

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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FINANCIAL SECTION

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KAUFMAN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

SEPTEMBER 30, 2020

Commissioners' Court:

County Judge	Mr. Hal Richards
Commissioner of Precinct #1	Mr. Mike Hunt
Commissioner of Precinct #2	Mr. Williams Phillips
Commissioner of Precinct #3	Mr. Terry Barber
Commissioner of Precinct #4	Mr. Ken Cates

Justices of the Peace:

Precinct #1	Ms. Mary Bardin
Precinct #2	Ms. Amy Tarno
Precinct #3	Mr. Rhett Jackson
Precinct #4	Mr. Johnny Adams

Constables:

Precinct #1	Mr. Shawn Mayfield
Precinct #2	Mr. Jason Johnson
Precinct #3	Mr. Matthew Woodall
Precinct #4	Ms. Vanessa Brooks

86th Judicial District of the State of Texas:

District Judge	Mr. Casey Blair
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KAUFMAN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

SEPTEMBER 30, 2020

422nd Judicial District of the State of Texas:

District Judge	Mr. Shelton Gibbs
Criminal District Attorney	Ms. Erleigh Norville-Wiley
District Clerk	Ms. Rhonda Hughey
County Auditor	Ms. Karen MacLeod
Chief Adult Probation Officer	Mr. Lance Washburn
Chief Juvenile Probation Officer	Ms. Laura Peace

Officials of Kaufman County:

County Court-at-law Judge	Ms. Tracy Gray
County Court-at-law Judge #2	Mr. Bobby Rich
County Clerk	Ms. Laura Hughes
County Sheriff	Mr. Bryan Beavers
County Tax Assessor-Collector	Ms. Brenda Samples
County Treasurer	Mr. Chuck Mohnkern
County Veterans Service Officer	Mr. Robert Hunter
County Health Officer	Dr. Ben Brashear
Indigent Health Care Officer	Ms. Desiree Pool
Public Works Coordinator	Ms. Monique Hunter
Emergency Management Coordinator	Mr. Steve Howie
Fire Marshall	Mr. Randy Richards
Purchasing Agent	Ms. Raylan Smith

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Members of the Commissioners Court
Kaufman, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kaufman County, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Kaufman County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Kaufman County, Texas' 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 include the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kaufman County, Texas as of September 30, 2020, and the respective changes in financial position 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 required supplementary information, as presented in the table of contents, 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 of the financial statements that collectively comprise Kaufman County, Texas' basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules 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 non-major fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021, on our considerations of Kaufman County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kaufman County, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 1, 2021

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of Kaufman County (the "County") for the fiscal year ended September 30, 2020. This analysis is designed to focus on current activities, resulting changes and currently known facts. Please consider the information presented here, in conjunction with the financial statements and related footnotes.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the year by \$16,358,459 (net position). The balance of unrestricted net position at year end was \$(50,856,846).
- Total net position decreased by \$3,095,111 due to operations.
- As of the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$77,674,864, an increase of \$47,962,766 from the previous year. The increase is primarily due to the issuance of bonds.
- The unassigned fund balance in the General Fund of \$9,740,180 is available for spending at the County's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *statement of activities* presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government, public safety and highways and streets.

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 purposes or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds can be divided into two categories: governmental funds 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. Unlike the government-wide financial statements, governmental fund financial statements focus 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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, General Road and Bridge Fund and the Construction Projects Fund, all of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The County adopts annual appropriated budgets for its General, General Road and Bridge, and Debt Service Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with those budgets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

Required supplementary information. Required supplementary information is in addition to the basic financial statements and accompanying notes and presents budgetary comparison schedules, which includes the original and final amended budget and actual figures, schedule of changes in net pension liability and related ratios, schedule of employer contributions to the Texas County and District Retirement System, and a funding progress schedule for the County's retiree health plan.

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 Kaufman County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$16,358,459 as of September 30, 2020.

The County's investment in capital assets (e.g., land, infrastructure, machinery and equipment and furniture and fixtures), less its related debt is a large portion of net position. These assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in 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.

Capital assets increased \$5,696,820 (net) while current and other assets increased \$55,047,800. Cash and investment balances increased \$48,485,903. Long-term liabilities increased from the prior year by \$55,106,292. The predominant reason for the change in liabilities is the issuance of bonds and capital lease obligations, the decrease of the net pension liability of \$6,470,847, and the payment of current year debt service obligations.

Governmental activities. Governmental activities decreased the County's net position by \$3,095,111. The decrease from the prior year is primarily due to an increase in expenditures in the public safety and judicial functions.

**Table – 1
Kaufman County, Texas’ Net Position**

	Governmental Activities	
	2020	2019
ASSETS		
Current and other assets	\$ 102,654,661	\$ 47,606,861
Capital assets	<u>33,785,302</u>	<u>28,088,482</u>
Total assets	<u>136,439,963</u>	<u>75,695,343</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	1,970,869	102,899
Deferred outflow of resources related to pensions and OPEBs	<u>4,636,746</u>	<u>8,551,165</u>
Total deferred outflows of resources	<u>6,607,615</u>	<u>8,654,064</u>
LIABILITIES		
Long-term liabilities	145,493,503	90,387,211
Other liabilities	<u>9,960,738</u>	<u>5,765,316</u>
Total liabilities	<u>155,454,241</u>	<u>96,152,527</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions and OPEBs	<u>3,951,796</u>	<u>1,460,228</u>
Total deferred outflows of resources	<u>3,951,796</u>	<u>1,460,228</u>
NET POSITION		
Net investment in capital assets	29,665,629	23,785,527
Restricted	4,832,758	6,689,345
Unrestricted	<u>(50,856,846)</u>	<u>(43,738,220)</u>
Total net position	<u>\$(16,358,459)</u>	<u>\$(13,263,348)</u>

**Table – 2
Kaufman County, Texas’ Changes in Net Position**

	Governmental Activities	
	2020	2019
REVENUES		
General revenues:		
Property taxes	\$ 57,046,733	\$ 52,845,968
Charges for services	11,219,582	12,214,267
Grants and contributions	10,377,963	2,123,355
Investment income	558,012	811,127
Miscellaneous	581,984	477,749
Gain on disposal of capital assets	<u>312,463</u>	<u>518</u>
Total revenues	<u>80,096,737</u>	<u>68,472,984</u>
EXPENSES		
General government	12,822,385	17,561,562
Public safety and corrections	27,072,773	23,273,726
Judicial	8,729,167	7,580,863
Community service	644,388	486,718
Infrastructure and environmental services	27,610,363	19,151,475
Health and human services	1,746,611	541,356
Interest and fiscal charges	<u>4,566,161</u>	<u>2,351,267</u>
Total expenses	<u>83,191,848</u>	<u>70,946,967</u>
CHANGE IN NET POSITION	<u>(3,095,111)</u>	<u>(2,473,983)</u>
NET POSITION, BEGINNING	<u>(13,263,348)</u>	<u>(10,789,365)</u>
NET POSITION, ENDING	<u>\$(16,358,459)</u>	<u>\$(13,263,348)</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Kaufman County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances in spendable resources. Such information is useful in assessing Kaufman 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 the fiscal year.

The General Fund is the chief operating fund of Kaufman County. At the end of the year, unassigned total fund balance of the General Fund was \$9,740,180. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned total fund balance represents 19% of total General Fund expenditures.

The fund balance of the General Fund increased by \$2,877,415 during the fiscal year. Revenues exceeded expenditures for the year by \$1,252,421.

The General Road and Bridge Fund had an ending fund balance of \$2,066,685. This fund includes the General Road and Bridge Fund as well as the four individual precinct road and bridge funds. Fund balance decreased in this fund by \$2,489,615. This decrease was due to expenditures exceeding total revenues by \$3,085,441 offset, in part, by issuance of capital leases of \$400,121 and sale of capital assets of \$195,705.

The Construction Projects Fund had an ending fund balance of \$60,247,305 which is an increase of \$45,793,259. The County spent \$15,170,654 in this fund during the year. The increase is primarily due to the issuance of facilities bonds in this fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

County departments are actively involved in fee-producing activities and collecting outstanding account receivables. Continuous monitoring of departmental expenditures, implementation of a new purchasing policy and conversion to new financial software has aided in controlling expenditures.

- Due to the County's lower than desired fund balance at the end of FY 2013, efforts to control funds were implemented. The County has remained under budgeted expenditures through close adherence to the adopted budget and to County-wide financial policies. Each year since 2014, Kaufman County has increased the General Fund Balance. The recommended amount of at least three to four months of operating expenditures in the event of an emergency situation.
- 105.0% of budgeted Revenues were collected, and 95.0% of budgeted Expenditures were spent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Kaufman County's investment in capital assets for its governmental activities as of fiscal year-end was \$33,785,302 (net of accumulated depreciation), an increase of \$5,696,820 from the prior year. The increase primarily resulted from the purchase of significant machinery and equipment. The investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, roads, bridges and office furniture and equipment.

**Table 3
Kaufman County, Texas' Capital Assets**

	Governmental Activities	
	2020	2019
Land	\$ 2,371,395	\$ 2,371,395
Construction in progress	4,000,341	-
Public monuments	712,736	712,736
Buildings and improvements	30,765,604	30,765,604
Infrastructure	11,740,765	11,740,765
Machinery and equipment	27,602,590	24,660,918
	77,193,431	70,251,418
Less: accumulated depreciation	(43,408,129)	(42,162,936)
Total capital assets, net	\$ <u>33,785,302</u>	\$ <u>28,088,482</u>

Long-term Debt. At the end of the fiscal year, the County had total debt outstanding of \$128,168,393, which is an increase of \$60,453,105 from the prior year.

**Table 4
Kaufman County, Texas' Outstanding Debt**

	Governmental Activities	
	2020	2019
General obligation refunding bonds	\$ 3,385,000	\$ 4,990,000
Unlimited tax road bonds	58,083,850	52,718,850
Unlimited tax refunding bonds	27,770,000	-
Limited tax road bonds	16,950,000	-
Accreted interest	351,569	291,560
Bond premiums	15,761,200	3,725,763
Loans Payable	589,505	2,104,527
Compensated absences	1,894,843	1,826,820
Capital leases	3,382,426	2,057,768
Total Outstanding Debt	\$ <u>128,168,393</u>	\$ <u>67,715,288</u>

State statutes limit the amount of general obligation debt that a county may issue to 5% of its total assessed valuation. The current debt limit for Kaufman County is \$491,143,732 which is significantly in excess of the County's outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors currently affect the County of Kaufman, Texas, and were considered in developing the 2020-2021 fiscal year budgets:

- As of September 2020, the unemployment rate for Kaufman County was 3.50%, which was a decrease from a rate of 3.88% in September 2018.
- The Kaufman County population is currently estimated to be 136,154, which is a 31.7% increase from the 2010 census. This information was compiled by the Texas Association of Counties. Due to COVID 19, new census has not been completed and released. Kaufman County is on a growth pattern and new developments are happening in all areas of our County.
- In 2014, Kaufman County voters approved a \$56 million bond issue, all of which was fully issued by September 2017. These bonds continue to be used to improve the road infrastructure with interconnecting roads throughout the County and the metropolitan Dallas/Fort Worth areas.
- In 2020, Kaufman County issued a refunding bond of these 2014 bonds for the purpose of interest savings. The County will realize a \$235K annual savings per year and an estimated total savings over the life of the bond in the amount of \$3.29 million.

