress                    | <u>111,815</u>            | <u>256,462</u>     | <u>-</u>           | <u>( 50,500)</u> | <u>317,777</u>            |
| Total capital assets not being depreciated  | <u>383,413</u>            | <u>632,400</u>     | <u>-</u>           | <u>( 50,500)</u> | <u>965,313</u>            |
| Capital assets being depreciated:           |                           |                    |                    |                  |                           |
| Buildings and improvements                  | 9,171,821                 | 1,376,763          | 534,281            | -                | 10,014,303                |
| Equipment                                   | 5,179,221                 | 388,998            | 185,014            | -                | 5,383,205                 |
| Vehicles                                    | 3,008,430                 | 388,892            | 217,119            | -                | 3,180,203                 |
| Infrastructure                              | <u>9,520,967</u>          | <u>290,898</u>     | <u>-</u>           | <u>50,500</u>    | <u>9,862,365</u>          |
| Total capital assets being depreciated      | <u>26,880,439</u>         | <u>2,445,551</u>   | <u>936,414</u>     | <u>50,500</u>    | <u>28,440,076</u>         |
| Less accumulated depreciation for:          |                           |                    |                    |                  |                           |
| Buildings and improvements                  | 6,405,447                 | 238,289            | 350,944            | -                | 6,292,792                 |
| Equipment                                   | 2,380,582                 | 295,731            | 148,776            | -                | 2,527,537                 |
| Vehicles                                    | 2,037,430                 | 320,827            | 217,119            | -                | 2,141,138                 |
| Infrastructure                              | <u>3,653,547</u>          | <u>476,625</u>     | <u>-</u>           | <u>-</u>         | <u>4,130,172</u>          |
| Total accumulated depreciation              | <u>14,477,006</u>         | <u>1,331,472</u>   | <u>716,839</u>     | <u>-</u>         | <u>15,091,639</u>         |
| Total capital assets being depreciated, net | <u>12,403,433</u>         | <u>1,114,079</u>   | <u>219,575</u>     | <u>50,500</u>    | <u>13,348,437</u>         |
| Governmental activities capital assets, net | <u>\$12,786,846</u>       | <u>\$1,746,479</u> | <u>\$219,575</u>   | <u>\$ -</u>      | <u>\$14,313,750</u>       |

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

|   |                    |
|---|--------------------|
| <b>Governmental Activities:</b>           |                    |
| General Government                        | \$ 169,579         |
| Administration of Justice                 | 19,009             |
| Public Safety                             | 186,562            |
| Corrections and Rehabilitation            | 144,425            |
| Community and Economic Development        | 30,239             |
| Infrastructure and Environmental Services | <u>781,658</u>     |
| Total governmental depreciation           | <u>\$1,331,472</u> |

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

**6. INTERFUND BALANCES AND ACTIVITIES**

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

| <u>Due To Fund</u>       | <u>Due From Fund</u>     | <u>Amount</u>    | <u>Reason</u>   |
|--------------------------|--------------------------|------------------|-----------------|
| General Fund             | Other Governmental Funds | \$ 36            | Short-term loan |
| General Fund             | General Fund             | 3,336            | Short-term loan |
| Other Governmental Funds | Fiduciary Funds          | 17,422           | Short-term loan |
| General Fund             | Fiduciary Funds          | 150,073          | Short-term loan |
| Fiduciary Funds          | Fiduciary Funds          | <u>32,955</u>    | Short-term loan |
|                          | Total                    | <u>\$203,822</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, 2020 were as follows:

| <u>Transfer From</u> | <u>Transfer To</u>       | <u>Amount</u>      | <u>Reason</u>          |
|----------------------|--------------------------|--------------------|------------------------|
| General Fund         | General Fund             | \$ 7,632           | Supplement other funds |
| General Fund         | Capital Improvement Fund | 1,950,000          | Supplement other funds |
| General Fund         | Other Governmental Funds | 120,500            | Supplement other funds |
| General Fund         | Internal Service Fund    | <u>75,000</u>      | Supplement other funds |
|                      | Total                    | <u>\$2,153,132</u> |                        |

**7. LONG-TERM OBLIGATIONS**

The County issued 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, 2020 was as follows:

|   | <u>Balance</u>     |                  |                    | <u>Balance</u>     | <u>Due Within</u> |
|---|--------------------|------------------|--------------------|--------------------|-------------------|
| <u>Governmental Activities:</u>                       | <u>10/01/19</u>    | <u>Additions</u> | <u>Retirements</u> | <u>09/30/20</u>    | <u>One Year</u>   |
| Certificates of obligation                            | \$ -               | \$500,000        | \$ -               | \$ 500,000         | \$ 90,000         |
| Note payable  | 378,000            | -                | 28,000             | 350,000            | 28,000            |
| Capital leases payable                                | 660,607            | 42,692           | 183,684            | 519,615            | 187,787           |
| Compensated absences                                  | <u>263,416</u>     | <u>289,808</u>   | <u>280,048</u>     | <u>273,176</u>     | <u>273,176</u>    |
| Total long-term liabilities – governmental activities | <u>\$1,302,023</u> | <u>\$832,500</u> | <u>\$491,732</u>   | <u>\$1,642,791</u> | <u>\$578,963</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, 2020**

Total debt service requirements to maturity are as follows:

| <u>Year</u> | <u>Principal</u>   | <u>Interest</u> | <u>Total</u>       |
|-------------|--------------------|-----------------|--------------------|
| 2021        | \$ 305,787         | \$19,550        | \$ 325,337         |
| 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             |
| 2026-30     | 370,000            | 356             | 370,356            |
| 2031-33     | <u>70,000</u>      | <u>-</u>        | <u>70,000</u>      |
| Totals      | <u>\$1,369,615</u> | <u>\$44,994</u> | <u>\$1,414,609</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 .130% 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 9/30/20</u> |
|---|------------------------|--------------------|-----------------------|----------------------|------------------------|
| Combination Tax and Surplus<br>Certificates of Obligation,<br>Series 2020 | \$500,000              | 03/10/20           | 02/15/30              | 0.00%-<br>0.13%      | <u>\$ 500,000</u>      |

Certificates of obligation service requirements to maturity are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|-------------|------------------|-----------------|------------------|
| 2021        | \$ 90,000        | \$ 83           | \$ 90,083        |
| 2022        | 45,000           | 83              | 45,083           |
| 2023        | 45,000           | 83              | 45,083           |
| 2024        | 45,000           | 83              | 45,083           |
| 2025        | 45,000           | 83              | 45,083           |
| 2026-30     | <u>230,000</u>   | <u>356</u>      | <u>230,356</u>   |
| Totals      | <u>\$500,000</u> | <u>\$ 771</u>   | <u>\$500,771</u> |

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

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 9/30/20</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>\$ 350,000</u>      |

Note payable service requirements to maturity are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|-------------|------------------|-----------------|------------------|
| 2021        | \$ 28,000        | \$ -            | \$ 28,000        |
| 2022        | 28,000           | -               | 28,000           |
| 2023        | 28,000           | -               | 28,000           |
| 2024        | 28,000           | -               | 28,000           |
| 2025        | 28,000           | -               | 28,000           |
| 2026-30     | 140,000          | -               | 140,000          |
| 2031-33     | <u>70,000</u>    | <u>-</u>        | <u>70,000</u>    |
| Totals      | <u>\$350,000</u> | <u>\$ -</u>     | <u>\$350,000</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. 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.

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

| <u>Purpose</u>   | <u>Original Amount</u> | <u>Date Issued</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Balance 9/30/20</u> |
|--|------------------------|--------------------|-----------------------|----------------------|------------------------|
| 544K Loader 4WD (John Deere Financial)                           | \$107,848              | 10/16/17           | 10/16/22              | 3.50%                | \$ 45,281              |
| 544K Loader 4WD (John Deere Financial)                           | \$111,049              | 12/21/17           | 12/21/21              | 5.00%                | 29,504                 |
| John Deere 772G Motor Grader (Midland States Bank)               | \$152,575              | 4/24/19            | 4/24/24               | 5.20%                | 125,074                |
| 4X2 Gradall Hydraulic Excavator (Government Capital Corporation) | \$292,600              | 7/1/19             | 7/1/24                | 3.64%                | 238,118                |
| 2016 Komatsu Excavator (First National Bank - Leasing)           | \$ 91,100              | 2/15/19            | 2/15/22               | 3.65%                | 60,712                 |
| John Deere Utility Tractor (John Deere Financial)                | \$ 42,692              | 8/7/20             | 8/7/22                | 4.00%                | <u>20,926</u>          |
| Total balance at 9/30/20   |                        |                    |                       |                      | <u>\$519,615</u>       |

The total cost of assets acquired under capital lease is \$881,563 at September 30, 2020. These assets have accumulated depreciation of \$59,619, for a net value of \$821,944 as of September 30, 2020.

Capital leases payable service requirements to maturity are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|-------------|------------------|-----------------|------------------|
| 2021        | \$187,787        | \$19,467        | \$207,254        |
| 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>\$519,615</u> | <u>\$44,223</u> | <u>\$563,838</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.

**9. CONTINGENT LIABILITIES AND COMMITMENTS**

Federal and State Grants

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

Litigation

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

Construction Commitments

The County has two construction projects in progress at September 30, 2020. 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, 2020, the County has contracts totaling \$2,214,024 related to these projects of which \$256,137 had been incurred leaving a commitment of \$1,957,887.

**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 782 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](http://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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

|  |     |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 121 |
| Inactive employees entitled to but not yet receiving benefits    | 108 |
| Active employees   | 172 |

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

*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 11.94% for the months of the accounting year in 2019, and 12.48% for the months of the accounting year in 2020.

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

*D. Net Pension Liability*

The County's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

|                             |  |
|-----------------------------|--|
| Real rate of return         | 5.25% per year   |
| Inflation                   | 2.75% per year   |
| Long-term investment return | 8.00% per year, net of pension plan investments expenses |
| Growth in membership        | 0.00% per year   |
| Payroll growth              | 3.25% per year   |

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on April 2020 information for a 10-year time horizon.