- Beginning in 2018, Kaufman County began receiving Pass-Through Toll revenue as a result of partnering with entities such as Texas Department of Transportation on specific Road Bond projects. These additional revenues are being used on county roads.
- Property values continue to reflect increases, which is a recent trend in Kaufman County. Additionally, residential and industrial developments are on the rise county wide, further increasing taxable assessed values for the county.
- Interest rates have continued to increase and allowing Kaufman County to take advantage of additional investment revenues. The investment opportunities has open the County's portfolio for safeguarding the County's assets regarding investments.
- Kaufman County's 2014 contract for the housing of Federal Inmates at the County's Law Enforcement Center continues to generate additional revenues and the original contract was extended with additional cost increase.
- In 2019, Kaufman County voters approved two bond issues, \$104 million for transportation purposes and \$50 million for facilities improvements. The transportation bond issue will continue to be used to improve the road infrastructure with interconnecting roads throughout the County and the metropolitan Dallas/Fort Worth areas. The facilities bond issue will be used to build a new Justice Center, Animal Shelter and improvements to other County facilities in the future.
- In 2020, Kaufman County sold \$34M in Tax Road Bonds and \$17M in Facilities Bonds from the voter approved bond issues in 2019. Construction is in progress on the new Justice Center and a new Pet Adoption Center. These construction projects are located on Highway 175 near the Law Enforcement Center.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Kaufman County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor's office, 100 N. Washington, Kaufman, Texas 75142.

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**BASIC
FINANCIAL STATEMENTS**

KAUFMAN COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 83,912,484
Taxes receivable, net of allowance for uncollectibles	1,504,990
Accounts receivable	1,834,747
Due from other governments	15,372,148
Prepaid expenses	30,292
Capital assets:	
Nondepreciable	7,084,472
Depreciable, net	<u>26,700,830</u>
Total assets	<u>136,439,963</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	1,970,869
Deferred outflow of resources related to pensions	3,254,699
Deferred outflow of resources related to OPEB - GTL	293,258
Deferred outflow of resources related to OPEB - retiree health plan	<u>1,088,789</u>
Total deferred outflows of resources	<u>6,607,615</u>
LIABILITIES	
Accounts payable	5,333,417
Accrued liabilities	2,923,255
Due to other governments	234,563
Unearned revenue	5,701
Accrued interest	1,463,802
Long-term liabilities:	
Due within one year	
Long-term debt	4,325,493
Total OPEB liability - GTL	31,328
Total OPEB liability - retiree health plan	423,011
Due in more than one year	
Long-term debt	123,842,900
Net pension liability	3,143,512
Total OPEB liability - GTL	1,267,102
Total OPEB liability - retiree health plan	<u>12,460,157</u>
Total liabilities	<u>155,454,241</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	2,513,731
Deferred inflows of resources related to OPEB - GTL	91,634
Deferred inflow of resources related to OPEB - retiree health plan	<u>1,346,431</u>
Total deferred outflows of resources	<u>3,951,796</u>
NET POSITION	
Net investment in capital assets	29,665,629
Restricted:	
Road and bridge projects	2,284,913
Public safety	477,306
Judicial	408,434
Fire code enforcement	265,846
Historical preservation	8,213
Records management and preservation	994,591
Court technology and security	325,611
Debt service	45,456
Other purposes	22,388
Unrestricted	<u>(50,856,846)</u>
Total net position	<u>\$ (16,358,459)</u>

The accompanying notes are an integral part of these financial statements.

KAUFMAN COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental activities:					
General government	\$ 12,822,385	\$ 5,960,748	\$ 1,747,271	\$ -	\$(5,114,366)
Public safety and corrections	27,072,773	608,233	4,671,994	-	(21,792,546)
Judicial	8,729,167	3,851,985	216,192	-	(4,660,990)
Community services	644,388	-	211,925	-	(432,463)
Infrastructure and environmental	27,610,363	798,616	15,000	1,825,311	(24,971,436)
Health and human services	1,746,611	-	1,690,270	-	(56,341)
Interest and fiscal charges	<u>4,566,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,566,161)</u>
Total governmental activities	<u>83,191,848</u>	<u>11,219,582</u>	<u>8,552,652</u>	<u>1,825,311</u>	<u>(61,594,303)</u>
 Total primary government	 \$ <u>83,191,848</u>	 \$ <u>11,219,582</u>	 \$ <u>8,552,652</u>	 \$ <u>1,825,311</u>	 (61,594,303)
 General revenues:					
Property taxes					57,046,733
Investment income					558,012
Gain on disposal of capital assets					312,463
Miscellaneous					<u>581,984</u>
Total general revenues					<u>58,499,192</u>
Change in net position					(3,095,111)
Net position, beginning					<u>(13,263,348)</u>
Net position, ending					<u>\$(16,358,459)</u>

The accompanying notes are an integral part of these financial statements.

KAUFMAN COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	<u>General</u>	<u>General Road and Bridge</u>	<u>Construction Projects</u>
ASSETS			
Cash and cash equivalents	\$ 13,890,211	\$ 3,247,821	\$ 62,667,771
Receivables:			
Taxes	1,120,475	234,257	-
Accounts	1,778,537	56,210	-
Due from other governments	4,850,262	10,444,968	-
Due from other funds	1,685	-	-
Prepaid items	<u>30,292</u>	<u>-</u>	<u>-</u>
Total assets	<u>21,671,462</u>	<u>13,983,256</u>	<u>62,667,771</u>
LIABILITIES			
Accounts payable	1,586,756	1,048,661	2,420,466
Accrued liabilities	2,681,251	203,738	-
Due to other governments	234,563	-	-
Due to other funds	-	976	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,502,570</u>	<u>1,253,375</u>	<u>2,420,466</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>5,709,270</u>	<u>10,663,196</u>	<u>-</u>
Total deferred inflows of resources	<u>5,709,270</u>	<u>10,663,196</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepaid items	30,292	-	-
Restricted			
Road and bridge projects	-	2,066,685	60,247,305
Public safety	-	-	-
Judicial	-	-	-
Fire code enforcement	-	-	-
Historical preservation	-	-	-
Records management and preservation	-	-	-
Court technology and security	-	-	-
Debt service	-	-	-
Other purposes	-	-	-
Assigned			
Subsequent year's budget	1,689,150	-	-
Unassigned	<u>9,740,180</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>11,459,622</u>	<u>2,066,685</u>	<u>60,247,305</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,671,462</u>	<u>\$ 13,983,256</u>	<u>\$ 62,667,771</u>

The accompanying notes are an integral part of these financial statements.

Other Nonmajor Governmental	Total Governmental Funds
\$ 4,106,681	\$ 83,912,484
150,258	1,504,990
-	1,834,747
76,918	15,372,148
-	1,685
-	30,292
4,333,857	102,656,346
277,534	5,333,417
38,266	2,923,255
-	234,563
709	1,685
5,701	5,701
322,210	8,498,621
110,395	16,482,861
110,395	16,482,861
-	30,292
-	62,313,990
477,306	477,306
408,434	408,434
265,846	265,846
8,213	8,213
994,591	994,591
325,611	325,611
1,398,863	1,398,863
22,388	22,388
-	1,689,150
-	9,740,180
3,901,252	77,674,864
\$ <u>4,333,857</u>	\$ <u>102,656,346</u>

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KAUFMAN COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

Fund balances - governmental funds	\$ 77,674,864
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:	
Governmental capital assets	77,193,431
Less: accumulated depreciation	(43,408,129)
Some of the County's revenues will be collected after year-end, but are not available soon enough to pay current year's expenditures and therefore are not reported in the governmental funds.	
Property taxes	1,426,898
Court fines	1,556,911
Interlocal agreements	10,444,968
Grants	3,054,084
Certain long-term liabilities reported in governmental activities do not require current financial resources and therefore are not reported in the governmental funds balance sheet.	
Total OPEB obligation - GTL	(1,298,430)
Total OPEB obligation - retiree health plan	(12,883,168)
Net pension liability	(3,143,512)
Compensated absences	(1,894,843)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
	(126,273,550)
Certain deferred inflows and deferred outflows of resources are only reported in the government-wide financial statements:	
Deferred outflows of resources:	
Related to pensions	3,254,699
Deferred loss on bond refunding	1,970,869
Related to OPEB - GTL	293,258
Related to OPEB - retiree health plan	1,088,789
Deferred inflows of resources:	
Related to pensions	(2,513,731)
Related to OPEB - GTL	(91,634)
Related to OPEB - retiree health plan	(1,346,431)
Interest payable used in the County's governmental activities are not payable from current resources and therefore are not reported in the governmental funds.	
	<u>(1,463,802)</u>
Net position of governmental activities	\$ <u>(16,358,459)</u>

KAUFMAN COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General</u>	<u>General Road and Bridge</u>	<u>Construction Projects</u>
REVENUES			
Property taxes	\$ 39,947,283	\$ 10,189,930	\$ -
Mixed beverage taxes	132,272	-	-
License and permits	123,851	-	-
Fees of office	3,810,832	2,762,981	-
Charges for services	865,778	395,674	-
Forfeitures	-	-	-
Intergovernmental	6,986,879	6,790	-
Investment income	188,025	24,123	327,049
Miscellaneous	359,589	68,728	-
Total revenues	<u>52,414,509</u>	<u>13,448,226</u>	<u>327,049</u>
EXPENDITURES			
General government	11,831,959	-	-
Public safety and corrections	23,764,360	-	-
Judicial	8,086,575	-	-
Community services	634,043	-	-
Infrastructure and environmental	2,015,193	13,268,555	14,533,790
Health and human service	1,731,343	-	-
Capital outlay	2,580,157	2,367,908	-
Debt service:			
Principal	479,940	837,635	-
Interest and fiscal charges	38,518	59,569	1,000
Issuance costs	-	-	635,864
Total expenditures	<u>51,162,088</u>	<u>16,533,667</u>	<u>15,170,654</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,252,421</u>	<u>(3,085,441)</u>	<u>(14,843,605)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	136,496	195,705	-
Insurance recoveries	135,254	-	-
Proceeds from issuance of debt	-	-	50,720,000
Premium on issuance of debt	-	-	9,919,143
Payment to bond escrow agent	-	-	-
Transfers in	75,400	-	-
Transfers out	(703,005)	-	(2,279)
Issuance of capital lease	1,980,849	400,121	-
Total other financing sources (uses)	<u>1,624,994</u>	<u>595,826</u>	<u>60,636,864</u>
NET CHANGE IN FUND BALANCES	2,877,415	(2,489,615)	45,793,259
FUND BALANCES, BEGINNING	<u>8,582,207</u>	<u>4,556,300</u>	<u>14,454,046</u>
FUND BALANCES, ENDING	\$ <u>11,459,622</u>	\$ <u>2,066,685</u>	\$ <u>60,247,305</u>

<u>Other Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 6,865,652	\$ 57,002,865
-	132,272
183,022	306,873
1,058,720	7,632,533
-	1,261,452
86,690	86,690
1,191,503	8,185,172
19,073	558,270
<u>153,667</u>	<u>581,984</u>
<u>9,558,327</u>	<u>75,748,111</u>
350,871	12,182,830
1,751,065	25,515,425
410,514	8,497,089
-	634,043
-	29,817,538
-	1,731,343
25,718	4,973,783
3,493,759	4,811,334
2,376,327	2,475,414
<u>378,647</u>	<u>1,014,511</u>
<u>8,786,901</u>	<u>91,653,310</u>
<u>771,426</u>	<u>(15,905,199)</u>
-	332,201
1,750	137,004
27,770,000	78,490,000
3,596,124	13,515,267
(30,987,477)	(30,987,477)
837,364	912,764
(207,480)	(912,764)
<u>-</u>	<u>2,380,970</u>
<u>1,010,281</u>	<u>63,867,965</u>
1,781,707	47,962,766
<u>2,119,545</u>	<u>29,712,098</u>
<u>\$ 3,901,252</u>	<u>\$ 77,674,864</u>

The accompanying notes are an integral part of these financial statements.

KAUFMAN 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: \$ 47,962,766

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost and accumulated depreciation of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	9,556,360
Less: current year depreciation	(3,702,798)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(156,742)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(88,404)
Court fines	(763,038)
Interlocal agreements	1,833,521
Grants	3,054,084

The issuance of long-term debt (e.g., certificates of obligation, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt is an expenditure in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of debt	(63,020,113)
Repayment of long-term liabilities	4,811,334
Amortization of:	
Deferred loss on bond refunding	(412,949)
Premium on bond issuance	164,625

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accreted interest	(60,008)
Compensated absences	(68,024)
Total OPEB liability - GTL	(68,588)
Total OPEB liability - retiree health plan	(1,135,885)
Net pension liability	145,299

Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	(1,146,551)
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Change in net position of governmental activities \$ (3,095,111)

KAUFMAN COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

SEPTEMBER 30, 2020

	<u>Governmental Activities Agency Funds</u>
ASSETS	
Current assets:	
Cash	\$ <u>8,408,264</u>
Total assets	<u>8,408,264</u>
LIABILITIES	
Due to others	<u>8,408,264</u>
Total liabilities	\$ <u><u>8,408,264</u></u>

KAUFMAN COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Kaufman County was incorporated in 1849 as a public corporation and political subdivision of the State of Texas. The Commissioners' Court is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services, among others, as authorized by the statutes of the State of Texas: general administration (Commissioners' Court, County Judge and County Clerk); judicial (Courts, District Clerk and Juries); legal (prosecutors, investigators and outside counsel); financial administration (County Auditor, Treasurer and Tax Assessor-Collector); public safety (Sheriff and other law enforcement officials); roads and bridges; assistance to indigent residents; and County libraries. The financial statements of Kaufman County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units.

A. **Reporting Entity**

In determining the financial reporting entity, Kaufman County, Texas complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, "*The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No.14 and No. 34.*" Under this standard, the County has no component units which are required to be reported, discretely or blended, in combination with the primary government.

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 of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Major governmental funds reported by the County are:

General Fund – The General Fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, fees, fines and forfeitures, intergovernmental revenue, and income derived from investment of available funds. Primary expenditures are for administrative, judicial and legal services and public safety.

General Road and Bridge Fund – The General Road and Bridge Fund accounts for resources used in the construction and maintenance of County roads and bridges. This fund also finances the activities of the County's four road and bridge precinct funds.

Construction Projects Fund – The Construction Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities and for road construction projects belonging to other entities within the County.

Nonmajor funds include Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.

Fiduciary fund level financial statements include fiduciary funds which are classified into private purpose trust and agency funds. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Assets, Liabilities, and Net Position or Equity

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse September 30, and encumbrances at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments. From time to time, the County invests its available funds in time deposits and other short-term, interest-bearing securities. Time deposits and securities having a maturity date of three months or less from the date of issuance are classified as cash equivalents, while those with a maturity of more than three months are classified as investments. Investments for the County are reported at fair value, except for the position in investment pools.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses on the government-wide financial statements and fund financial statements. The fund financial statements are offset by nonspendable fund balance which indicates they do not represent "available spendable resources."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than an adopted threshold and an estimated useful life in excess of one year. The thresholds adopted by the Commissioners' Court are as follows:

Land and land improvements	Capitalize all
Infrastructure	\$ 100,000
Buildings and building improvements	50,000
Furniture and equipment	5,000
Monuments	Capitalize all

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

Property, plant and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	10 - 30 years
Furniture and equipment	3 - 15 years
Vehicles	5 - 10 years
Infrastructure	20 - 50 years

Items Capitalized but not Depreciated

The County possesses certain capital assets that have been capitalized and not depreciated. These items are held for public exhibition and education rather than financial gain. They are also protected, kept unencumbered, cared for and preserved. Therefore, these items meet the criteria to be capitalized. These monuments and historical structures are deemed inexhaustible and are therefore not depreciated.

Compensated Absences

The County's permanent, fulltime employees with less than 8 years of service accrue 6.67 hours of vacation per month; those with 8 – 19 years of service accrue 10 hours per month; and those with service of 20 years or greater accrue 13.33 hours per month.

The County's permanent, fulltime employees accrue sick leave at the rate of 8 hours per month to a maximum 120 hours (90 days). Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who leaves the County's employment for any reason other than retirement receives no compensation for accrued sick leave. Retiring employees who have at least 20 years of service are entitled to payment for up to 30 days of accrued sick leave, and the accrual is included in the government-wide financial statements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Pensions

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

Other Post-Employment Benefits

TCERS Group Term Life Fund. The County participates in the Texas County & District Group Term Life Fund (TCERS GTLF), which is an optional single-employer defined benefit life insurance plan that is administered by TCERS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating entity as a percentage of that County's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the GTLF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's total OPEB liability is obtained from a report prepared by a consulting actuary.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The County levies taxes on or before the following September 30. They are due on October 1 and are delinquent after January 31.

Collections of property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor-Collector's Agency Fund. Tax collections made for the County are distributed to the General, Road and Bridge General Funds, and Debt Service Fund on a periodic basis throughout each month. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The combined tax rate for the year ended September 30, 2020, was \$.5887 per \$100 and was allocated as follows:

General Fund	\$ 0.3748
Debt Service Fund	0.0643
General Road and Bridge Fund	<u>0.0980</u>
Total	\$ <u>0.5371</u>

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 County has the following items that qualify for reporting in this category:

- Deferred losses on debt refunding in the government-wide Statement of Net Position results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension and OPEB contributions after the measurement date are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions are deferred and recognized over the average remaining service lives of all members determined as of the measurement date.
- In the statement of net position, the difference in expected and actual pension and OPEB experience is deferred and recognized over the average remaining service lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance 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 the following items that qualify for reporting in this category.

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.
- In the statement of net position, the difference in expected and actual pension and OPEB experience is deferred and recognized over the average remaining service lives of all members determined as of the measurement date.
- In the statement of net position, the difference in projected and actual earnings on pension assets is deferred and amortized over a closed five-year period.

Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General	General Road and Bridge	Nonmajor Governmental	Total
Property taxes	\$ 1,098,275	\$ 218,228	\$ 110,395	\$ 1,426,898
Court fines and fees receivable	1,556,911	-	-	1,556,911
Grants	3,054,084	-	-	3,054,084
Interlocal agreements	-	10,444,968	-	10,444,968
Total	<u>\$ 5,709,270</u>	<u>\$ 10,663,196</u>	<u>\$ 110,395</u>	<u>\$ 16,482,861</u>

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent is determined by the County Judge, with the assistance of the County Auditor and County Attorney, as needed.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted net position, as presented in the government-wide statement of net position, are reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The cash and investment policies of the County are governed by state statutes, Section 116.112 of the Local Government Code and Government Code Chapter 2256, Subchapters A and B. The County's policies governing bank deposits require depositories to be FDIC insured institutions and to fully collateralize all deposits in excess of FDIC insured limits.

Cash

All demand and time deposits were entirely covered by FDIC insurance or by collateral held by the County's agent in the County's name. The fair market value for cash is not materially different from reported amounts.

Investments

Legal provisions generally permit the County to invest in certificates of deposit, fully collateralized repurchase agreements, public funds, investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, commercial paper, and other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

During the year ended September 30, 2020, all of the County's investments were invested with the State of Texas Local Government Investment Pool (TexPool), which is a public funds investment pool created by the Treasurer of the State of Texas. TexPool acts as custodian of investments purchased with local investment funds. TexPool acts as custodian of investments purchased with local investment funds. TexPool investments are stated at amortized cost, which in most cases approximates the market value of the shares.

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Texas CLASS	\$ 5,635,549	56	AAAm
TexPool Prime	<u>70,017,393</u>	49	AAAm
Portfolio weighted average maturity	<u>\$ 75,652,942</u>	53	

Credit Risk – Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The County has limited credit risk in conformance to state statutes and County ordinance, by investing in only the safest types of securities as permitted by the Public Funds Investment Act, using approved brokers and with different investment pools.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment.

Concentration of Credit Risk – Custodial of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Custodial Credit Risk – Custodial credit risk is the risk for deposits that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The County requires all bank deposits to be collateralized at a level not less than 100% of the total uninsured deposits. At September 30, 2020, the County is fully collateralized.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The County's investment policy does not permit securities listed in foreign denominations. Consequently, the County is not exposed to foreign currency risk.

B. Receivables

Receivables as of year-end for the County, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>General Road and Bridge</u>	<u>Other Governmental</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,529,794	\$ 313,971	\$ 193,176	\$ 2,036,941
Accounts	221,626	56,210	-	277,836
Adjudicated fine receivable	15,569,106	-	-	15,569,106
Due from other government	<u>4,850,262</u>	<u>10,444,968</u>	<u>76,918</u>	<u>15,372,148</u>
Gross receivables	22,170,788	10,815,149	270,094	33,256,031
Less: allowance for uncollectibles	<u>(14,421,514)</u>	<u>(79,714)</u>	<u>(42,918)</u>	<u>(14,544,146)</u>
Net total receivables	<u>\$ 7,749,274</u>	<u>\$ 10,735,435</u>	<u>\$ 227,176</u>	<u>\$ 18,711,885</u>

C. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Road and Bridge	\$ 976
General	Nonmajor governmental	<u>709</u>
Total		<u>\$ 1,685</u>

The outstanding balances between funds result mainly from the time lag between the dates that expenditures are made and cash is received from granting agencies.