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

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



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

| <u>Asset Class</u>                 | <u>Benchmark</u>   | <u>Target Allocation <sup>(1)</sup></u> | <u>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></u> |
|------------------------------------|--|---|--|
| US Equities                        | Dow Jones U.S. Total Stock Market Index  | 14.50%                                  | 5.20%  |
| Private Equity                     | Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>  | 20.00%                                  | 8.20%  |
| Global Equities                    | MSCI World (net) Index   | 2.50%                                   | 5.50%  |
| International Equities – Developed | MSCI World Ex USA (net) Index  | 7.00%                                   | 5.20%  |
| International Equities – Emerging  | MSCI Emerging Markets (net) Index  | 7.00%                                   | 5.70%  |
| Investment-Grade Bonds             | Bloomberg Barclays U.S. Aggregate Bond Index                                       | 3.00%                                   | -0.20%   |
| Strategic Credit                   | FTSE High-Yield Cash-Pay Capped Index  | 12.00%                                  | 3.14%  |
| Direct Lending                     | S&P/LSTA Leveraged Loan Index  | 11.00%                                  | 7.16%  |
| Distressed Debt                    | Cambridge Associates Distressed Securities Index <sup>(4)</sup>                    | 4.00%                                   | 6.90%  |
| REIT Equities                      | 67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index | 3.00%                                   | 4.50%  |
| Master Limited Partnerships (MLPs) | Alerian MLP Index  | 2.00%                                   | 8.40%  |
| Private Real Estate Partnerships   | Cambridge Associates Real Estate Index <sup>(5)</sup>                              | 6.00%                                   | 5.50%  |
| Hedge Funds                        | Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index                     | 8.00%                                   | 2.30%  |

<sup>(1)</sup> Target asset allocation adopted at the June 2020 TCDRS Board Meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.80%, per Cliffwater's 2020 capital market assumptions

<sup>(3)</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

*Discount Rate*

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

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

*Changes in Net Pension Liability / (Asset)*

|  | Increase (Decrease)               |                                  |   |
|--|-----------------------------------|----------------------------------|---|
|  | Total Pension<br>Liability<br>(a) | Fiduciary Net<br>Position<br>(b) | Net Pension<br>Liability / (Asset)<br>(a) – (b) |
| Balances as of December 31, 2018               | \$38,216,652                      | \$30,821,810                     | \$7,394,842                                     |
| Changes for the year:                          |                                   |                                  |   |
| Service cost                                   | 1,100,438                         | -                                | 1,100,438                                       |
| Interest on total pension liability            | 3,112,978                         | -                                | 3,112,978                                       |
| Effect of plan changes                         | ( 3,082,847)                      | -                                | (3,082,847)                                     |
| Effect of economic/demographic gains or losses | ( 293,307)                        | -                                | ( 293,307)                                      |
| Effect of assumptions changes or inputs        | -                                 | -                                | -   |
| Refund of contributions                        | ( 89,417)                         | ( 89,417)                        | -   |
| Benefit payments                               | ( 1,716,261)                      | ( 1,716,261)                     | -   |
| Administrative expense                         | -                                 | ( 27,100)                        | 27,100  |
| Member contributions                           | -                                 | 560,604                          | ( 560,604)                                      |
| Net investment income                          | -                                 | 5,061,849                        | ( 5,061,849)                                    |
| Employer contributions                         | -                                 | 956,238                          | ( 956,238)                                      |
| Other changes                                  | -                                 | ( 4,935)                         | 4,935   |
| Balances as of December 31, 2019               | <u>\$37,248,236</u>               | <u>\$35,562,788</u>              | <u>\$1,685,448</u>                              |

*Sensitivity Analysis*

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

|                       | 1%<br>Decrease<br>7.10% | Current<br>Discount Rate<br>8.10% | 1%<br>Increase<br>9.10% |
|-----------------------|-------------------------|-----------------------------------|-------------------------|
| Net pension liability | <u>\$6,202,919</u>      | <u>\$1,685,448</u>                | <u>(\$2,140,551)</u>    |

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

Pension Expense/(Income)

|  | <u>January 1, 2019 to<br/>December 31, 2019</u> |
|--|---|
| Service cost   | \$1,100,438                                     |
| Interest on total pension liability <sup>(1)</sup>     | 3,112,978                                       |
| Effect of plan changes                                 | ( 3,082,847)                                    |
| Administrative expenses                                | 27,100  |
| Member contributions                                   | ( 560,604)                                      |
| Expected investment return net of investment expenses  | ( 2,483,824)                                    |
| Recognition of deferred inflows/outflows of resources: |   |
| Recognition of economic/demographic gains or losses    | ( 189,410)                                      |
| Recognition of assumption changes or inputs            | 42,081  |
| Recognition of investment gains or losses              | 225,653   |
| Other <sup>(2)</sup>                                   | <u>4,935</u>                                    |
| Pension income   | <u>(\$1,803,500)</u>                            |

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

<sup>(2)</sup> Relates to allocation of system-wide items.

Deferred Outflows / Inflows of Resources

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

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 71,871                                 | \$ 287,994                               |
| Change in assumptions                                | 42,082                                    | -  |
| Net difference between projected and actual earnings | -   | 865,907                                  |
| Contributions made subsequent to measurement date    | <u>780,112</u>                            | <u>-</u>                                 |
| Total  | <u>\$ 894,065</u>                         | <u>\$1,153,901</u>                       |

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

| <u>Year Ended December 31:</u> |             |
|--------------------------------|-------------|
| 2020                           | (\$276,746) |
| 2021                           | (\$287,184) |
| 2022                           | \$ 39,587   |
| 2023                           | (\$515,605) |

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

**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>12/31/18</u> | <u>12/31/19</u> |
|--|-----------------|-----------------|
| Number of inactive employees entitled to but not yet receiving benefits <sup>(1)</sup> | 32              | 34              |
| Number of active employees   | 167             | 172             |
| Average age of active employees  | 47.33           | 47.46           |
| Average length of service in years for active employees                                | 11.56           | 10.90           |
| <br>   |                 |                 |
| <u>Inactive Employees Receiving Benefits <sup>(1)</sup></u>                            |                 |                 |
| Number of benefit recipients <sup>(1)</sup>  | 101             | 102             |

<sup>(1)</sup> "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, 2019 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, 2020**

|  |   |
|--|---|
| 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)                  | 2.74% (20-year Bond GO Index published by bondbuyer.com as of 12/26/19)   |
| 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, 2020**

*D. Changes in Total OPEB Liability*

|  | <u>Changes in Total<br/>OPEB Liability</u> |
|--|--|
| Balances as of December 31, 2018                       | \$404,124                                  |
| Changes for the year:                                  |  |
| Service cost   | 11,940                                     |
| Interest on total OPEB liability <sup>(1)</sup>        | 16,815                                     |
| Changes of benefit terms <sup>(2)</sup>                | -  |
| Effect of economic/demographic (gains) or losses       | ( 9,594)                                   |
| Effect of assumptions changes or inputs <sup>(3)</sup> | 105,318                                    |
| Benefit payments                                       | ( 12,013)                                  |
| Other  | <u>-</u>                                   |
| Balance as of December 31, 2019                        | <u>\$516,590</u>                           |

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Reflects change in discount rate

*Sensitivity Analysis*

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.74%, 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 (1.74%) or 1 percentage point higher (3.74%) 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.

|                      | 1%<br>Decrease<br><u>1.74%</u> | Current<br>Discount Rate<br><u>2.74%</u> | 1%<br>Increase<br><u>3.74%</u> |
|----------------------|--------------------------------|--|--------------------------------|
| Total OPEB liability | <u>\$621,011</u>               | <u>\$516,590</u>                         | <u>\$435,816</u>               |

*E. OPEB Expense*

|  | <u>January 1, 2019 to<br/>December 31, 2019</u> |
|--|---|
| Service cost   | \$11,940  |
| Interest on total pension liability <sup>(1)</sup>     | 16,815  |
| Effect of plan changes                                 | -   |
| Recognition of deferred inflows/outflows of resources: |   |
| Recognition of economic/demographic gains or losses    | ( 1,429)  |
| Recognition of assumption changes or inputs            | 14,841  |
| Other  | <u>-</u>  |
| OPEB expense   | <u>\$42,167</u>                                 |

<sup>(1)</sup> 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, 2020**

*F. Deferred Outflows / Inflows of Resources*

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

|  | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 6,175                                      | \$12,377                                     |
| Changes of assumptions                             | 93,067  | 27,485                                       |
| Contributions made subsequent to measurement date  | <u>22,503</u>                                 | <u>-</u>                                     |
| Total  | <u>\$121,745</u>                              | <u>\$39,862</u>                              |

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

| <u>Year Ended December 31:</u> |          |
|--------------------------------|----------|
| 2020                           | \$13,412 |
| 2021                           | \$13,412 |
| 2022                           | \$13,412 |
| 2023                           | \$19,144 |

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>9/30/19</u> | <u>9/30/20</u> |
|----------------------------------|----------------|----------------|
| Active – Employee Only           | 86             | 88             |
| Active – Employee and Dependent  | 53             | 53             |
| Retired – Employee Only          | 17             | 22             |
| Retired – Employee and Dependent | 2              | 2              |

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

*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   |
| Measurement Date              | September 30, 2020   |



**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

*D. Changes in Total OPEB Liability*

|  | <u>Changes in Total<br/>OPEB Liability</u> |
|--|--|
| Balances as of September 30, 2018                  | \$4,214,953                                |
| Changes for the year:                              |  |
| Service cost                                       | 257,481                                    |
| Interest cost                                      | 177,915                                    |
| Changes of benefit terms                           | -  |
| Differences between expected and actual experience | ( 204,297)                                 |
| Changes in assumptions                             | 371,429                                    |
| Other changes                                      | -  |
| Contributions-employer                             | -  |
| Net investment income                              | -  |
| Benefit payments                                   | ( 180,590)                                 |
| Administrative expense                             | <u>-</u>                                   |
| Balance as of September 30, 2019                   | <u>\$4,636,891</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.

|                      | 1%<br>Decrease<br><u>1.25%</u> | Current<br>Discount Rate<br><u>2.25%</u> | 1%<br>Increase<br><u>3.25%</u> |
|----------------------|--------------------------------|--|--------------------------------|
| Total OPEB liability | <u>\$5,401,220</u>             | <u>\$4,636,891</u>                       | <u>\$4,029,512</u>             |

Trend Rate

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

|                      | 1%<br>Decrease<br><u>3.5%</u> | Current<br>Trend Rate<br><u>4.50%</u> | 1%<br>Increase<br><u>5.50%</u> |
|----------------------|-------------------------------|---------------------------------------|--------------------------------|
| Total OPEB liability | <u>\$3,907,314</u>            | <u>\$4,636,891</u>                    | <u>\$5,592,772</u>             |

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

*E. OPEB Expense*

|  | <u>October 1, 2019 to<br/>September 30, 2020</u> |
|--|--|
| Service cost at October 1, 2019                    | \$257,481  |
| Interest cost (including interest on Service Cost) | 177,915  |
| 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, 2020        | <u>\$457,562</u>                                 |

*F. Deferred Outflows / Inflows of Resources*

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

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience      | \$ -  | \$177,202                                    |
| Changes of assumptions/inputs                           | 322,168                                       | -  |
| Net difference between projected and actual investments | -   | -  |
| Contributions made subsequent to measurement date       | <u>-</u>                                      | <u>-</u>                                     |
| Total   | <u>\$322,168</u>                              | <u>\$177,202</u>                             |

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

| <u>Year Ended December 31:</u> |          |
|--------------------------------|----------|
| 2021                           | \$22,166 |
| 2022                           | 22,166   |
| 2023                           | 22,166   |
| 2024                           | 22,166   |
| 2025                           | 22,166   |
| Thereafter                     | 34,136   |