D. Capital Assets

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

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,371,395	\$ -	\$ -	\$ 2,371,395
Public monuments	712,736	-	-	712,736
Construction in progress	-	<u>4,000,341</u>	-	<u>4,000,341</u>
Total assets not being depreciated	<u>3,084,131</u>	<u>4,000,341</u>	<u>-</u>	<u>7,084,472</u>
Capital assets, being depreciated:				
Buildings	30,765,604	-	-	30,765,604
Infrastructure	11,740,765	-	-	11,740,765
Machinery and equipment	<u>24,660,918</u>	<u>5,556,019</u>	<u>(2,614,347)</u>	<u>27,602,590</u>
Total capital assets being depreciated	<u>67,167,287</u>	<u>5,556,019</u>	<u>(2,614,347)</u>	<u>70,108,959</u>
Less accumulated depreciation:				
Buildings	(16,957,026)	(979,945)	-	(17,936,971)
Infrastructure	(11,052,001)	(263,102)	-	(11,315,103)
Machinery and equipment	<u>(14,153,909)</u>	<u>(2,459,751)</u>	<u>2,457,605</u>	<u>(14,156,055)</u>
Total accumulated depreciation	<u>(42,162,936)</u>	<u>(3,702,798)</u>	<u>2,457,605</u>	<u>(43,408,129)</u>
Total capital assets being depreciated, net	<u>25,004,351</u>	<u>1,853,221</u>	<u>(156,742)</u>	<u>26,700,830</u>
Governmental activities capital assets, net	<u>\$ 28,088,482</u>	<u>\$ 5,853,562</u>	<u>\$ (156,742)</u>	<u>\$ 33,785,302</u>

Depreciation expense for the year totaled \$3,702,798 and was charged to functions of the government-wide statement of activities as follows:

General government	\$ 391,818
Judicial	54,824
Public safety and corrections	1,543,854
Infrastructure and environmental	1,698,049
Health and human services	13,051
Community services	<u>1,202</u>
Total depreciation expense	<u>\$ 3,702,798</u>

E. Operating Leases

The County is committed under various noncancelable operating leases for equipment. For the year ended September 30, 2020, lease expenditures totaled \$200,125.

F. Capital Leases

The County is a party in several lease agreements for equipment and vehicles. The terms of the agreements provide an option to purchase the equipment during or at the end of the lease term.

The assets acquired through capital leases are as follows:

Asset:	
Machinery and equipment	\$ 6,030,226
Less: accumulated depreciation	<u>(1,402,605)</u>
Total	<u>\$ 4,627,621</u>

The depreciation expense related to these leases for the year ended September 30, 2020, was \$645,509.

The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the net minimum lease payments at September 30, 2020:

<u>Years Ending</u> <u>September 30,</u>	
2021	\$ 1,254,566
2022	1,138,767
2023	1,009,174
2024	467,507
2025	<u>86,245</u>
Total minimum lease payments	3,956,259
Less: amount representing interest	<u>(573,833)</u>
Present value of minimum lease payments	<u>\$ 3,382,426</u>

G. Long-term Debt

During the year ended September 30, 2020, the following changes occurred in a long-term debt:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation refunding bonds	\$ 4,990,000	\$ -	\$(1,605,000)	\$ 3,385,000	\$ 1,665,000
Unlimited tax road bonds	52,718,850	33,770,000	(28,405,000)	58,083,850	730,000
Unlimited tax refunding bonds	-	27,770,000	-	27,770,000	250,000
Limited tax road bonds	-	16,950,000	-	16,950,000	-
Loans payable	2,104,527	-	(1,515,022)	589,505	370,727
Bond premiums	3,725,763	13,515,257	(1,479,820)	15,761,200	-
Accreted interest on bonds	291,561	60,008	-	351,569	-
Compensated absences	1,826,819	1,401,971	(1,333,947)	1,894,843	284,227
Capital leases	<u>2,057,768</u>	<u>2,380,970</u>	<u>(1,056,312)</u>	<u>3,382,426</u>	<u>1,070,539</u>
Total governmental activities	<u>\$ 67,715,288</u>	<u>\$ 95,848,206</u>	<u>\$(35,395,101)</u>	<u>\$ 128,168,393</u>	<u>\$ 4,370,493</u>

On June 28, 2012, the County issued \$13,585,000 of general obligation refunding bonds in order to refund previously issued debt.

The general obligation bonds held by the County were sold on the open market. The bonds are collateralized by continuing tax revenues levied on all taxable property in the County. In the event of default, the bondholder may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the bonds. There is no acceleration clause for the bonds in the event of default.

The annual requirements for the general obligation bonds outstanding at September 30, 2020, are as follows:

General Obligation Bonds

Years Ending September 30,	Principal	Interest	Total Requirements
2021	\$ 1,665,000	\$ 76,575	\$ 1,741,575
2022	<u>1,720,000</u>	<u>25,800</u>	<u>1,745,800</u>
Total	<u>\$ 3,385,000</u>	<u>\$ 102,375</u>	<u>\$ 3,487,375</u>

On February 1, 2014, the County issued Unlimited Tax Road Bonds, Series 2014. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled, or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

On September 1, 2016, the County issued Unlimited Tax Road Bonds, Series 2016. These bonds were issued to fund the construction, maintenance, and operation of macadamized, graveled or paved roads and turnpikes, or in aid thereof, including the participation in the cost of joint state highway and joint city projects throughout the County.

The County's Unlimited Tax Road Bonds were both sold on the open market. The bonds are collateralized by continuing tax revenues levied on all taxable property in the County. In the event of default, the bondholder may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the bonds. There is no acceleration clause for the bonds in the event of default.

The annual requirements for all unlimited tax road bonds outstanding at September 30, 2020, are as follows:

Unlimited Tax Road Bonds

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 1,143,728	\$ 2,880,094	\$ 4,023,822
2022	1,009,370	2,296,750	3,306,120
2023	2,696,902	2,266,125	4,963,027
2024	1,650,000	2,209,775	3,859,775
2025	1,805,000	2,133,175	3,938,175
2026-2030	11,485,000	9,208,475	20,693,475
2031-2035	14,185,000	6,429,350	20,614,350
2036-2040	14,100,000	3,328,000	17,428,000
2041-2045	<u>10,520,000</u>	<u>1,085,200</u>	<u>11,605,200</u>
Subtotal	58,595,000	<u>\$ 31,836,944</u>	<u>\$ 90,431,944</u>
Less: interest accretion on bonds	(511,150)		
Total	<u>\$ 58,083,850</u>		

During the current fiscal year, the County issued \$27,770,000 in Unlimited Tax Refunding Bonds with interest rates ranging from .607% to 5%. The proceeds were used to advance refund the outstanding Series 2014 Unlimited Tax Road Bonds. The net proceeds of \$30,987,477 (including a \$3,596,124 premium and after payment of \$378,647 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2014 Unlimited Tax Road Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,902,272. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which has the same remaining life as the refunded debt. The advance refunding reduced its total debt service payments by \$3,292,453 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,852,468.

The annual requirements for all unlimited tax refunding bonds outstanding at September 30, 2020, are as follows:

Unlimited Tax Refunding Bonds

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 205,000	\$ 1,057,625	\$ 1,262,625
2022	55,000	1,045,685	1,100,685
2023	55,000	1,045,260	1,100,260
2024	1,835,000	1,167,905	3,002,905
2025	2,090,000	908,530	2,998,530
2026-2030	12,195,000	2,818,025	15,013,025
2031-2034	<u>11,500,000</u>	<u>514,179</u>	<u>12,014,179</u>
Subtotal	27,935,000	<u>\$ 8,557,209</u>	<u>\$ 36,492,209</u>
Less: interest accretion on bonds	(165,000)		
Total	<u>\$ 27,770,000</u>		

During the current fiscal year, the County issued \$16,950,000 in Limited Tax Road Bonds with an interest rate of 5% maturing in 2031. These bonds will be used for purchasing, constructing, reconstructing, improving and equipping County facilities that house justice, law enforcement, and related facilities.

The annual requirements for all limited tax road bonds outstanding at September 30, 2020, are as follows:

Limited Tax Road Bonds

Years Ending September 30,	Principal	Interest	Total Requirements
2021	\$ -	\$ 1,016,528	\$ 1,016,528
2022	300,000	724,400	1,024,400
2023	335,000	708,525	1,043,525
2024	365,000	691,025	1,056,025
2025	385,000	672,275	1,057,275
2026-2030	2,715,000	2,987,625	5,702,625
2031-2035	3,450,000	2,250,050	5,700,050
2036-2040	4,230,000	1,470,600	5,700,600
2041-2045	<u>5,170,000</u>	<u>533,600</u>	<u>5,703,600</u>
Total	<u>\$ 16,950,000</u>	<u>\$ 11,054,628</u>	<u>\$ 28,004,628</u>

On March 9, 2015, the County entered into a Texas Public Property Finance Contractual Obligation, Series 2015 with American National Bank of Texas, whereby the County borrowed \$3,670,000 at an interest rate of 2.25% to fund the purchase of paying contractual obligations to be incurred for the acquisition of personal property for the equipping of the County's 9-1-1 – Emergency Operations Center. During the fiscal year ended September 30, 2020 this loan was paid off.

Additional loans were issued in FY 2016 for the purchase of vehicles and equipment. Interest rates on these loans range from 2.0-3.2%. A loan for the purchase of voting equipment was issued in FY 2018 with an interest rate of 0.99%.

The annual requirements to amortize the loans payable at September 30, 2020, are as follows:

Loans Payable

Years Ending September 30,	Principal	Interest	Total Requirements
2021	\$ 370,727	\$ 11,595	\$ 382,322
2022	109,310	5,777	115,087
2023	<u>109,468</u>	<u>2,891</u>	<u>112,359</u>
Total	<u>\$ 589,505</u>	<u>\$ 20,263</u>	<u>\$ 609,768</u>

H. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grants. In the opinion of the County's management, disallowed costs, if any, would not have a material effect on the County's financial position or results of operations.

The County is involved in certain legal actions and claims arising in the ordinary course of its operations. Although the outcome of these legal actions is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

I. Interfund Transfers

Interfund transfers for the fiscal year ending September 30, 2020, are summarized below:

<u>Transfer out</u>	<u>Transfer in</u>	<u>Amounts</u>
General	Nonmajor governmental	\$ 703,005
Construction projects	Nonmajor governmental	2,279
Nonmajor governmental	General	75,400
Nonmajor governmental	Nonmajor governmental	<u>132,080</u>
Total		<u>\$ 912,764</u>

III. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCERS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCERS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCERS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCERS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCERS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCERS 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	278
Inactive employees entitled to but not yet receiving benefits	414
Active employees	<u>587</u>
Total	<u>1,279</u>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability. Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.43% and 9.67% in calendar years 2019 and 2020, respectively. The County’s contributions to TCDRS for the year ended September 30, 2020, were \$3,152,573, and were greater than the required contributions by \$354,248.

Net Pension Liability. The County’s Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.25% per year
Investment rate of return	8%, net of pension plan investment expense, including inflation

Cost-of-Living Adjustments for Kaufman County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

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

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

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed	MSCI World Ex USA (net)	7.00%	5.20%
International Equities - Emerging	MSCI EM Standard (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 ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE 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 ⁽⁵⁾	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.8%, per Cliffwater's 2020 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	\$ 88,811,166	\$ 79,196,807	\$ 9,614,359
Changes for the year:			
Service cost	3,265,943	-	3,265,943
Interest on total pension liability ⁽¹⁾	7,278,933	-	7,278,933
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	470,101	-	470,101
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(381,129)	(381,129)	-
Benefit payments	(4,134,249)	(4,134,249)	-
Administrative expenses	-	(70,235)	70,235
Member contributions	-	1,932,910	(1,932,910)
Net investment income	-	13,005,673	(13,005,673)
Employer contributions	-	2,603,903	(2,603,903)
Other ⁽³⁾	<u>1</u>	<u>13,574</u>	<u>(13,573)</u>
Balance at 12/31/2019	<u>\$ 95,310,766</u>	<u>\$ 92,167,254</u>	<u>\$ 3,143,512</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 8.10%, as well as what the Kaufman County 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% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 108,514,266	\$ 95,310,766	\$ 84,358,849
Fiduciary net position	<u>92,167,254</u>	<u>92,167,254</u>	<u>92,167,254</u>
Net pension liability/(asset)	<u>\$ 16,347,012</u>	<u>\$ 3,143,512</u>	<u>\$ (7,808,405)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the County recognized pension expense of \$3,007,272.

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 703,500	\$ 311,616
Changes in actuarial assumptions	131,472	-
Net difference between projected and actual investment earnings	-	2,202,115
Contributions made subsequent to the measurement date	<u>2,419,727</u>	<u>-</u>
Total	<u>\$ 3,254,699</u>	<u>\$ 2,513,731</u>

\$2,419,727 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended September 30,</u>	
2021	\$(292,834)
2022	(584,185)
2023	422,665
2024	(1,224,405)

B. Other Postemployment Benefits – Retiree Health Plan

Program Description. In addition to the pension benefits described in Note IV A. as required by state law and defined by the County Policy, the County makes available health care benefits through the Texas Association of Counties Health and Employee Benefits Pool to all employees who retire from the County and who are receiving benefits from a County sponsored retirement program (TCDRS). The health care plan provides insurance to eligible retirees through the County’s group health insurance plan, which covers both active and retired members, until age 65 when retirees become eligible and are required to enroll in Medicare Part B, at which time coverage supplements Medicare.

Current retirees in the health plan and at retirement, active employees that meet the conditions for retirement from TCDRS (age 60 and above with 8 years or more of service, 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more) are eligible to remain in the health plan at the age graded and gender distinct contribution rate for active and retiree participants. The County will cease to pay or provide this benefit should the retiree go to work for another employer that offers health insurance benefits.

Benefits and Contributions. The County contributions to the Retiree Health Program consist of a pay-as-you-go monthly contribution rate of one-half (1/2) of the cost of health insurance per participant for those that retire with 8 to 19 years of service and 100% of the cost per participant for those that retire with 20 or more years of service. The County contributions to the plan for fiscal year 2020 were \$421,736. Current retirees with less than 20 years of service contribute to the Retiree Health Program with adjustments for age and gender. Monthly retiree contribution rate for fiscal year 2020 ranges from \$775 to \$1,520 for health insurance. Retirees and current employees with 8 to 19 years of service are financially responsible for one-half of the monthly premiums.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	24
Active members	<u>501</u>
Total	<u>525</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation Rate	2.50%
Salary Increases	.50% to 5.00%, not including wage inflation of 3.25%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2016 as conducted for the Texas County and District Retirement System (TCDRS)
Mortality	For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014.
Health care cost trend rates	Initial rate of 7.10% declining to an ultimate rate of 4.25% after 14 years
Participation rates	95% for retirees receiving 100% of premium paid by the County; 65% for retirees receiving 50% of premium paid by the County; 10% for retirees receiving 0% of premium paid by the County
Discount rate	The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the health care trend rates were updated to reflect the repeal of the 'Cadillac Tax' on high-cost employer health plans.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 2.75% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$12,883,168 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2018.

	<u>Total OPEB Liability</u>
Balance at 12/31/2018	\$ 12,083,449
Changes for the year:	
Service cost	1,161,747
Interest on the total liability	462,572
Difference between expected and actual experience	(895,929)
Changes in assumptions and other inputs	463,473
Benefit payments	<u>(392,144)</u>
Net changes	<u>799,719</u>
Balance at 12/31/2019	<u>\$ 12,883,168</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.71% to 2.75%.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.75%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase in Discount Rate (3.75%)</u>
Total OPEB liability	\$ 14,246,599	\$ 12,883,168	\$ 11,634,671

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 11,046,039	\$ 12,883,168	\$ 15,141,336

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2020, the County recognized OPEB expense of \$1,557,622. At September 30, 2020, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 3,766	\$ 1,293,627
Changes in actuarial assumptions	767,765	52,804
Contributions subsequent to the measurement date	<u>317,258</u>	<u>-</u>
Total	<u>\$ 1,088,789</u>	<u>\$ 1,346,431</u>

\$317,258 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2021. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2021	\$(66,697)
2022	(66,697)
2023	(66,697)
2024	(66,697)
2025	(66,697)
Thereafter	(241,415)

C. Defined Other Post-Employment Benefit Plans

TCDRS Group Term Life Fund

Plan Description. The County voluntarily participates in the Texas County & District Group Term Life Fund (TCDRS GTLF). The GTLF is a single-employer defined Other Post-Employment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TCDRS Act.

Benefits Provided. The GTLF provides group-term life insurance to County employees who are active members in TCDRS, including or not including retirees. The County's Commissioners' Court opted into this program, and may terminate coverage under, and discontinue participation in, the GTLF program as of January 1, each year.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's most recent regular annualized salary. The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$5,000.

Employees covered by benefit terms. The number of employees currently covered by the benefit terms is as follows:

Inactive employees receiving benefits	232
Inactive employees entitled to but not yet receiving benefits	122
Active employees	<u>587</u>
	<u>941</u>

Contributions. The County contributes to the GTLF at a contractually required rate as determined by an annual actuarial valuation, which was 0.28% for 2020 and 0.29% for 2020, of which 0.11% and 0.12%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The County's contributions to the GTLF for the years ended September 30, 2020 and 2019 were \$82,344 and \$78,364, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The County's Total OPEB Liability (TOL) was measured as of December 31, 2019 as determined by an actuarial valuation as of that date.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended	December 31, 2019
Investment rate of return (discount rate)	2.74%, or 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019.
Actuarial cost method	Entry age normal

Mortality rates for active members, retirees, and beneficiaries were based on the following:

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
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.

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.

Discount Rate. The TCDRS GTLF program is treated as an unfunded OPEB plan because the GTLF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.74% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was the 20 Year Bond GO Index published by bondbuyer.com as of the measurement date of December 31, 2019.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate <u>(1.74%)</u>	Current Discount Rate <u>(2.74%)</u>	1% Increase in Discount Rate <u>(3.74%)</u>
Total OPEB Liability	\$ 1,585,076	\$ 1,298,430	\$ 1,081,662

OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs. At September 30, 2020, the County reported a liability of \$1,298,430 for its Total OPEB Liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019. For the year ended September 30, 2020, the County recognized OPEB expense of \$105,379. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
Balance at December 31, 2018	\$ 974,115
Changes for the year:	
Service cost	31,124
Interest on total OPEB liability ⁽¹⁾	40,542
Changes of benefit terms ⁽²⁾	-
Effect of economic/demographic gains or losses	4,076
Effect of assumptions changes or inputs ⁽³⁾	281,709
Benefit payments	<u>(33,136)</u>
Balance at December 31, 2019	<u>\$ 1,298,430</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Reflects change in discount rate.

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,831	\$ 12,121
Change of assumptions	259,931	79,513
Contributions subsequent to the measurement date	<u>23,496</u>	<u>-</u>
Totals	<u>\$ 293,258</u>	<u>\$ 91,634</u>

\$23,496 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2021. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year <u>Ended September 30,</u>	
2021	\$ 33,713
2022	33,713
2023	33,714
2024	29,358
2025	47,630

D. Risk Management

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

E. Tax Abatements

The County enters into economic development agreements designed to promote development and redevelopment within the County, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the County. The County’s economic development agreements are authorized under Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the County, and the attraction of companies that offer high impact jobs and share the community’s values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations or bringing targeted business to the County. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The County has also entered into two agreements under State County Development and Growth, Chapter 381 of the Texas Local Government Code that will rebate a percentage of property taxes.

In fiscal year 2020, the County abated property tax revenue totaling \$46,429 for six entities. In addition, the County made Chapter 381 property tax rebates of \$41,458 for one entity.

F. Related Party Transactions

During the 2020 fiscal year, the County received services from a company owned by a relative of a member of Commissioners Court. The contract was approved by Commissioners Court and the Commissioner abstained from that vote. Total payments to the vendor for the fiscal year were \$173,022.

G. Subsequent Event

Debt Issuance

The County issued debt in the form of Unlimited Tax Road Bonds on February 9, 2021. The bonds are in the amount of \$20,975,000 and have an interest rate range of 4-5% and mature in 2046.

The County also issued debt in the form of Limited Tax Bonds on February 9, 2021. The bonds are in the amount of \$25,010,000 and have an interest rate range of 4-5% and mature in 2046.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a Public Health Emergency of International Concern and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively affect the County's operations, suppliers or other vendors, as well as intergovernmental entities and citizens it collects fees from. Subsequent shelter in place orders, labor shortages or other disruptions to the County's operations, or that of its suppliers and vendors, may adversely affect the County's ability to provide services to citizens and taxpayers. In addition, the epidemic and its effects could result in a widespread health crisis that may lead to an economic downturn, negatively affecting tax revenues and demand for services. As of the date of this report, the impact of COVID-19 on the County's financial statements or operations cannot be determined. The extent to which COVID-19 may affect the County's results will depend on future developments, which are highly uncertain.

H. New Accounting Principles

Significant new accounting standard not yet implemented by the County includes:

Statement No. 84, Fiduciary Activities – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement will become effective for the County in fiscal year 2021.

Statement No. 87, Leases – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the County in fiscal year 2022.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period – The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement will become effective for the County in fiscal year 2022.

Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61 – The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for the County in fiscal year 2021.

**REQUIRED
SUPPLEMENTARY INFORMATION**

KAUFMAN COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date, December 31	<u>2019</u>	<u>2018</u>
Total Pension Liability		
Service Cost	\$ 3,265,943	\$ 3,053,934
Interest total pension liability	7,278,934	6,744,796
Effect of plan changes	-	639,221
Effect of assumption changes or inputs	-	-
Effect of economic/demographic (gains) or losses	470,101	220,680
Benefit payments/refunds of contributions	(4,515,378)	(4,046,460)
Net change in total pension liability	6,499,600	6,612,171
Total pension liability - beginning	<u>88,811,166</u>	<u>82,198,995</u>
Total pension liability - ending (a)	<u>\$ 95,310,766</u>	<u>\$ 88,811,166</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 2,603,903	\$ 2,625,263
Member contributions	1,932,910	1,802,198
Investment income net of investment expenses	13,005,673	(1,492,712)
Benefit payments refunds of contributions	(4,515,378)	(4,046,460)
Administrative expenses	(70,235)	(63,611)
Other	<u>13,574</u>	<u>18,998</u>
Net change in plan fiduciary net position	12,970,447	(1,156,324)
Plan fiduciary net position - beginning	<u>79,196,807</u>	<u>80,353,131</u>
Plan fiduciary net position - ending (b)	<u>\$ 92,167,254</u>	<u>\$ 79,196,807</u>
Net pension liability - ending (a) - (b)	<u>\$ 3,143,512</u>	<u>\$ 9,614,359</u>
Fiduciary net position as a percentage of total pension liability	96.70%	89.17%
Pensionable covered payroll	\$ 27,612,999	\$ 25,745,877
Net pension liability as a percentage of covered payroll	11.38%	37.34%