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           | \$5,153,481 |
| Deferred Outflows of Resources | 443,913     |
| Deferred Inflows of Resources  | 217,064     |

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

|                                |             |
|--------------------------------|-------------|
| Total OPEB Liability           | \$5,153,481 |
| Deferred Outflows of Resources | 443,913     |
| Deferred Inflows of Resources  | 217,064     |

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

**14. NET POSITION/FUND BALANCES**

The Governmental Activities' net position consisted of the following at September 30, 2020:

|   |                     |
|---|---------------------|
| Net investment in capital assets          | <u>\$12,944,135</u> |
| Restricted:                               |                     |
| General Government                        | 921,459             |
| Administration of Justice                 | 289,338             |
| Public Safety                             | 226,085             |
| Corrections and Rehabilitation            | 74,229              |
| Infrastructure and Environmental Services | 447,813             |
| Community and Economic Development        | <u>182,516</u>      |
| Total restricted                          | <u>2,141,440</u>    |
| Unrestricted                              | <u>8,251,927</u>    |
| Total net position                        | <u>\$23,337,502</u> |

**PALO PINTO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**SEPTEMBER 30, 2020**

The Governmental Funds' fund balances consisted of the following at September 30, 2020:

|  | <u>General<br/>Fund</u>    | <u>Annex<br/>Capital<br/>Improvement<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------------------|---|---|---|
| <b>Nonspendable:</b>                         |                            |   |   |   |
| Prepays                                      | \$ 281,478                 | \$ -  | \$ -                                    | \$ 281,478                              |
| Inventories                                  | <u>35,194</u>              | <u>-</u>  | <u>-</u>                                | <u>35,194</u>                           |
| Total nonspendable                           | <u>316,672</u>             | <u>-</u>  | <u>-</u>                                | <u>316,672</u>                          |
| <b>Restricted:</b>                           |                            |   |   |   |
| General Government                           | -                          | -   | 921,459                                 | 921,459                                 |
| Administration of Justice                    | -                          | -   | 289,338                                 | 289,338                                 |
| Public Safety                                | 23,293                     | -   | 202,792                                 | 226,085                                 |
| Corrections and Rehabilitation               | -                          | -   | 74,229                                  | 74,229                                  |
| Infrastructure and Environmental<br>Services | -                          | -   | 447,813                                 | 447,813                                 |
| Community and Economic<br>Development        | <u>-</u>                   | <u>-</u>  | <u>182,516</u>                          | <u>182,516</u>                          |
| Total restricted                             | <u>23,293</u>              | <u>-</u>  | <u>2,118,147</u>                        | <u>2,141,440</u>                        |
| <b>Committed:</b>                            |                            |   |   |   |
| General Government                           | 8,965                      | -   | -                                       | 8,965                                   |
| Health and Human Services                    | -                          | -   | 6,664                                   | 6,664                                   |
| Infrastructure and Environmental<br>Services | <u>2,272</u>               | <u>1,351,735</u>                                  | <u>379,428</u>                          | <u>1,733,435</u>                        |
| Total committed                              | <u>11,237</u>              | <u>1,351,735</u>                                  | <u>386,092</u>                          | <u>1,749,064</u>                        |
| <b>Assigned:</b>                             |                            |   |   |   |
| 2020-21 budget deficit                       | <u>936,754</u>             | <u>-</u>  | <u>-</u>                                | <u>936,754</u>                          |
| Total assigned                               | <u>936,754</u>             | <u>-</u>  | <u>-</u>                                | <u>936,754</u>                          |
| Unassigned                                   | <u>11,994,712</u>          | <u>-</u>  | <u>-</u>                                | <u>11,994,712</u>                       |
| <b>Total fund balances</b>                   | <b><u>\$13,282,668</u></b> | <b><u>\$1,351,735</u></b>                         | <b><u>\$2,504,239</u></b>               | <b><u>\$17,138,642</u></b>              |

## *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, 2020**

|  | Budgeted Amounts  |                   | Actual            | Variance With<br>Final Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  | Original          | Final             |                   |   |
| <b>Revenues</b>  |                   |                   |                   |   |
| Property taxes   | \$ 12,642,708     | \$ 12,642,708     | \$ 12,649,337     | \$ 6,629  |
| Sales taxes  | 1,475,000         | 1,475,000         | 1,741,631         | 266,631   |
| Mixed beverage tax   | 50,000            | 50,000            | 44,732            | (5,268)   |
| Licenses, fees and fines   | 2,549,410         | 2,549,410         | 2,565,729         | 16,319  |
| Federal and state grants   | 204,500           | 392,791           | 410,052           | 17,261  |
| Inmate revenue   | 98,000            | 98,000            | 72,636            | (25,364)  |
| Interest earned  | 182,000           | 182,000           | 212,482           | 30,482  |
| Other revenue  | 164,300           | 164,300           | 253,959           | 89,659  |
| Total revenues   | <u>17,365,918</u> | <u>17,554,209</u> | <u>17,950,558</u> | <u>396,349</u>  |
| <b>Expenditures</b>  |                   |                   |                   |   |
| 29th District Court  | 573,345           | 573,345           | 413,309           | 160,036   |
| Commissioners' Court   | 54,028            | 54,028            | 53,016            | 1,012   |
| Constable  | 398,839           | 398,839           | 371,662           | 27,177  |
| County Attorney  | 288,156           | 288,156           | 278,946           | 9,210   |
| County Auditor   | 282,780           | 282,780           | 278,640           | 4,140   |
| County Clerk   | 346,040           | 346,040           | 337,414           | 8,626   |
| County Court   | 219,820           | 219,820           | 212,330           | 7,490   |
| County Extension Service   | 110,713           | 110,713           | 105,943           | 4,770   |
| County Treasurer   | 140,341           | 140,341           | 134,933           | 5,408   |
| District Attorney  | 358,819           | 358,819           | 253,654           | 105,165   |
| District Clerk   | 244,838           | 244,838           | 240,211           | 4,627   |
| Election Administration  | 217,906           | 232,906           | 229,566           | 3,340   |
| Emergency Management   | 133,164           | 133,164           | 115,488           | 17,676  |
| Emergency Medical & Health Services  | 300,000           | 533,000           | 533,000           | -   |
| General Operations   | 3,578,715         | 3,340,227         | 3,110,363         | 229,864   |
| Health Services  | 10,000            | 10,000            | 10,000            | -   |
| Information Technology   | 148,888           | 148,888           | 131,394           | 17,494  |
| Jail and Detention   | 2,478,732         | 2,475,057         | 2,334,499         | 140,558   |
| Justice of the Peace   | 595,398           | 595,398           | 579,943           | 15,455  |
| Narcotics Unit   | 178,099           | 172,599           | 139,105           | 33,494  |
| Public Works   | 495,400           | 535,400           | 485,788           | 49,612  |
| Road and Bridge:   |                   |                   |                   |   |
| Precinct No. 1   | 664,968           | 678,529           | 599,447           | 79,082  |
| Precinct No. 2   | 964,440           | 964,440           | 780,330           | 184,110   |
| Precinct No. 3   | 796,483           | 822,040           | 743,570           | 78,470  |
| Precinct No. 4   | 711,787           | 711,787           | 598,271           | 113,516   |
| Sheriff  | 2,305,175         | 2,453,129         | 2,309,457         | 143,672   |
| Tax Assessor-Collector   | 618,327           | 618,327           | 576,339           | 41,988  |
| Veterans' Administration   | 19,527            | 19,527            | 17,078            | 2,449   |
| Total expenditures   | <u>17,234,728</u> | <u>17,462,137</u> | <u>15,973,696</u> | <u>1,488,441</u>  |
| Excess (deficiency) of revenues over (under)<br>expenditures before other sources and (uses) | <u>131,190</u>    | <u>92,072</u>     | <u>1,976,862</u>  | <u>1,884,790</u>  |

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

|  | Budgeted Amounts     |                      | Actual               | Variance With<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
|  | Original             | Final                |                      |   |
| Other sources and (uses):                    |                      |                      |                      |   |
| Proceeds from the issuance of capital leases | -                    | -                    | 42,692               | 42,692  |
| Proceeds from the sale of capital assets     | 5,000                | 501,750              | 519,902              | 18,152  |
| Transfers in                                 | -                    | -                    | 7,632                | 7,632   |
| Transfers out                                | (1,695,500)          | (2,153,132)          | (2,153,132)          | -   |
| Total other sources and (uses)               | (1,690,500)          | (1,651,382)          | (1,582,906)          | 68,476  |
| Net change in fund balances                  | (1,559,310)          | (1,559,310)          | 393,956              | 1,953,266   |
| Fund balances, beginning of year             | 12,888,712           | 12,888,712           | 12,888,712           | -   |
| Fund balances, end of year                   | <u>\$ 11,329,402</u> | <u>\$ 11,329,402</u> | <u>\$ 13,282,668</u> | <u>\$ 1,953,266</u>                                       |

## PALO PINTO COUNTY, TEXAS

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

|  | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 | 2013       | 2012       | 2011       | 2010       |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|------------|------------|------------|
| <b>Total Pension Liability</b>                           |                      |                      |                      |                      |                      |                      |            |            |            |            |
| Service cost   | \$ 1,100,438         | \$ 1,073,724         | \$ 995,107           | \$ 1,207,726         | \$ 1,046,808         | \$ 1,018,218         | N/A        | N/A        | N/A        | N/A        |
| Interest on total pension liability                      | 3,112,978            | 2,928,202            | 2,546,892            | 2,503,133            | 2,523,339            | 2,357,748            | N/A        | 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        | N/A        |
| Effect of plan changes or inputs                         | -                    | -                    | 168,325              | -                    | 415,741              | -                    | N/A        | N/A        | N/A        | N/A        |
| Effect of economic/demographic (gains) or losses         | (293,307)            | 143,741              | (272,062)            | (336,008)            | (989,135)            | (109,415)            | N/A        | N/A        | N/A        | N/A        |
| Benefit payments/refunds of contributions                | (1,805,679)          | (1,678,293)          | (1,636,946)          | (1,373,929)          | (1,336,135)          | (1,354,829)          | N/A        | N/A        | N/A        | N/A        |
| Net change in total pension liability                    | (968,417)            | 2,316,932            | 4,649,184            | (1,402,305)          | 1,468,094            | 1,911,722            | N/A        | N/A        | N/A        | N/A        |
| Total pension liability, beginning                       | 38,216,653           | 35,899,721           | 31,250,537           | 32,652,842           | 31,184,748           | 29,273,026           | N/A        | N/A        | N/A        | N/A        |
| Total pension liability, ending (a)                      | <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> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| <b>Fiduciary Net Position</b>                            |                      |                      |                      |                      |                      |                      |            |            |            |            |
| Employer contributions                                   | \$ 956,238           | \$ 973,986           | \$ 856,180           | \$ 868,018           | \$ 887,413           | \$ 836,369           | N/A        | N/A        | N/A        | N/A        |
| Member contributions                                     | 560,604              | 543,693              | 536,931              | 512,318              | 517,657              | 483,850              | N/A        | N/A        | N/A        | N/A        |
| Investment income net of investment expenses             | 5,061,849            | (590,482)            | 4,055,653            | 1,923,170            | (48,568)             | 1,684,170            | N/A        | N/A        | N/A        | N/A        |
| Benefit payments/refunds of contributions                | (1,805,678)          | (1,678,293)          | (1,636,946)          | (1,373,929)          | (1,336,135)          | (1,354,829)          | N/A        | N/A        | N/A        | N/A        |
| Administrative expenses                                  | (27,100)             | (24,756)             | (21,015)             | (20,966)             | (18,878)             | (19,747)             | N/A        | N/A        | N/A        | N/A        |
| Other  | (4,935)              | (1,611)              | (3,489)              | (180,009)            | (322,305)            | (93,265)             | N/A        | N/A        | N/A        | N/A        |
| Net change in fiduciary net position                     | 4,740,978            | (777,463)            | 3,787,314            | 1,728,602            | (320,816)            | 1,536,548            | N/A        | N/A        | N/A        | N/A        |
| Fiduciary net position, beginning                        | 30,821,810           | 31,599,273           | 27,811,959           | 26,083,357           | 26,404,173           | 24,867,625           | N/A        | N/A        | N/A        | N/A        |
| Fiduciary net position, ending (b)                       | <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> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Net pension liability / (asset), ending = (a) - (b)      | <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>  | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Fiduciary net position as a % of total pension liability | <u>95.48%</u>        | <u>80.65%</u>        | <u>88.02%</u>        | <u>89.00%</u>        | <u>79.88%</u>        | <u>84.67%</u>        | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Covered payroll  | <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>  | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Net pension liability as a % of covered payroll          | <u>21.05%</u>        | <u>95.21%</u>        | <u>57.36%</u>        | <u>46.98%</u>        | <u>88.84%</u>        | <u>69.16%</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 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<br/>Ending<br/>December 31,</u> | <u>Actuarially<br/>Determined<br/>Contribution (1)</u> | <u>Actual<br/>Employer<br/>Contribution (1)</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered<br/>Payroll (2)</u> | <u>Actual Contribution<br/>as a % of Covered<br/>Payroll</u> |
|---|--|---|---|--------------------------------|--|
| 2010                                    | \$ 666,829   | \$ 866,829                                      | \$ (200,000)                                    | \$ 6,232,046                   | 13.9%  |
| 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%  |

(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**

|  | 2019                | 2018                | 2017                | 2016       | 2015       | 2014       | 2013       | 2012       | 2011       | 2010       |
|--|---------------------|---------------------|---------------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Total OPEB Liability</b>                      |                     |                     |                     |            |            |            |            |            |            |            |
| Service cost                                     | \$ 11,940           | \$ 13,994           | \$ 12,537           | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Interest on total OPEB liability                 | 16,815              | 14,803              | 15,226              | N/A        | 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        | N/A        |
| Effect of assumption changes or inputs           | 105,318             | (45,807)            | 17,627              | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Effect of economic/demographic (gains) or losses | (9,594)             | 10,291              | (9,405)             | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Benefit payments                                 | (12,013)            | (10,874)            | (8,997)             | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Net change in total OPEB liability               | 112,466             | (17,593)            | 26,988              | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Total OPEB liability, beginning                  | 404,124             | 421,717             | 394,729             | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Total OPEB liability, ending (a)                 | <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> | <u>N/A</u> |
| Covered payroll                                  | <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> | <u>N/A</u> |
| Net OPEB liability as a % of covered payroll     | <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> | <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>2019</u>         | <u>2018</u>         | <u>2017</u>         |
|--|---------------------|---------------------|---------------------|
| Contractually required contribution                                  | \$ 32,035           | \$ 27,958           | \$ 25,491           |
| Contributions in relation to the contractually required contribution | <u>(32,035)</u>     | <u>(27,958)</u>     | <u>(25,491)</u>     |
| Contribution deficiency  | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| Covered payroll  | <u>\$ 8,008,635</u> | <u>\$ 7,767,043</u> | <u>\$ 7,497,204</u> |
| Contributions as a percentage of pensionable covered payroll         | <u>0.40%</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

|   | 2020                | 2019                | 2018                | 2017       | 2016       | 2015       | 2014       | 2013       | 2012       | 2011       |
|---|---------------------|---------------------|---------------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Total OPEB Liability</b>                       |                     |                     |                     |            |            |            |            |            |            |            |
| Service cost                                      | \$ 257,481          | \$ 257,481          | \$ 247,435          | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Interest cost                                     | 177,915             | 157,617             | 157,892             | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Change of benefit terms                           | -                   | -                   | -                   | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Difference between expected and actual experience | (204,297)           | -                   | -                   | N/A        | 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        | N/A        |
| Other changes                                     | -                   | -                   | -                   | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Contributions-employer                            | -                   | -                   | -                   | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Net investment income                             | -                   | -                   | -                   | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Benefit payments                                  | (180,590)           | (164,666)           | (164,666)           | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Administrative expense                            | -                   | -                   | -                   | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Net change in total OPEB liability                | 421,938             | 250,432             | 240,661             | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Total OPEB liability, beginning                   | 4,214,953           | 3,964,521           | 3,723,860           | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Total OPEB liability, ending (a)                  | <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> | <u>N/A</u> |
| Covered payroll                                   | <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> | <u>N/A</u> |
| Net OPEB liability as a % of covered payroll      | <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> | <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, 2020**

**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*

There were no changes of benefit terms or assumptions that affected measurement of the total pension liability during the measurement period.

**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 total OPEB liability during the measurement period was a decrease to the investment rate of return (discount rate) from 4.10% to 2.74%.

Palo Pinto County Retiree Health Care Plan

*Changes in benefit terms or assumptions*

The discount rate decreased from 4.06% (1.06% real rate of return plus 3.00% inflation) to 2.25% (-0.25% real rate of return plus 2.50% inflation) while the health care cost trend rate decreased from Level 5.00% to Level 4.50%. The range changed from \$7,438 at age 50 to \$11,250 at age 64 to \$6,613 at age 50 to \$10,003 at age 64.

***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, 2020**

|  | 10<br>General<br>Fund | 11/12/13/14<br>Road<br>and Bridge<br>Fund | Total                |
|--|-----------------------|---|----------------------|
| <b>ASSETS</b>  |                       |   |                      |
| Cash   | \$ 319,731            | \$ 84,792                                 | \$ 404,523           |
| Investments  | 9,761,929             | 2,739,592                                 | 12,501,521           |
| Receivables, net:  |                       |   |                      |
| Property taxes   | 270,544               | 46,683                                    | 317,227              |
| Sales tax  | 296,669               | -   | 296,669              |
| Accounts   | 153,815               | 42,705                                    | 196,520              |
| Due from other funds   | 125,164               | 28,281                                    | 153,445              |
| Prepaid expenses   | 257,700               | 23,778                                    | 281,478              |
| Inventory  | 2,721                 | 32,473                                    | 35,194               |
| Total assets   | <u>\$ 11,188,273</u>  | <u>\$ 2,998,304</u>                       | <u>\$ 14,186,577</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES</b> |                       |   |                      |
| Liabilities:   |                       |   |                      |
| Accounts payable   | \$ 144,593            | \$ 46,108                                 | \$ 190,701           |
| Accrued liabilities  | 263,868               | 43,239                                    | 307,107              |
| Due to other funds   | 3,336                 | -   | 3,336                |
| Due to others  | 85,538                | -   | 85,538               |
| Total liabilities  | <u>497,335</u>        | <u>89,347</u>                             | <u>586,682</u>       |
| Deferred inflows of resources:   |                       |   |                      |
| Unavailable property taxes   | <u>270,544</u>        | <u>46,683</u>                             | <u>317,227</u>       |
| Fund balances:   |                       |   |                      |
| Nonspendable   | 260,421               | 56,251                                    | 316,672              |
| Restricted   | 23,293                | -   | 23,293               |
| Committed  | 11,237                | -   | 11,237               |
| Assigned   | 353,431               | 583,323                                   | 936,754              |
| Unassigned   | 9,772,012             | 2,222,700                                 | 11,994,712           |
| Total fund balances  | <u>10,420,394</u>     | <u>2,862,274</u>                          | <u>13,282,668</u>    |
| Total liabilities, deferred inflows of resources,<br>and fund balances   | <u>\$ 11,188,273</u>  | <u>\$ 2,998,304</u>                       | <u>\$ 14,186,577</u> |

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

|  | 10<br>General<br>Fund | 11/12/13/14<br>Road<br>and Bridge<br>Fund | Total                |
|--|-----------------------|---|----------------------|
| <b>Revenues</b>  |                       |   |                      |
| Property taxes   | \$ 10,833,665         | \$ 1,815,672                              | \$ 12,649,337        |
| Sales taxes  | 1,741,631             | -   | 1,741,631            |
| Mixed beverage tax   | 44,732                | -   | 44,732               |
| Licenses, fees and fines   | 1,896,309             | 669,420                                   | 2,565,729            |
| Federal and state grants   | 410,052               | -   | 410,052              |
| Inmate revenue   | 72,636                | -   | 72,636               |
| Interest earned  | 168,245               | 44,237                                    | 212,482              |
| Other revenue  | 252,709               | 1,250                                     | 253,959              |
| Total revenues   | <u>15,419,979</u>     | <u>2,530,579</u>                          | <u>17,950,558</u>    |
| <b>Expenditures</b>  |                       |   |                      |
| 29th District Court  | 413,309               | -   | 413,309              |
| Commissioners' Court   | 53,016                | -   | 53,016               |
| Constable  | 371,662               | -   | 371,662              |
| County Attorney  | 278,946               | -   | 278,946              |
| County Auditor   | 278,640               | -   | 278,640              |
| County Clerk   | 337,414               | -   | 337,414              |
| County Court   | 212,330               | -   | 212,330              |
| County Extension Service   | 105,943               | -   | 105,943              |
| County Treasurer   | 134,933               | -   | 134,933              |
| District Attorney  | 253,654               | -   | 253,654              |
| District Clerk   | 240,211               | -   | 240,211              |
| Election Administration  | 229,566               | -   | 229,566              |
| Emergency Management   | 115,488               | -   | 115,488              |
| Emergency Medical & Health Services  | 533,000               | -   | 533,000              |
| General operations   | 3,110,363             | -   | 3,110,363            |
| Health services  | 10,000                | -   | 10,000               |
| Information Technology   | 131,394               | -   | 131,394              |
| Jail and detention   | 2,334,499             | -   | 2,334,499            |
| Justice of the Peace   | 579,943               | -   | 579,943              |
| Narcotics Unit   | 139,105               | -   | 139,105              |
| Public Works   | 485,788               | -   | 485,788              |
| Road and Bridge:   |                       |   |                      |
| Precinct No. 1   | -                     | 599,447                                   | 599,447              |
| Precinct No. 2   | -                     | 780,330                                   | 780,330              |
| Precinct No. 3   | -                     | 743,570                                   | 743,570              |
| Precinct No. 4   | -                     | 598,271                                   | 598,271              |
| Sheriff  | 2,309,457             | -   | 2,309,457            |
| Tax Assessor-Collector   | 576,339               | -   | 576,339              |
| Veteran's Administration   | 17,078                | -   | 17,078               |
| Total expenditures   | <u>13,252,078</u>     | <u>2,721,618</u>                          | <u>15,973,696</u>    |
| Excess of revenues over (under) expenditures before other sources and (uses) | <u>2,167,901</u>      | <u>(191,039)</u>                          | <u>1,976,862</u>     |
| Other sources and (uses):  |                       |   |                      |
| Proceeds from the issuance of capital leases                                 | -                     | 42,692                                    | 42,692               |
| Proceeds from the sale of capital assets                                     | 473,152               | 46,750                                    | 519,902              |
| Transfers in   | 7,632                 | -   | 7,632                |
| Transfers out  | (2,145,500)           | (7,632)                                   | (2,153,132)          |
| Total other sources and (uses)   | <u>(1,664,716)</u>    | <u>81,810</u>                             | <u>(1,582,906)</u>   |
| Net change in fund balances  | 503,185               | (109,229)                                 | 393,956              |
| Fund balances, beginning of year   | 9,917,209             | 2,971,503                                 | 12,888,712           |
| Fund balances, end of year   | <u>\$ 10,420,394</u>  | <u>\$ 2,862,274</u>                       | <u>\$ 13,282,668</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, 2020**