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

2017		2016		2015		2014	
\$	3,238,234	\$	3,065,258	\$	2,644,182	\$	2,762,499
	6,348,341		5,728,468		5,436,268		5,087,347
	-		-	(	581,498)		-
	328,681		-		793,523		-
(	779,039)		975,056	(	1,233,372)	(	306,924)
(	4,067,947)	(	3,643,256)	(	3,468,516)	(	3,101,049)
	5,068,270		6,125,526		3,590,587		4,441,873
	77,130,725		71,005,199		67,414,612		62,972,739
\$	82,198,995	\$	77,130,725	\$	71,005,199	\$	67,414,612
\$	2,149,400	\$	2,156,826	\$	1,967,249	\$	1,948,436
	1,633,633		1,632,185		1,464,973		1,415,395
	10,274,385		4,810,216	(	320,384)		4,146,388
(	4,067,947)	(	3,643,256)	(	3,468,516)	(	3,101,049)
(	53,437)	(	52,386)	(	46,996)	(	48,743)
(	3,545)		452,289		49,879		40,434
	9,932,489		5,355,874	(	353,795)		4,400,861
	70,420,642		65,064,768		65,418,563		61,017,702
\$	80,353,131	\$	70,420,642	\$	65,064,768	\$	65,418,563
\$	1,845,864	\$	6,710,083	\$	5,940,431	\$	1,996,049
	97.75%		91.30%		91.63%		97.04%
\$	23,337,656	\$	23,316,925	\$	20,928,191	\$	20,111,254
	7.91%		28.78%		28.38%		9.93%

KAUFMAN COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,943,276	\$ 1,943,276	\$ -	\$ 20,264,138	9.6%
2015	1,948,005	1,948,005	-	20,597,590	9.5%
2016	2,065,400	2,065,400	-	22,246,549	9.3%
2017	2,110,610	2,110,610	-	22,889,854	9.2%
2018	2,355,016	2,355,016	-	25,146,889	9.4%
2019	2,547,473	2,747,473	200,000	27,022,238	10.2%
2020	2,798,325	3,152,573	354,248	29,131,092	10.8%

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

KAUFMAN COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Notes to Schedule

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.7 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service, 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	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.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that a 2% flat COLA was adopted

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the notes to the schedule.*

KAUFMAN COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - GROUP TERM LIFE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date, December 31	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 31,124	\$ 38,036	\$ 36,235
Interest on total OPEB liability	40,542	36,472	37,218
Effect of assumption changes or inputs	281,709	(119,269)	50,348
Effect of economic/demographic gains or losses	4,076	9,651	(24,241)
Benefit payments	(33,136)	(25,746)	(25,671)
Net change in Total OPEB Liability	324,315	(60,856)	73,889
Total OPEB Liability - beginning	<u>974,115</u>	<u>1,034,971</u>	<u>961,082</u>
Total OPEB Liability - ending	\$ <u>1,298,430</u>	\$ <u>974,115</u>	\$ <u>1,034,971</u>
Covered-employee payroll	\$ 27,612,999	\$ 25,745,877	\$ 23,337,656
Total OPEB Liability (Asset) as a percentage of covered-employee payroll	4.70%	3.78%	4.43%

Note: This schedule is required to have 10 years of information but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust for the group term life plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statemetn No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

KAUFMAN COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - RETIREE HEALTH PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date, December 31	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 1,161,747	\$ 1,240,615	\$ 657,472
Interest on total OPEB liability	462,572	395,357	396,383
Difference between expected and actual experience	(895,929)	(642,138)	5,694
Effect of assumption changes or inputs	463,473	(68,067)	538,572
Benefit payments	(392,144)	(332,674)	(365,587)
Net change in Total OPEB Liability	799,719	593,093	1,232,534
Total OPEB Liability - beginning	<u>12,083,449</u>	<u>11,490,356</u>	<u>10,257,822</u>
Total OPEB Liability - ending	<u>\$ 12,883,168</u>	<u>\$ 12,083,449</u>	<u>\$ 11,490,356</u>
Covered-employee payroll	\$ 28,032,822	\$ 25,125,526	\$ 23,337,656
Total OPEB Liability (Asset) as a percentage of covered-employee payroll	45.96%	48.09%	49.24%

Note: This schedule is required to have 10 years of information but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust for the retiree health plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 40,820,193	\$ 40,820,193	\$ 39,947,283	\$ (872,910)
Mixed beverage taxes	150,000	150,000	132,272	(17,728)
License and permits	92,000	120,612	123,851	3,239
Fees of office	3,802,700	3,802,780	3,810,832	8,052
Charges for service	653,286	653,286	865,778	212,492
Intergovernmental	3,794,415	5,333,470	6,986,879	1,653,409
Investment income	230,000	230,000	188,025	(41,975)
Miscellaneous	335,358	355,245	359,589	4,344
Total revenues	<u>49,877,952</u>	<u>51,465,586</u>	<u>52,414,509</u>	<u>948,923</u>
EXPENDITURES				
Current:				
General Government:				
County Clerk	1,068,548	1,068,548	1,018,064	50,484
County Service Officer	90,245	90,245	77,392	12,853
General Government	3,537,918	3,471,821	3,543,144	(71,323)
Emergency Management	223,061	224,119	206,595	17,524
Collections	189,246	189,246	171,468	17,778
District Clerk	720,234	720,234	661,204	59,030
Election Expense	502,953	492,507	488,848	3,659
County Auditor	559,668	559,668	542,270	17,398
Purchasing Agent	218,446	218,446	206,705	11,741
County Treasurer	238,924	238,924	229,233	9,691
Human Resources	344,474	346,761	291,606	55,155
Tax Collector	1,353,605	1,353,605	1,241,083	112,522
Maintenance and Operations	729,238	732,271	713,532	18,739
Utilities	516,400	560,697	549,792	10,905
General Right of Way	5,390	5,390	-	5,390
Probate Education	6,000	6,000	-	6,000
Extension Service	345,331	345,331	335,163	10,168
Project/Program Manager	84,612	84,612	81,680	2,932
Computer	499,760	551,021	300,931	250,090
Probate and Lunacy	52,300	62,477	62,477	-
Information Technology	1,473,341	1,426,753	1,110,772	315,981
Total General Government	<u>12,759,694</u>	<u>12,748,676</u>	<u>11,831,959</u>	<u>916,717</u>

KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety				
Judicial and Law Enforcement	\$ 240,501	\$ 248,014	\$ 247,490	\$ 524
Fire Marshal	476,617	482,245	417,108	65,137
Constable Precinct 1	253,226	253,226	203,232	49,994
Constable Precinct 2	448,568	355,213	354,415	798
Constable Precinct 3	369,081	369,081	353,998	15,083
Constable Precinct 4	342,789	342,789	303,701	39,088
Sheriff's Fund	8,836,210	8,814,564	8,149,822	664,742
Jail Expense	10,440,983	10,485,983	10,405,926	80,057
School Officers	634,659	384,860	384,860	-
911 Regional Call Center	2,331,311	2,331,311	2,294,408	36,903
FWSD #1C - Windmill Farms	353,199	365,012	364,583	429
Highway Patrol	116,180	116,180	112,859	3,321
DPS License and Weight	7,700	7,700	2,425	5,275
Juvenile Probation	180,151	180,651	169,533	11,118
Total Public Safety	<u>25,031,175</u>	<u>24,736,829</u>	<u>23,764,360</u>	<u>972,469</u>
Judicial				
County Judge	356,834	356,834	339,062	17,772
County Court at Law #2	515,016	515,016	508,501	6,515
County Court at Law #1	388,468	391,209	384,975	6,234
Public Defender	702,128	702,128	666,311	35,817
422nd District Court	277,253	277,253	270,254	6,999
District Attorney	3,465,517	3,475,767	3,378,744	97,023
Pretrial Diversion	135,283	136,742	119,374	17,368
86th District Court	246,231	249,017	228,179	20,838
Justice of the Peace #1	331,276	331,276	307,801	23,475
Justice of the Peace #2	354,661	351,353	333,037	18,316
Justice of the Peace #3	360,717	360,717	333,868	26,849
Justice of the Peace #4	325,307	325,307	313,960	11,347
Jury Fund	28,900	28,900	15,151	13,749
Charities Poor and Relief	867,905	896,080	887,358	8,722
Total Judicial	<u>8,355,496</u>	<u>8,397,599</u>	<u>8,086,575</u>	<u>311,024</u>
Community Services				
General Government - Community Servi	119,100	119,100	107,850	11,250
Precinct 1 Solid Waste	257,900	286,513	262,008	24,505
Library	267,937	290,179	264,185	25,994
Total Community Services	<u>644,937</u>	<u>695,792</u>	<u>634,043</u>	<u>61,749</u>

KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Infrastructure and Environmental Services				
Public Works	\$ 523,583	\$ 522,823	\$ 470,150	\$ 52,673
Lake Dam Maintenance	104,800	992,966	1,544,210	(551,244)
Precinct 4 Convenience Station	-	833	833	-
Total Infrastructure and Environmental Services	<u>628,383</u>	<u>1,516,622</u>	<u>2,015,193</u>	<u>(498,571)</u>
Health and Human Services				
General Government - Health and Human Services	137,700	1,946,809	1,303,597	643,212
Indigent Health Care	<u>422,800</u>	<u>428,919</u>	<u>427,746</u>	<u>1,173</u>
Total Health and Human Services	<u>560,500</u>	<u>2,375,728</u>	<u>1,731,343</u>	<u>644,385</u>
Capital outlay	744,419	834,440	2,580,157	(1,745,717)
Debt service:				
Principal	839,827	839,878	479,940	359,938
Interest and fiscal charges	<u>5,973</u>	<u>5,922</u>	<u>38,518</u>	<u>(32,596)</u>
Total expenditures	<u>49,570,404</u>	<u>52,151,486</u>	<u>51,162,088</u>	<u>989,398</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>307,548</u>	<u>(685,900)</u>	<u>1,252,421</u>	<u>1,938,321</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	200,000	200,000	136,496	(63,504)
Insurance recoveries	-	123,142	135,254	12,112
Transfers in	75,400	963,566	75,400	(888,166)
Transfers out	(619,375)	(635,375)	(703,005)	(67,630)
Issuance of capital lease	-	-	1,980,849	1,980,849
Total other financing sources (uses)	<u>(343,975)</u>	<u>651,333</u>	<u>1,624,994</u>	<u>973,661</u>
NET CHANGE IN FUND BALANCES	<u>(36,427)</u>	<u>(34,567)</u>	<u>2,877,415</u>	<u>2,911,982</u>
FUND BALANCES, BEGINNING	<u>8,582,207</u>	<u>8,582,207</u>	<u>8,582,207</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 8,545,780</u>	<u>\$ 8,547,640</u>	<u>\$ 11,459,622</u>	<u>\$ 2,911,982</u>

KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL ROAD AND BRIDGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 10,264,393	\$ 10,264,393	\$ 10,189,930	\$(74,463)
Fees of office	1,944,800	2,121,992	2,762,981	640,989
Charges for service	17,906	413,580	395,674	(17,906)
Intergovernmental	809,700	824,700	6,790	(817,910)
Investment income	27,362	27,362	24,123	(3,239)
Miscellaneous	19,304	23,484	68,728	45,244
Total revenues	<u>13,083,465</u>	<u>13,675,511</u>	<u>13,448,226</u>	<u>(227,285)</u>
EXPENDITURES				
Current:				
Infrastructure and Environmental				
Maintenance	159,923	159,923	73,099	86,824
Precinct 1	4,755,884	4,636,706	3,565,588	1,071,118
Precinct 2	2,298,962	2,645,341	2,039,162	606,179
Precinct 3	3,225,049	3,048,178	2,722,212	325,966
Precinct 4	5,224,152	5,526,772	4,868,494	658,278
Capital outlay	1,704,000	2,134,108	2,367,908	(233,800)
Debt service				
Principal	682,478	682,478	837,635	(155,157)
Interest and fiscal charges	56,117	56,117	59,569	(3,452)
Total expenditures	<u>18,106,565</u>	<u>18,889,623</u>	<u>16,533,667</u>	<u>2,355,956</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,023,100)</u>	<u>(5,214,112)</u>	<u>(3,085,441)</u>	<u>2,128,671</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	32,717	195,705	162,988
Issuance of capital lease	-	-	400,121	400,121
Total other financing sources (uses)	<u>-</u>	<u>32,717</u>	<u>595,826</u>	<u>563,109</u>
NET CHANGE IN FUND BALANCES	<u>(5,023,100)</u>	<u>(5,181,395)</u>	<u>(2,489,615)</u>	<u>2,691,780</u>
FUND BALANCES, BEGINNING	<u>4,556,300</u>	<u>4,556,300</u>	<u>4,556,300</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$(466,800)</u>	<u>\$(625,095)</u>	<u>\$ 2,066,685</u>	<u>\$ 2,691,780</u>

KAUFMAN COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial report:

1. The County Judge has departmental meetings with management to determine the departmental budget requests.
2. The County Judge submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following October. The operational budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. After the public hearings, the Commissioners' Court reviews the budget and makes any adjustments they feel necessary.
5. The budget is then legally enacted by the Commissioners' Court on or before October 1.

Only the governing body, composed of the Commissioners' Court, may amend the budget after its adoption so long as the amendment continues to meet the requirements of Section 111 of the *Local Government Code*. During the year, several supplementary amendments to the original budget were required. Individual amendments were not material in relation to the original appropriations, and all amendments were legally made. The County's budget authorizes expenditures for all governmental fund types. The County's legally adopted budget is at the department level in those funds with multiple departments and at the fund level in single department funds. All budgets are fixed in nature. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. Comparisons of actual expenditures or expenses to budget are made on an ongoing basis. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budget appropriations lapse at year-end. Annual appropriated budgets are adopted for the General, General Road and Bridge Funds and Debt Service Funds.

**COMBINING
STATEMENTS AND SCHEDULES**

KAUFMAN COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Special Revenue			
	Sheriff Federal Forfeitures	Sheriff State Forfeitures	District Attorney Forfeitures	Law Library
ASSETS				
Cash and cash equivalents	\$ 90,760	\$ 44,388	\$ 67,085	\$ 163,215
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>90,760</u>	<u>44,388</u>	<u>67,085</u>	<u>163,215</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	-	642	3,248
Accrued liabilities	-	-	-	1,246
Due to other funds	-	-	309	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>951</u>	<u>4,494</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Public safety	90,760	44,388	-	-
Judicial	-	-	66,134	158,721
Fire code enforcement	-	-	-	-
Historical preservation	-	-	-	-
Records management and preservation	-	-	-	-
Court technology and security	-	-	-	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Total fund balances	<u>90,760</u>	<u>44,388</u>	<u>66,134</u>	<u>158,721</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 90,760</u>	<u>\$ 44,388</u>	<u>\$ 67,085</u>	<u>\$ 163,215</u>

Special Revenue

Voter Registration	Juvenile Probation	Appellate Justice System	Records Management	Library Memorials	Courthouse Security	Records Management and Preservation
\$ 5,316	\$ 136,685	\$ 33,068	\$ 415,739	\$ 4,742	\$ 255,752	\$ 98,370
-	-	-	-	-	-	-
-	76,918	-	-	-	-	-
<u>5,316</u>	<u>213,603</u>	<u>33,068</u>	<u>415,739</u>	<u>4,742</u>	<u>255,752</u>	<u>98,370</u>
-	84,520	-	5,294	-	145,429	-
-	36,596	-	424	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>121,116</u>	<u>-</u>	<u>5,718</u>	<u>-</u>	<u>145,429</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>
-	92,487	-	-	-	-	-
-	-	33,068	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,742	-	-
-	-	-	410,021	-	-	98,370
-	-	-	-	-	110,323	-
-	-	-	-	-	-	-
<u>5,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,316</u>	<u>92,487</u>	<u>33,068</u>	<u>410,021</u>	<u>4,742</u>	<u>110,323</u>	<u>98,370</u>
<u>\$ 5,316</u>	<u>\$ 213,603</u>	<u>\$ 33,068</u>	<u>\$ 415,739</u>	<u>\$ 4,742</u>	<u>\$ 255,752</u>	<u>\$ 98,370</u>

KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	Special Revenue			
	District Clerk Records Management and Preservation	Fire Code	CCL Diversion Court	422nd Diversion Court
ASSETS				
Cash and cash equivalents	\$ 46,732	\$ 266,204	\$ 58,309	\$ 56,501
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>46,732</u>	<u>266,204</u>	<u>58,309</u>	<u>56,501</u>
LIABILITIES				
Liabilities:				
Accounts payable	-	358	900	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>358</u>	<u>900</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Public safety	-	-	-	-
Judicial	-	-	57,409	56,501
Fire code enforcement	-	265,846	-	-
Historical preservation	-	-	-	-
Records management and preservation	46,732	-	-	-
Court technology and security	-	-	-	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Total fund balances	<u>46,732</u>	<u>265,846</u>	<u>57,409</u>	<u>56,501</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,732</u>	<u>\$ 266,204</u>	<u>\$ 58,309</u>	<u>\$ 56,501</u>

Special Revenue

Constable Pct. 4 Forfeitures	Justice Court Building Security	Juror Reimbursements	Texas Water Improvement	Historical Society	Farm Museum	Juvenile Case Manager
\$ 6,939	\$ 11,606	\$ 39,851	\$ 392	\$ 3,564	\$ 1	\$ 1,963
-	-	-	-	-	-	-
<u>6,939</u>	<u>11,606</u>	<u>39,851</u>	<u>392</u>	<u>3,564</u>	<u>1</u>	<u>1,963</u>
-	-	3,250	-	94	-	-
-	-	-	100	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,250</u>	<u>100</u>	<u>94</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>
6,939	-	-	-	-	-	1,963
-	-	36,601	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,470	1	-
-	-	-	-	-	-	-
-	11,606	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>292</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,939</u>	<u>11,606</u>	<u>36,601</u>	<u>292</u>	<u>3,470</u>	<u>1</u>	<u>1,963</u>
<u>\$ 6,939</u>	<u>\$ 11,606</u>	<u>\$ 39,851</u>	<u>\$ 392</u>	<u>\$ 3,564</u>	<u>\$ 1</u>	<u>\$ 1,963</u>

KAUFMAN COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	Special Revenue			
	LEOSE Training	County and District Court Technology	JP Technology	Records Archive
ASSETS				
Cash and cash equivalents	\$ 51,364	\$ 7,705	\$ 226,862	\$ 442,232
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Total assets	51,364	7,705	226,862	442,232
LIABILITIES				
Liabilities:				
Accounts payable	-	-	30,585	2,764
Accrued liabilities	-	-	-	-
Due to other funds	-	-	300	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	30,885	2,764
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred outflows	-	-	-	-
FUND BALANCES				
Restricted for:				
Public safety	51,364	-	-	-
Judicial	-	-	-	-
Fire code enforcement	-	-	-	-
Historical preservation	-	-	-	-
Records management and preservation	-	-	-	439,468
Court technology and security	-	7,705	195,977	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Total fund balances	51,364	7,705	195,977	439,468
Total liabilities, deferred inflows of resources, and fund balances	\$ 51,364	\$ 7,705	\$ 226,862	\$ 442,232

Special Revenue

SCAAP Grant	Tax Assessor/ Collector Administration Fees	Air Quality Grant	HAVA CARES & Security Grant	Local Truancy Prevention & Diversion	Debt Service	Total Other Governmental Funds
\$ 28,666	\$ 16,780	\$ 2,558	\$ 156,039	\$ 7,843	\$ 1,359,450	\$ 4,106,681
-	-	-	-	-	150,258	150,258
-	-	-	-	-	-	76,918
<u>28,666</u>	<u>16,780</u>	<u>2,558</u>	<u>156,039</u>	<u>7,843</u>	<u>1,509,708</u>	<u>4,333,857</u>
-	-	-	-	-	450	277,534
-	-	-	-	-	-	38,266
-	-	-	-	-	-	709
<u>5,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,701</u>
<u>5,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>322,210</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,395</u>	<u>110,395</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,395</u>	<u>110,395</u>
22,965	-	2,558	156,039	7,843	-	477,306
-	-	-	-	-	-	408,434
-	-	-	-	-	-	265,846
-	-	-	-	-	-	8,213
-	-	-	-	-	-	994,591
-	-	-	-	-	-	325,611
-	-	-	-	-	1,398,863	1,398,863
<u>-</u>	<u>16,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,388</u>
<u>22,965</u>	<u>16,780</u>	<u>2,558</u>	<u>156,039</u>	<u>7,843</u>	<u>1,398,863</u>	<u>3,901,252</u>
<u>\$ 28,666</u>	<u>\$ 16,780</u>	<u>\$ 2,558</u>	<u>\$ 156,039</u>	<u>\$ 7,843</u>	<u>\$ 1,509,708</u>	<u>\$ 4,333,857</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue			
	Sheriff Federal Forfeitures	Sheriff State Forfeitures	District Attorney Forfeitures	Law Library
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-
Fees of office	-	-	-	80,069
Forfeitures	-	53,289	33,401	-
Intergovernmental	-	-	-	-
Investment income	-	-	-	840
Miscellaneous	<u>112,650</u>	<u>16,770</u>	<u>-</u>	<u>-</u>
Total revenues	<u>112,650</u>	<u>70,059</u>	<u>33,401</u>	<u>80,909</u>
EXPENDITURES				
General government	-	-	-	-
Public safety and corrections	70,806	74,538	-	-
Judicial	-	-	35,677	96,137
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>70,806</u>	<u>74,538</u>	<u>35,677</u>	<u>96,137</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>41,844</u>	<u>(4,479)</u>	<u>(2,276)</u>	<u>(15,228)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Premium on issuance of debt	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Proceeds from insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	41,844	(4,479)	(2,276)	(15,228)
FUND BALANCES, BEGINNING	<u>48,916</u>	<u>48,867</u>	<u>68,410</u>	<u>173,949</u>
FUND BALANCES, ENDING	<u>\$ 90,760</u>	<u>\$ 44,388</u>	<u>\$ 66,134</u>	<u>\$ 158,721</u>