|  | General (10)        |                      |  |
|--|---------------------|----------------------|--|
|  | Final<br>Budget     | Actual               | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues</b>  |                     |                      |  |
| Property taxes   | \$ 10,827,863       | \$ 10,833,665        | \$ 5,802                               |
| Sales taxes  | 1,475,000           | 1,741,631            | 266,631                                |
| Mixed beverage tax   | 50,000              | 44,732               | (5,268)                                |
| Licenses, fees and fines   | 1,863,010           | 1,896,309            | 33,299                                 |
| Federal and state grants   | 392,791             | 410,052              | 17,261                                 |
| Inmate revenue   | 98,000              | 72,636               | (25,364)                               |
| Interest earned  | 140,000             | 168,245              | 28,245                                 |
| Other revenue  | 163,300             | 252,709              | 89,409                                 |
| <b>Total revenues</b>  | <u>15,009,964</u>   | <u>15,419,979</u>    | <u>410,015</u>                         |
| <b>Expenditures</b>  |                     |                      |  |
| 29th District Court  | 573,345             | 413,309              | 160,036                                |
| Commissioners' Court   | 54,028              | 53,016               | 1,012                                  |
| Constable  | 398,839             | 371,662              | 27,177                                 |
| County Attorney  | 288,156             | 278,946              | 9,210                                  |
| County Auditor   | 282,780             | 278,640              | 4,140                                  |
| County Clerk   | 346,040             | 337,414              | 8,626                                  |
| County Court   | 219,820             | 212,330              | 7,490                                  |
| County Extension Service   | 110,713             | 105,943              | 4,770                                  |
| County Treasurer   | 140,341             | 134,933              | 5,408                                  |
| District Attorney  | 358,819             | 253,654              | 105,165                                |
| District Clerk   | 244,838             | 240,211              | 4,627                                  |
| Election Administration  | 232,906             | 229,566              | 3,340                                  |
| Emergency Management   | 133,164             | 115,488              | 17,676                                 |
| Emergency Medical & Health Services  | 533,000             | 533,000              | -                                      |
| General operations   | 3,340,227           | 3,110,363            | 229,864                                |
| Health services  | 10,000              | 10,000               | -                                      |
| Information Technology   | 148,888             | 131,394              | 17,494                                 |
| Jail and detention   | 2,475,057           | 2,334,499            | 140,558                                |
| Justice of the Peace   | 595,398             | 579,943              | 15,455                                 |
| Narcotics Unit   | 172,599             | 139,105              | 33,494                                 |
| Public Works   | 535,400             | 485,788              | 49,612                                 |
| Road and Bridge:   |                     |                      |  |
| Precinct No. 1   | -                   | -                    | -                                      |
| Precinct No. 2   | -                   | -                    | -                                      |
| Precinct No. 3   | -                   | -                    | -                                      |
| Precinct No. 4   | -                   | -                    | -                                      |
| Sheriff  | 2,453,129           | 2,309,457            | 143,672                                |
| Tax Assessor-Collector   | 618,327             | 576,339              | 41,988                                 |
| Veteran's Administration   | 19,527              | 17,078               | 2,449                                  |
| <b>Total expenditures</b>  | <u>14,285,341</u>   | <u>13,252,078</u>    | <u>1,033,263</u>                       |
| <b>Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)</b> | <u>724,623</u>      | <u>2,167,901</u>     | <u>1,443,278</u>                       |
| <b>Other sources and (uses):</b>   |                     |                      |  |
| Proceeds from the issuance of capital leases   | -                   | -                    | -                                      |
| Proceeds from the sale of capital assets   | 455,000             | 473,152              | 18,152                                 |
| Transfers in   | -                   | 7,632                | 7,632                                  |
| Transfers out  | (2,145,500)         | (2,145,500)          | -                                      |
| <b>Total other sources and (uses):</b>   | <u>(1,690,500)</u>  | <u>(1,664,716)</u>   | <u>25,784</u>                          |
| <b>Net change in fund balances</b>   | (965,877)           | 503,185              | 1,469,062                              |
| <b>Fund balances, beginning of year</b>  | <u>9,917,209</u>    | <u>9,917,209</u>     | <u>-</u>                               |
| <b>Fund balances, end of year</b>  | <u>\$ 8,951,332</u> | <u>\$ 10,420,394</u> | <u>\$ 1,469,062</u>                    |

| Road and Bridge (11/12/13/14) |                     |                                  | Total                |                      |                                  |
|-------------------------------|---------------------|----------------------------------|----------------------|----------------------|----------------------------------|
| Final Budget                  | Actual              | Variance Favorable (Unfavorable) | Final Budget         | Actual               | Variance Favorable (Unfavorable) |
| \$ 1,814,845                  | \$ 1,815,672        | \$ 827                           | \$ 12,642,708        | \$ 12,649,337        | \$ 6,629                         |
| -                             | -                   | -                                | 1,475,000            | 1,741,631            | 266,631                          |
| -                             | -                   | -                                | 50,000               | 44,732               | (5,268)                          |
| 686,400                       | 669,420             | (16,980)                         | 2,549,410            | 2,565,729            | 16,319                           |
| -                             | -                   | -                                | 392,791              | 410,052              | 17,261                           |
| -                             | -                   | -                                | 98,000               | 72,636               | (25,364)                         |
| 42,000                        | 44,237              | 2,237                            | 182,000              | 212,482              | 30,482                           |
| 1,000                         | 1,250               | 250                              | 164,300              | 253,959              | 89,659                           |
| <u>2,544,245</u>              | <u>2,530,579</u>    | <u>(13,666)</u>                  | <u>17,554,209</u>    | <u>17,950,558</u>    | <u>396,349</u>                   |
| -                             | -                   | -                                | 573,345              | 413,309              | 160,036                          |
| -                             | -                   | -                                | 54,028               | 53,016               | 1,012                            |
| -                             | -                   | -                                | 398,839              | 371,662              | 27,177                           |
| -                             | -                   | -                                | 288,156              | 278,946              | 9,210                            |
| -                             | -                   | -                                | 282,780              | 278,640              | 4,140                            |
| -                             | -                   | -                                | 346,040              | 337,414              | 8,626                            |
| -                             | -                   | -                                | 219,820              | 212,330              | 7,490                            |
| -                             | -                   | -                                | 110,713              | 105,943              | 4,770                            |
| -                             | -                   | -                                | 140,341              | 134,933              | 5,408                            |
| -                             | -                   | -                                | 358,819              | 253,654              | 105,165                          |
| -                             | -                   | -                                | 244,838              | 240,211              | 4,627                            |
| -                             | -                   | -                                | 232,906              | 229,566              | 3,340                            |
| -                             | -                   | -                                | 133,164              | 115,488              | 17,676                           |
| -                             | -                   | -                                | 533,000              | 533,000              | -                                |
| -                             | -                   | -                                | 3,340,227            | 3,110,363            | 229,864                          |
| -                             | -                   | -                                | 10,000               | 10,000               | -                                |
| -                             | -                   | -                                | 148,888              | 131,394              | 17,494                           |
| -                             | -                   | -                                | 2,475,057            | 2,334,499            | 140,558                          |
| -                             | -                   | -                                | 595,398              | 579,943              | 15,455                           |
| -                             | -                   | -                                | 172,599              | 139,105              | 33,494                           |
| -                             | -                   | -                                | 535,400              | 485,788              | 49,612                           |
| 678,529                       | 599,447             | 79,082                           | 678,529              | 599,447              | 79,082                           |
| 964,440                       | 780,330             | 184,110                          | 964,440              | 780,330              | 184,110                          |
| 822,040                       | 743,570             | 78,470                           | 822,040              | 743,570              | 78,470                           |
| 711,787                       | 598,271             | 113,516                          | 711,787              | 598,271              | 113,516                          |
| -                             | -                   | -                                | 2,453,129            | 2,309,457            | 143,672                          |
| -                             | -                   | -                                | 618,327              | 576,339              | 41,988                           |
| -                             | -                   | -                                | 19,527               | 17,078               | 2,449                            |
| <u>3,176,796</u>              | <u>2,721,618</u>    | <u>455,178</u>                   | <u>17,462,137</u>    | <u>15,973,696</u>    | <u>1,488,441</u>                 |
| <u>(632,551)</u>              | <u>(191,039)</u>    | <u>441,512</u>                   | <u>92,072</u>        | <u>1,976,862</u>     | <u>1,884,790</u>                 |
| -                             | 42,692              | 42,692                           | -                    | 42,692               | 42,692                           |
| 46,750                        | 46,750              | -                                | 501,750              | 519,902              | 18,152                           |
| -                             | -                   | -                                | -                    | 7,632                | 7,632                            |
| <u>(7,632)</u>                | <u>(7,632)</u>      | <u>-</u>                         | <u>(2,153,132)</u>   | <u>(2,153,132)</u>   | <u>-</u>                         |
| <u>39,118</u>                 | <u>81,810</u>       | <u>42,692</u>                    | <u>(1,651,382)</u>   | <u>(1,582,906)</u>   | <u>68,476</u>                    |
| (593,433)                     | (109,229)           | 484,204                          | (1,559,310)          | 393,956              | 1,953,266                        |
| 2,971,503                     | 2,971,503           | -                                | 12,888,712           | 12,888,712           | -                                |
| <u>\$ 2,378,070</u>           | <u>\$ 2,862,274</u> | <u>\$ 484,204</u>                | <u>\$ 11,329,402</u> | <u>\$ 13,282,668</u> | <u>\$ 1,953,266</u>              |

**PALO PINTO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

|                                      | Special Revenue Funds |                          |                             |                    |                              |                               |                         |
|--------------------------------------|-----------------------|--------------------------|-----------------------------|--------------------|------------------------------|-------------------------------|-------------------------|
|                                      | 20                    | 23                       | 24                          | 25                 | 30                           | 32                            | 35                      |
|                                      | Commissary            | Historical<br>Commission | Marlow<br>Cemetery<br>Trust | County<br>Attorney | District<br>Attorney<br>Fees | Tax<br>Assessor-<br>Collector | Hotel/<br>Motel<br>Fund |
| <b>ASSETS</b>                        |                       |                          |                             |                    |                              |                               |                         |
| Cash                                 | \$ 74,402             | \$ 21,429                | \$ 967                      | \$ 1,269           | \$ 1,559                     | \$ 6,759                      | \$ 18,124               |
| Investments                          | -                     | -                        | -                           | -                  | -                            | -                             | 50,744                  |
| Receivables, net:                    |                       |                          |                             |                    |                              |                               |                         |
| Occupancy taxes                      | -                     | -                        | -                           | -                  | -                            | -                             | 92,219                  |
| Accounts                             | 11                    | -                        | -                           | -                  | -                            | -                             | -                       |
| Due from other funds                 | -                     | -                        | -                           | 30                 | -                            | 19                            | -                       |
| Total assets                         | <u>\$ 74,413</u>      | <u>\$ 21,429</u>         | <u>\$ 967</u>               | <u>\$ 1,299</u>    | <u>\$ 1,559</u>              | <u>\$ 6,778</u>               | <u>\$ 161,087</u>       |
| <b>LIABILITIES AND FUND BALANCES</b> |                       |                          |                             |                    |                              |                               |                         |
| Liabilities:                         |                       |                          |                             |                    |                              |                               |                         |
| Accounts payable                     | \$ -                  | \$ -                     | \$ -                        | \$ -               | \$ -                         | \$ -                          | \$ -                    |
| Accrued liabilities                  | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Due to other funds                   | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Due to others                        | 184                   | -                        | -                           | -                  | -                            | -                             | -                       |
| Total liabilities                    | <u>184</u>            | <u>-</u>                 | <u>-</u>                    | <u>-</u>           | <u>-</u>                     | <u>-</u>                      | <u>-</u>                |
| Fund balances:                       |                       |                          |                             |                    |                              |                               |                         |
| Restricted                           | 74,229                | 21,429                   | -                           | 1,299              | 1,559                        | 6,778                         | 161,087                 |
| Committed                            | -                     | -                        | 967                         | -                  | -                            | -                             | -                       |
| Total fund balances                  | <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>          |
| Total liabilities and fund balances  | <u>\$ 74,413</u>      | <u>\$ 21,429</u>         | <u>\$ 967</u>               | <u>\$ 1,299</u>    | <u>\$ 1,559</u>              | <u>\$ 6,778</u>               | <u>\$ 161,087</u>       |

Special Revenue Funds

| 37<br>Co. Attorney<br>Pretrial<br>Intervention | 42<br>District<br>Attorney<br>Forfeited | 43<br>Constable<br>Forfeited | 45<br>Sheriff<br>Forfeited | 47<br>CARES<br>Act<br>Grant | 48<br>District<br>Attorney<br>State | 49<br>Election<br>Services<br>Fund | 50<br>County<br>Clerk<br>PRF | 51<br>District<br>Clerk<br>PRF |
|--|---|------------------------------|----------------------------|-----------------------------|-------------------------------------|------------------------------------|------------------------------|--------------------------------|
| \$ 20,536                                      | \$ 81,764                               | \$ -                         | \$ 6,860                   | \$ 62,991                   | \$ 25,010                           | \$ 11,979                          | \$ 21,644                    | \$ 17,964                      |
| -  | -                                       | -                            | 56,022                     | -                           | -                                   | -                                  | 548,069                      | 65,968                         |
| -  | -                                       | -                            | -                          | -                           | -                                   | -                                  | -                            | -                              |
| -  | -                                       | -                            | -                          | -                           | -                                   | -                                  | -                            | -                              |
| -  | -                                       | -                            | -                          | -                           | -                                   | -                                  | 13,359                       | 765                            |
| <u>\$ 20,536</u>                               | <u>\$ 81,764</u>                        | <u>\$ -</u>                  | <u>\$ 62,882</u>           | <u>\$ 62,991</u>            | <u>\$ 25,010</u>                    | <u>\$ 11,979</u>                   | <u>\$ 583,072</u>            | <u>\$ 84,697</u>               |
| \$ -   | \$ -                                    | \$ -                         | \$ -                       | \$ 21,980                   | \$ -                                | \$ 4,940                           | \$ -                         | \$ -                           |
| -  | -                                       | -                            | -                          | -                           | 390                                 | -                                  | 636                          | -                              |
| -  | -                                       | -                            | -                          | -                           | -                                   | -                                  | -                            | -                              |
| -  | -                                       | -                            | -                          | -                           | -                                   | -                                  | -                            | -                              |
| -  | -                                       | -                            | -                          | 21,980                      | 390                                 | 4,940                              | 636                          | -                              |
| 20,536   | 81,764                                  | -                            | 62,882                     | 41,011                      | 24,620                              | 7,039                              | 582,436                      | 84,697                         |
| -  | -                                       | -                            | -                          | -                           | -                                   | -                                  | -                            | -                              |
| <u>20,536</u>                                  | <u>81,764</u>                           | <u>-</u>                     | <u>62,882</u>              | <u>41,011</u>               | <u>24,620</u>                       | <u>7,039</u>                       | <u>582,436</u>               | <u>84,697</u>                  |
| <u>\$ 20,536</u>                               | <u>\$ 81,764</u>                        | <u>\$ -</u>                  | <u>\$ 62,882</u>           | <u>\$ 62,991</u>            | <u>\$ 25,010</u>                    | <u>\$ 11,979</u>                   | <u>\$ 583,072</u>            | <u>\$ 84,697</u>               |

**PALO PINTO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

|                                      | Special Revenue Funds      |                                |                        |                                |                               |                                  |                  |
|--------------------------------------|----------------------------|--------------------------------|------------------------|--------------------------------|-------------------------------|----------------------------------|------------------|
|                                      | 52                         | 53                             | 54                     | 55                             | 56                            | 57                               | 58               |
|                                      | Preservation<br>of Records | Juvenile<br>Case<br>Management | Law<br>Library<br>Fund | Courthouse<br>Security<br>Fund | Justice<br>Technology<br>Fund | Justice<br>Court<br>Security Fee | Employee<br>Fund |
| <b>ASSETS</b>                        |                            |                                |                        |                                |                               |                                  |                  |
| Cash                                 | \$ 13,996                  | \$ 31,464                      | \$ 8,363               | \$ 67,276                      | \$ 17,591                     | \$ 28,707                        | \$ 5,829         |
| Investments                          | 76,116                     | -                              | 90,057                 | 76,116                         | 81,191                        | -                                | -                |
| Receivables, net:                    |                            |                                |                        |                                |                               |                                  |                  |
| Occupancy taxes                      | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Accounts                             | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Due from other funds                 | 438                        | 178                            | 1,330                  | 1,051                          | 208                           | 44                               | -                |
| Total assets                         | <u>\$ 90,550</u>           | <u>\$ 31,642</u>               | <u>\$ 99,750</u>       | <u>\$ 144,443</u>              | <u>\$ 98,990</u>              | <u>\$ 28,751</u>                 | <u>\$ 5,829</u>  |
| <b>LIABILITIES AND FUND BALANCES</b> |                            |                                |                        |                                |                               |                                  |                  |
| Liabilities:                         |                            |                                |                        |                                |                               |                                  |                  |
| Accounts payable                     | \$ -                       | \$ -                           | \$ 775                 | \$ 82                          | \$ 542                        | \$ -                             | \$ 132           |
| Accrued liabilities                  | -                          | -                              | -                      | 4,451                          | -                             | -                                | -                |
| Due to other funds                   | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Due to others                        | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Total liabilities                    | <u>-</u>                   | <u>-</u>                       | <u>775</u>             | <u>4,533</u>                   | <u>542</u>                    | <u>-</u>                         | <u>132</u>       |
| Fund balances:                       |                            |                                |                        |                                |                               |                                  |                  |
| Restricted                           | 90,550                     | 31,642                         | 98,975                 | 139,910                        | 98,448                        | 28,751                           | -                |
| Committed                            | -                          | -                              | -                      | -                              | -                             | -                                | 5,697            |
| Total fund balances                  | <u>90,550</u>              | <u>31,642</u>                  | <u>98,975</u>          | <u>139,910</u>                 | <u>98,448</u>                 | <u>28,751</u>                    | <u>5,697</u>     |
| Total liabilities and fund balances  | <u>\$ 90,550</u>           | <u>\$ 31,642</u>               | <u>\$ 99,750</u>       | <u>\$ 144,443</u>              | <u>\$ 98,990</u>              | <u>\$ 28,751</u>                 | <u>\$ 5,829</u>  |

| 59<br>Special<br>Court<br>Fund | Debt Service Funds             |                    | Capital Projects Funds         |                      |                           |                       |                                 | Total<br>Other<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|--------------------|--------------------------------|----------------------|---------------------------|-----------------------|---------------------------------|---|
|                                | 62<br>Texas<br>Capital<br>Fund | 63<br>TWDB<br>Fund | 70<br>Texas<br>Capital<br>Fund | 71<br>Sewer<br>Plant | 72<br>Dempsey<br>Facility | 73<br>HAVA<br>Project | 78<br>Sewer<br>Grant<br>Project |   |
| \$ 719                         | \$ -                           | \$ -               | \$ 100                         | \$ 452,813           | \$ 45,691                 | \$ 27,228             | \$ -                            | \$ 1,073,034                            |
| -                              | -                              | -                  | -                              | -                    | 333,737                   | -                     | -                               | 1,378,020                               |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 92,219                                  |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | 2,772                           | 2,783                                   |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 17,422                                  |
| <u>\$ 719</u>                  | <u>\$ -</u>                    | <u>\$ -</u>        | <u>\$ 100</u>                  | <u>\$ 452,813</u>    | <u>\$ 379,428</u>         | <u>\$ 27,228</u>      | <u>\$ 2,772</u>                 | <u>\$ 2,563,478</u>                     |
| \$ -                           | \$ -                           | \$ -               | \$ -                           | \$ 5,000             | \$ -                      | \$ 16,551             | \$ 2,772                        | \$ 52,774                               |
| -                              | -                              | -                  | -                              | -                    | -                         | 768                   | -                               | 6,245                                   |
| -                              | -                              | 36                 | -                              | -                    | -                         | -                     | -                               | 36                                      |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 184                                     |
| -                              | -                              | <u>36</u>          | -                              | <u>5,000</u>         | -                         | <u>17,319</u>         | <u>2,772</u>                    | <u>59,239</u>                           |
| 719                            | -                              | (36)               | 100                            | 447,813              | -                         | 9,909                 | -                               | 2,118,147                               |
| -                              | -                              | -                  | -                              | -                    | 379,428                   | -                     | -                               | 386,092                                 |
| <u>719</u>                     | <u>-</u>                       | <u>(36)</u>        | <u>100</u>                     | <u>447,813</u>       | <u>379,428</u>            | <u>9,909</u>          | <u>-</u>                        | <u>2,504,239</u>                        |
| <u>\$ 719</u>                  | <u>\$ -</u>                    | <u>\$ -</u>        | <u>\$ 100</u>                  | <u>\$ 452,813</u>    | <u>\$ 379,428</u>         | <u>\$ 27,228</u>      | <u>\$ 2,772</u>                 | <u>\$ 2,563,478</u>                     |