Special Revenue

Voter Registration	Juvenile Probation	Appellate Justice System	Records Management	Library Memorials	Courthouse Security	Records Management and Preservation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	11,388	412,997	-	74,850	15,406
-	-	-	-	-	-	-
5,662	882,130	-	-	-	-	-
6	759	-	1,195	-	1,152	451
-	-	-	-	1,175	-	-
<u>5,668</u>	<u>882,889</u>	<u>11,388</u>	<u>414,192</u>	<u>1,175</u>	<u>76,002</u>	<u>15,857</u>
5,662	-	-	145,945	-	-	-
-	1,464,148	-	-	-	-	-
-	-	9,243	-	-	170,107	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,662</u>	<u>1,464,148</u>	<u>9,243</u>	<u>145,945</u>	<u>-</u>	<u>170,107</u>	<u>-</u>
<u>6</u>	<u>(581,259)</u>	<u>2,145</u>	<u>268,247</u>	<u>1,175</u>	<u>(94,105)</u>	<u>15,857</u>
-	603,975	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	603,975	-	-	-	-	-
6	22,716	2,145	268,247	1,175	(94,105)	15,857
<u>5,310</u>	<u>69,771</u>	<u>30,923</u>	<u>141,774</u>	<u>3,567</u>	<u>204,428</u>	<u>82,513</u>
<u>\$ 5,316</u>	<u>\$ 92,487</u>	<u>\$ 33,068</u>	<u>\$ 410,021</u>	<u>\$ 4,742</u>	<u>\$ 110,323</u>	<u>\$ 98,370</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue			
	District Clerk Records Management and Preservation	Fire Code	CCL Diversion Court	422nd Diversion Court
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
License and permits	-	183,022	-	-
Fees of office	38,931	-	2,470	2,768
Forfeitures	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	615	-	-	-
Miscellaneous	-	7,971	-	-
Total revenues	<u>39,546</u>	<u>190,993</u>	<u>2,470</u>	<u>2,768</u>
EXPENDITURES				
General government	106,059	-	-	-
Public safety and corrections	-	5,382	-	750
Judicial	-	-	7,785	-
Capital outlay	-	25,718	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Issuance costs	-	-	-	-
Total expenditures	<u>106,059</u>	<u>31,100</u>	<u>7,785</u>	<u>750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(66,513)</u>	<u>159,893</u>	<u>(5,315)</u>	<u>2,018</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,815	3,815
Transfers out	-	(75,400)	-	-
Proceeds from issuance of debt	-	-	-	-
Premium on issuance of debt	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Proceeds from insurance	-	1,750	-	-
Total other financing sources (uses)	<u>-</u>	<u>(73,650)</u>	<u>3,815</u>	<u>3,815</u>
NET CHANGE IN FUND BALANCES	<u>(66,513)</u>	<u>86,243</u>	<u>(1,500)</u>	<u>5,833</u>
FUND BALANCES, BEGINNING	<u>113,245</u>	<u>179,603</u>	<u>58,909</u>	<u>50,668</u>
FUND BALANCES, ENDING	<u>\$ 46,732</u>	<u>\$ 265,846</u>	<u>\$ 57,409</u>	<u>\$ 56,501</u>

Special Revenue

Constable Pct. 4 Forfeitures	Justice Court Building Security	Juror Reimbursements	Texas Water Improvement	Historical Society	Farm Museum	Juvenile Case Manager
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	3,961	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26	-	126	2	103	50	-
<u>2,516</u>	<u>-</u>	<u>2,712</u>	<u>-</u>	<u>9,873</u>	<u>-</u>	<u>-</u>
<u>2,542</u>	<u>3,961</u>	<u>2,838</u>	<u>2</u>	<u>9,976</u>	<u>50</u>	<u>-</u>
-	-	-	-	43,696	-	-
-	-	-	-	-	-	-
-	-	35,725	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>35,725</u>	<u>-</u>	<u>43,696</u>	<u>-</u>	<u>-</u>
<u>2,542</u>	<u>3,961</u>	<u>(32,887)</u>	<u>2</u>	<u>(33,720)</u>	<u>50</u>	<u>-</u>
-	-	61,800	-	25,680	-	-
-	-	-	-	-	(12,080)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>61,800</u>	<u>-</u>	<u>25,680</u>	<u>(12,080)</u>	<u>-</u>
2,542	3,961	28,913	2	(8,040)	(12,030)	-
<u>4,397</u>	<u>7,645</u>	<u>7,688</u>	<u>290</u>	<u>11,510</u>	<u>12,031</u>	<u>1,963</u>
<u>\$ 6,939</u>	<u>\$ 11,606</u>	<u>\$ 36,601</u>	<u>\$ 292</u>	<u>\$ 3,470</u>	<u>\$ 1</u>	<u>\$ 1,963</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue			
	LEOSE Training	County and District Court Technology	JP Technology	Records Archive
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-
Fees of office	-	3,086	21,334	391,460
Forfeitures	-	-	-	-
Intergovernmental	17,879	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>17,879</u>	<u>3,086</u>	<u>21,334</u>	<u>391,460</u>
EXPENDITURES				
General government	-	-	-	49,509
Public safety and corrections	7,397	-	-	-
Judicial	-	-	55,840	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Issuance costs	-	-	-	-
Total expenditures	<u>7,397</u>	<u>-</u>	<u>55,840</u>	<u>49,509</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,482</u>	<u>3,086</u>	<u>(34,506)</u>	<u>341,951</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Premium on issuance of debt	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Proceeds from insurance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	10,482	3,086	(34,506)	341,951
FUND BALANCES, BEGINNING	<u>40,882</u>	<u>4,619</u>	<u>230,483</u>	<u>97,517</u>
FUND BALANCES, ENDING	<u>\$ 51,364</u>	<u>\$ 7,705</u>	<u>\$ 195,977</u>	<u>\$ 439,468</u>

Special Revenue

SCAAP Grant	Tax Assessor/ Collector Administration Fees	Air Quality Grant	HAVA CARES & Security Grant	Local Truancy Prevention & Diversion	Debt Service	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,865,652	\$ 6,865,652
-	-	-	-	-	-	183,022
-	-	-	-	-	-	1,058,720
-	-	-	-	-	-	86,690
22,022	3,779	-	252,188	7,843	-	1,191,503
-	-	-	258	-	13,490	19,073
-	-	-	-	-	-	153,667
<u>22,022</u>	<u>3,779</u>	<u>-</u>	<u>252,446</u>	<u>7,843</u>	<u>6,879,142</u>	<u>9,558,327</u>
-	-	-	-	-	-	350,871
15,637	-	-	112,407	-	-	1,751,065
-	-	-	-	-	-	410,514
-	-	-	-	-	-	25,718
-	-	-	-	-	3,493,759	3,493,759
-	-	-	-	-	2,376,327	2,376,327
-	-	-	-	-	378,647	378,647
<u>15,637</u>	<u>-</u>	<u>-</u>	<u>112,407</u>	<u>-</u>	<u>6,248,733</u>	<u>8,786,901</u>
<u>6,385</u>	<u>3,779</u>	<u>-</u>	<u>140,039</u>	<u>7,843</u>	<u>630,409</u>	<u>771,426</u>
-	-	-	136,000	-	2,279	837,364
-	-	-	(120,000)	-	-	(207,480)
-	-	-	-	-	27,770,000	27,770,000
-	-	-	-	-	3,596,124	3,596,124
-	-	-	-	-	(30,987,477)	(30,987,477)
-	-	-	-	-	-	1,750
-	-	-	16,000	-	380,926	1,010,281
6,385	3,779	-	156,039	7,843	1,011,335	1,781,707
<u>16,580</u>	<u>13,001</u>	<u>2,558</u>	<u>-</u>	<u>-</u>	<u>387,528</u>	<u>2,119,545</u>
<u>\$ 22,965</u>	<u>\$ 16,780</u>	<u>\$ 2,558</u>	<u>\$ 156,039</u>	<u>\$ 7,843</u>	<u>\$ 1,398,863</u>	<u>\$ 3,901,252</u>

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**DEBT SERVICE
BUDGET TO ACTUAL**

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KAUFMAN COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 6,316,112	\$ 6,316,112	\$ 6,865,652	\$ 549,540
Investment income	<u>4,550</u>	<u>4,550</u>	<u>13,490</u>	<u>8,940</u>
Total revenues	<u>6,320,662</u>	<u>6,320,662</u>	<u>6,879,142</u>	<u>558,480</u>
EXPENDITURES				
Debt service				
Principal	3,819,076	3,819,076	3,493,759	325,317
Interest and fiscal charges	2,372,745	2,372,745	2,376,327	(3,582)
Issuance costs	<u>-</u>	<u>378,647</u>	<u>378,647</u>	<u>-</u>
Total expenditures	<u>6,191,821</u>	<u>6,570,468</u>	<u>6,248,733</u>	<u>321,735</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>128,841</u>	<u>(249,806)</u>	<u>630,409</u>	<u>880,215</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long term debt	-	27,770,000	27,770,000	-
Premium on issuance of debt	-	3,596,124	3,596,124	-
Payment to bond escrow agent	-	(30,987,477)	(30,987,477)	-
Transfers in	<u>-</u>	<u>-</u>	<u>2,279</u>	<u>2,279</u>
Total other financing sources (uses)	<u>-</u>	<u>378,647</u>	<u>380,926</u>	<u>2,279</u>
NET CHANGE IN FUND BALANCES	128,841	128,841	1,011,335	882,494
FUND BALANCES, BEGINNING	<u>387,528</u>	<u>387,528</u>	<u>387,528</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 516,369</u>	<u>\$ 516,369</u>	<u>\$ 1,398,863</u>	<u>\$ 882,494</u>

KAUFMAN COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

SEPTEMBER 30, 2020

	Agency Funds				
	Childrens' Shelter	Adult Probation	Tax Assessor Collector	Employee Savings	Justice of the Peace
ASSETS					
Cash and cash equivalents	\$ <u>301</u>	\$ <u>840,242</u>	\$ <u>2,359,656</u>	\$ <u>461,908</u>	\$ <u>160,189</u>
Total assets	<u>301</u>	<u>840,242</u>	<u>2,359,656</u>	<u>461,908</u>	<u>160,189</u>
LIABILITIES AND FUND BALANCES					
Due to others	<u>301</u>	<u>840,242</u>	<u>2,359,656</u>	<u>461,908</u>	<u>160,189</u>
Total liabilities	\$ <u>301</u>	\$ <u>840,242</u>	\$ <u>2,359,656</u>	\$ <u>461,908</u>	\$ <u>160,189</u>

Agency Funds

District Clerk	County Clerk	Veteran's Court	County District Attorney	Sheriff Office	Bail Bond	Total Agency Funds
\$ <u>3,143,255</u>	\$ <u>133,517</u>	\$ <u>8,096</u>	\$ <u>297,210</u>	\$ <u>649,210</u>	\$ <u>354,680</u>	\$ <u>8,408,264</u>
<u>3,143,255</u>	<u>133,517</u>	<u>8,096</u>	<u>297,210</u>	<u>649,210</u>	<u>354,680</u>	<u>8,408,264</u>
<u>3,143,255</u>	<u>133,517</u>	<u>8,096</u>	<u>297,210</u>	<u>649,210</u>	<u>354,680</u>	<u>8,408,264</u>
\$ <u><u>3,143,255</u></u>	\$ <u><u>133,517</u></u>	\$ <u><u>8,096</u></u>	\$ <u><u>297,210</u></u>	\$ <u><u>649,210</u></u>	\$ <u><u>354,680</u></u>	\$ <u><u>8,408,264</u></u>

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