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

|  | Special Revenue Funds |                          |                             |                    |                              |                               |                         |
|--|-----------------------|--------------------------|-----------------------------|--------------------|------------------------------|-------------------------------|-------------------------|
|  | 20                    | 23                       | 24                          | 25                 | 30                           | 32                            | 35                      |
|  | Commissary            | Historical<br>Commission | Marlow<br>Cemetery<br>Trust | County<br>Attorney | District<br>Attorney<br>Fees | Tax<br>Assessor-<br>Collector | Hotel/<br>Motel<br>Fund |
| <b>Revenues</b>  |                       |                          |                             |                    |                              |                               |                         |
| Occupancy tax  | \$ -                  | \$ -                     | \$ -                        | \$ -               | \$ -                         | \$ -                          | \$ 189,565              |
| Licenses, fees and fines   | -                     | -                        | -                           | 1,453              | 6                            | 202                           | -                       |
| Federal and state grants   | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Commissary revenue   | 77,228                | -                        | -                           | -                  | -                            | -                             | -                       |
| Interest earned  | -                     | 80                       | 4                           | -                  | -                            | 26                            | 828                     |
| Other revenue  | -                     | 1,150                    | -                           | -                  | -                            | -                             | -                       |
| <b>Total revenues</b>  | <b>77,228</b>         | <b>1,230</b>             | <b>4</b>                    | <b>1,453</b>       | <b>6</b>                     | <b>228</b>                    | <b>190,393</b>          |
| <b>Expenditures</b>  |                       |                          |                             |                    |                              |                               |                         |
| Capital projects   | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Commissary   | 109,716               | -                        | -                           | -                  | -                            | -                             | -                       |
| Constable  | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| County Attorney  | -                     | -                        | -                           | 579                | -                            | -                             | -                       |
| County Clerk   | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Courthouse security  | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Debt Service - principal   | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Debt Service - interest  | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Debt Service - bond issuance costs   | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| District Attorney  | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Elections Administration   | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| General operations   | -                     | 568                      | -                           | -                  | -                            | -                             | -                       |
| Hotel/motel tax  | -                     | -                        | -                           | -                  | -                            | -                             | 149,042                 |
| Jail and detention   | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Sheriff  | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Vending expenditures   | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| <b>Total expenditures</b>  | <b>109,716</b>        | <b>568</b>               | <b>-</b>                    | <b>579</b>         | <b>-</b>                     | <b>-</b>                      | <b>149,042</b>          |
| Excess (deficiency) of revenues over (under) expenditures before other sources | (32,488)              | 662                      | 4                           | 874                | 6                            | 228                           | 41,351                  |
| <b>Other sources:</b>  |                       |                          |                             |                    |                              |                               |                         |
| Proceeds from the issuance of bonds  | -                     | -                        | -                           | -                  | -                            | -                             | -                       |
| Transfers in   | -                     | 500                      | -                           | -                  | -                            | -                             | -                       |
| <b>Total other sources</b>   | <b>-</b>              | <b>500</b>               | <b>-</b>                    | <b>-</b>           | <b>-</b>                     | <b>-</b>                      | <b>-</b>                |
| <b>Net change in fund balances</b>   | <b>(32,488)</b>       | <b>1,162</b>             | <b>4</b>                    | <b>874</b>         | <b>6</b>                     | <b>228</b>                    | <b>41,351</b>           |
| Fund balances, beginning of year   | 106,717               | 20,267                   | 963                         | 425                | 1,553                        | 6,550                         | 119,736                 |
| Fund balances, end 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>       |

| Special Revenue Funds                    |                                   |                        |                      |                       |                               |                              |                        |                          |
|--|-----------------------------------|------------------------|----------------------|-----------------------|-------------------------------|------------------------------|------------------------|--------------------------|
| 37                                       | 42                                | 43                     | 45                   | 47                    | 48                            | 49                           | 50                     | 51                       |
| Co. Attorney<br>Pretrial<br>Intervention | District<br>Attorney<br>Forfeited | Constable<br>Forfeited | Sheriff<br>Forfeited | CARES<br>Act<br>Grant | District<br>Attorney<br>State | Election<br>Services<br>Fund | County<br>Clerk<br>PRF | District<br>Clerk<br>PRF |
| \$ -                                     | \$ -                              | \$ -                   | \$ -                 | \$ -                  | \$ -                          | \$ -                         | \$ -                   | \$ -                     |
| 17,500                                   | -                                 | -                      | -                    | -                     | -                             | 432                          | 149,562                | 11,507                   |
| -  | -                                 | -                      | -                    | 108,515               | 18,333                        | -                            | -                      | -                        |
| -  | -                                 | -                      | -                    | -                     | -                             | -                            | -                      | -                        |
| 34                                       | 308                               | 2                      | 966                  | 105                   | 13                            | 122                          | 7,511                  | 937                      |
| -  | 8,005                             | -                      | 20                   | -                     | -                             | 800                          | -                      | -                        |
| <u>17,534</u>                            | <u>8,313</u>                      | <u>2</u>               | <u>986</u>           | <u>108,620</u>        | <u>18,346</u>                 | <u>1,354</u>                 | <u>157,073</u>         | <u>12,444</u>            |
| -  | -                                 | -                      | -                    | -                     | -                             | -                            | -                      | -                        |
| -  | -                                 | 504                    | -                    | -                     | -                             | -                            | -                      | -                        |
| -  | -                                 | -                      | -                    | -                     | -                             | -                            | 166,537                | -                        |
| -  | -                                 | -                      | -                    | -                     | -                             | -                            | -                      | -                        |
| -  | -                                 | -                      | -                    | -                     | -                             | -                            | -                      | -                        |
| -  | 3,370                             | -                      | -                    | -                     | 16,934                        | -                            | -                      | -                        |
| -  | -                                 | -                      | -                    | 44,569                | -                             | 29,516                       | -                      | 297                      |
| -  | -                                 | -                      | -                    | 23,040                | -                             | -                            | -                      | -                        |
| -  | -                                 | -                      | 19,946               | -                     | -                             | -                            | -                      | -                        |
| -  | -                                 | -                      | -                    | -                     | -                             | -                            | -                      | -                        |
| <u>-</u>                                 | <u>3,370</u>                      | <u>504</u>             | <u>19,946</u>        | <u>67,609</u>         | <u>16,934</u>                 | <u>29,516</u>                | <u>166,537</u>         | <u>297</u>               |
| <u>17,534</u>                            | <u>4,943</u>                      | <u>(502)</u>           | <u>(18,960)</u>      | <u>41,011</u>         | <u>1,412</u>                  | <u>(28,162)</u>              | <u>(9,464)</u>         | <u>12,147</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>-</u>              | <u>-</u>                      | <u>-</u>                     | <u>-</u>               | <u>-</u>                 |
| 17,534                                   | 4,943                             | (502)                  | (18,960)             | 41,011                | 1,412                         | (28,162)                     | (9,464)                | 12,147                   |
| 3,002                                    | 76,821                            | 502                    | 81,842               | -                     | 23,208                        | 35,201                       | 591,900                | 72,550                   |
| <u>\$ 20,536</u>                         | <u>\$ 81,764</u>                  | <u>\$ -</u>            | <u>\$ 62,882</u>     | <u>\$ 41,011</u>      | <u>\$ 24,620</u>              | <u>\$ 7,039</u>              | <u>\$ 582,436</u>      | <u>\$ 84,697</u>         |



**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

|   | Special Revenue Funds      |                                |                        |                                |                               |                                  |                  |
|---|----------------------------|--------------------------------|------------------------|--------------------------------|-------------------------------|----------------------------------|------------------|
|   | 52                         | 53                             | 54                     | 55                             | 56                            | 57                               | 58               |
|   | Preservation<br>of Records | Juvenile<br>Case<br>Management | Law<br>Library<br>Fund | Courthouse<br>Security<br>Fund | Justice<br>Technology<br>Fund | Justice<br>Court<br>Security Fee | Employee<br>Fund |
| <b>Revenues</b>   |                            |                                |                        |                                |                               |                                  |                  |
| Occupancy tax   | \$ -                       | \$ -                           | \$ -                   | \$ -                           | \$ -                          | \$ -                             | \$ -             |
| Licenses, fees and fines  | 9,268                      | 15,934                         | 16,660                 | 21,382                         | 13,014                        | 3,310                            | -                |
| Federal and state grants  | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Commissary revenue  | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Interest earned   | 1,069                      | 113                            | 322                    | 1,183                          | 1,142                         | 103                              | 23               |
| Other revenue   | -                          | -                              | -                      | -                              | -                             | -                                | 2,052            |
| <b>Total revenues</b>   | <b>10,337</b>              | <b>16,047</b>                  | <b>16,982</b>          | <b>22,565</b>                  | <b>14,156</b>                 | <b>3,413</b>                     | <b>2,075</b>     |
| <b>Expenditures</b>   |                            |                                |                        |                                |                               |                                  |                  |
| Capital projects  | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Commissary  | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Constable   | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| County Attorney   | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| County Clerk  | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Courthouse security   | -                          | -                              | -                      | 114,291                        | -                             | -                                | -                |
| Debt Service - principal  | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Debt Service - interest   | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Debt Service - bond issuance costs  | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| District Attorney   | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Elections Administration  | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| General operations  | 2,766                      | 18,000                         | 12,510                 | -                              | 5,347                         | -                                | -                |
| Hotel/motel tax   | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Jail and detention  | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Sheriff   | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Vending expenditures  | -                          | -                              | -                      | -                              | -                             | -                                | 2,990            |
| <b>Total expenditures</b>   | <b>2,766</b>               | <b>18,000</b>                  | <b>12,510</b>          | <b>114,291</b>                 | <b>5,347</b>                  | <b>-</b>                         | <b>2,990</b>     |
| <b>Excess (deficiency) of revenues over (under) expenditures before other sources</b> | <b>7,571</b>               | <b>(1,953)</b>                 | <b>4,472</b>           | <b>(91,726)</b>                | <b>8,809</b>                  | <b>3,413</b>                     | <b>(915)</b>     |
| <b>Other sources and (uses):</b>  |                            |                                |                        |                                |                               |                                  |                  |
| Proceeds from the issuance of bonds   | -                          | -                              | -                      | -                              | -                             | -                                | -                |
| Transfers in  | -                          | -                              | -                      | 120,000                        | -                             | -                                | -                |
| <b>Total other sources and (uses)</b>   | <b>-</b>                   | <b>-</b>                       | <b>-</b>               | <b>120,000</b>                 | <b>-</b>                      | <b>-</b>                         | <b>-</b>         |
| <b>Net change in fund balances</b>  | <b>7,571</b>               | <b>(1,953)</b>                 | <b>4,472</b>           | <b>28,274</b>                  | <b>8,809</b>                  | <b>3,413</b>                     | <b>(915)</b>     |
| Fund balances, beginning of year  | 82,979                     | 33,595                         | 94,503                 | 111,636                        | 89,639                        | 25,338                           | 6,612            |
| <b>Fund balances, end of year</b>   | <b>\$ 90,550</b>           | <b>\$ 31,642</b>               | <b>\$ 98,975</b>       | <b>\$ 139,910</b>              | <b>\$ 98,448</b>              | <b>\$ 28,751</b>                 | <b>\$ 5,697</b>  |

| 59<br>Special<br>Court<br>Fund | Debt Service Funds             |                    | Capital Projects Funds         |                      |                           |                       |                                 | Total<br>Other<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|--------------------|--------------------------------|----------------------|---------------------------|-----------------------|---------------------------------|---|
|                                | 62<br>Texas<br>Capital<br>Fund | 63<br>TWDB<br>Fund | 70<br>Texas<br>Capital<br>Fund | 71<br>Sewer<br>Plant | 72<br>Dempsey<br>Facility | 73<br>HAVA<br>Project | 78<br>Sewer<br>Grant<br>Project |   |
| \$ -                           | \$ -                           | \$ -               | \$ -                           | \$ -                 | \$ -                      | \$ -                  | \$ -                            | \$ 189,565                              |
| 719                            | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 260,949                                 |
| -                              | -                              | -                  | -                              | -                    | -                         | 28,018                | -                               | 154,866                                 |
| -                              | -                              | -                  | -                              | 63                   | 3,834                     | 32                    | -                               | 77,228                                  |
| -                              | 28,000                         | -                  | -                              | -                    | 60,600                    | -                     | -                               | 18,820                                  |
| 719                            | 28,000                         | -                  | -                              | 63                   | 64,434                    | 28,050                | -                               | 100,627                                 |
| -                              | -                              | -                  | -                              | 9,500                | 2,676                     | -                     | -                               | 802,055                                 |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 12,176                                  |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 109,716                                 |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 504                                     |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 579                                     |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 166,537                                 |
| -                              | 28,000                         | -                  | -                              | -                    | -                         | -                     | -                               | 114,291                                 |
| -                              | -                              | 36                 | -                              | -                    | -                         | -                     | -                               | 28,000                                  |
| -                              | -                              | -                  | -                              | 42,750               | -                         | -                     | -                               | 36                                      |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 42,750                                  |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 20,304                                  |
| -                              | -                              | -                  | -                              | -                    | -                         | 18,141                | -                               | 18,141                                  |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 113,573                                 |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 149,042                                 |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 23,040                                  |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 19,946                                  |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 2,990                                   |
| -                              | 28,000                         | 36                 | -                              | 52,250               | 2,676                     | 18,141                | -                               | 821,625                                 |
| 719                            | -                              | (36)               | -                              | (52,187)             | 61,758                    | 9,909                 | -                               | (19,570)                                |
| -                              | -                              | -                  | -                              | 500,000              | -                         | -                     | -                               | 500,000                                 |
| -                              | -                              | -                  | -                              | -                    | -                         | -                     | -                               | 120,500                                 |
| -                              | -                              | -                  | -                              | 500,000              | -                         | -                     | -                               | 620,500                                 |
| 719                            | -                              | (36)               | -                              | 447,813              | 61,758                    | 9,909                 | -                               | 600,930                                 |
| -                              | -                              | -                  | 100                            | -                    | 317,670                   | -                     | -                               | 1,903,309                               |
| \$ 719                         | \$ -                           | \$ (36)            | \$ 100                         | \$ 447,813           | \$ 379,428                | \$ 9,909              | \$ -                            | \$ 2,504,239                            |

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES -**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2020**

|                      | 40<br>District<br>Attorney<br>Seized<br>Funds | 79<br>Sheriff's<br>Department<br>Civil<br>Process | 80<br>Tax<br>Collection | 81<br>Auto<br>Registration | 82<br>Justice of<br>the Peace<br>Precinct #2 |
|----------------------|---|---|-------------------------|----------------------------|--|
| <b>Assets</b>        |   |   |                         |                            |  |
| Cash                 | \$ 130,363                                    | \$ 20,439   | \$ 455,655              | \$ 430,097                 | \$ 918                                       |
| Investments          | -   | -   | -                       | -                          | -  |
| Other receivables    | -   | -   | -                       | -                          | 304  |
| Due from other funds | -   | -   | -                       | -                          | -  |
| Total assets         | <u>\$ 130,363</u>                             | <u>\$ 20,439</u>                                  | <u>\$ 455,655</u>       | <u>\$ 430,097</u>          | <u>\$ 1,222</u>                              |
| <b>Liabilities</b>   |   |   |                         |                            |  |
| Due to other funds   | \$ -  | \$ 1,474  | \$ 30,140               | \$ 37,647                  | \$ 1,222                                     |
| Due to others        | <u>130,363</u>                                | <u>18,965</u>                                     | <u>425,515</u>          | <u>392,450</u>             | <u>-</u>                                     |
| Total liabilities    | <u>\$ 130,363</u>                             | <u>\$ 20,439</u>                                  | <u>\$ 455,655</u>       | <u>\$ 430,097</u>          | <u>\$ 1,222</u>                              |

| 83                                     | 84                                     | 85                                     | 87                               | 88               | 89               | 90                |
|--|--|--|----------------------------------|------------------|------------------|-------------------|
| Justice of<br>the Peace<br>Precinct #3 | Justice of<br>the Peace<br>Precinct #4 | Justice of<br>the Peace<br>Precinct #5 | County<br>Treasurer<br>(Special) | County<br>Clerk  | Juvenile<br>Rest | District<br>Clerk |
| \$ 8,991                               | \$ 12,936                              | \$ 13,922                              | \$ 69,490                        | \$ 41,611        | \$ 200           | \$ 22,150         |
| -                                      | -                                      | -                                      | -                                | -                | -                | -                 |
| 793                                    | 224                                    | -                                      | -                                | 1,745            | -                | 391               |
| -                                      | -                                      | -                                      | 32,955                           | -                | -                | -                 |
| <u>\$ 9,784</u>                        | <u>\$ 13,160</u>                       | <u>\$ 13,922</u>                       | <u>\$ 102,445</u>                | <u>\$ 43,356</u> | <u>\$ 200</u>    | <u>\$ 22,541</u>  |
| \$ 9,784                               | \$ 13,160                              | \$ 13,922                              | \$ 32                            | \$ 43,356        | \$ -             | \$ 21,239         |
| -                                      | -                                      | -                                      | 102,413                          | -                | 200              | 1,302             |
| <u>\$ 9,784</u>                        | <u>\$ 13,160</u>                       | <u>\$ 13,922</u>                       | <u>\$ 102,445</u>                | <u>\$ 43,356</u> | <u>\$ 200</u>    | <u>\$ 22,541</u>  |

**PALO PINTO COUNTY, TEXAS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES -**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2020**

|                      | 92                                     | 93               | 94                 | 95                  | 96                   |
|----------------------|--|------------------|--------------------|---------------------|----------------------|
|                      | Justice of<br>the Peace<br>Precinct #1 | County<br>Clerk  | County<br>Attorney | District<br>Clerk   | District<br>Attorney |
| <b>Assets</b>        |  |                  |                    |                     |                      |
| Cash                 | \$ 19,948                              | \$ 62,559        | \$ 1,890           | \$ 2,152,236        | \$ 6,505             |
| Investments          | -                                      | -                | -                  | 91,455              | -                    |
| Other receivables    | 4,546                                  | -                | -                  | -                   | -                    |
| Due from other funds | -                                      | -                | -                  | -                   | -                    |
| Total assets         | <u>\$ 24,494</u>                       | <u>\$ 62,559</u> | <u>\$ 1,890</u>    | <u>\$ 2,243,691</u> | <u>\$ 6,505</u>      |
| <b>Liabilities</b>   |  |                  |                    |                     |                      |
| Due to other funds   | \$ 24,494                              | \$ -             | \$ 30              | \$ -                | \$ -                 |
| Due to others        | -                                      | 62,559           | 1,860              | 2,243,691           | 6,505                |
| Total liabilities    | <u>\$ 24,494</u>                       | <u>\$ 62,559</u> | <u>\$ 1,890</u>    | <u>\$ 2,243,691</u> | <u>\$ 6,505</u>      |

| 97              | 98               | 110                   |                     |
|-----------------|------------------|-----------------------|---------------------|
| Public Works    | Inmate Trust     | Deferred Compensation | Totals              |
| \$ 4,450        | \$ 16,693        | \$ -                  | \$ 3,471,053        |
| -               | -                | 1,081,151             | 1,172,606           |
| -               | -                | -                     | 8,003               |
| -               | -                | -                     | 32,955              |
| <u>\$ 4,450</u> | <u>\$ 16,693</u> | <u>\$ 1,081,151</u>   | <u>\$ 4,684,617</u> |
| <br>            |                  |                       |                     |
| \$ 3,950        | \$ -             | \$ -                  | \$ 200,450          |
| 500             | 16,693           | 1,081,151             | 4,484,167           |
| <u>\$ 4,450</u> | <u>\$ 16,693</u> | <u>\$ 1,081,151</u>   | <u>\$ 4,684,617</u> |

**PALO PINTO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - COMMISSARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

|  |                  |
|--|------------------|
| Revenues                                     |                  |
| Commissary revenue                           | \$ 23,970        |
| Phone card revenue                           | 44,266           |
| Over-the-counter revenue                     | 8,988            |
| Other income                                 | 4                |
| Total revenues                               | <u>77,228</u>    |
| Expenditures                                 |                  |
| Commissary:                                  |                  |
| Operations and management                    | 3,600            |
| Phone card expense                           | 12,173           |
| Commissary supplies                          | 2,815            |
| Over-the-counter supplies                    | 4,372            |
| Indigent supplies                            | 6,843            |
| Cable TV                                     | 2,026            |
| Repairs and maintenance                      | 4,197            |
| Miscellaneous expense                        | 10,156           |
| Capital expense                              | 63,534           |
| Total expenditures                           | <u>109,716</u>   |
| Excess of revenues over (under) expenditures | (32,488)         |
| Fund balance, beginning of year              | <u>106,717</u>   |
| Fund balance, end of year                    | <u>\$ 74,229</u> |