

LAMPASAS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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

LAMPASAS COUNTY, TEXAS

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and Commissioners' Court of Lampasas County
Lampasas, 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 Lampasas County, Texas, (the "County"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 the County, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OFFICE LOCATIONS

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual 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 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 fund financial statements and schedules are fairly stated in all material respects in relation to the 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 May 26, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Waco, Texas
May 26, 2021

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of Lampasas County, Texas (the "County") discuss and analyze the County's financial performance for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources as of September 30, 2020, by \$16,945,789.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,633,937. Of this total amount, 55% or \$5,252,042 is available for spending at the government's discretion (unassigned and assigned fund balance). Fund balance of \$4,317,246 is restricted for capital projects and other purposes specified by third parties.
- As of September 30, 2020, fund balance for the General Fund was \$5,466,693.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the County as a whole and present a long-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The fiduciary statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the County.

The Notes to Basic Financial Statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining schedules for nonmajor governmental funds and fiduciary funds contain even more information about the County's individual funds.

The Statement of Net Position and the Statement of Activities – The analysis of the County's overall financial condition and operations begin on page 8. This shows whether the County's financial condition is better or worse as a result of the year's activities. The Statement of Net Position includes all of the County's assets, deferred outflows of resources, and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties who share the costs of some programs and revenues provided by the taxpayers or other unrestricted sources (general revenues). All of the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net position and changes in them. The County's net position (the difference between assets, deferred outflows of resources, and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider nonfinancial factors as well, such as changes in the County's property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, we report the following type of activities:

- Governmental activities – All of the County’s basic services are reported here. Property and sales taxes and state and federal grants finance most of these activities.

REPORTING THE COUNTY’S MOST SIGNIFICANT FUNDS

Fund Financial Statements – The fund financial statements begin on page 9 and provide detailed information about the most significant funds, but not the County as a whole. Laws and contracts require the County to establish some funds to separately account for restricted resources. The County’s administration establishes other funds to help it control and manage money for particular purposes (capital projects). The County reports the following fund types:

- **Governmental Funds** – All of the County’s basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County’s general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation schedules following each of the fund financial statements.

THE COUNTY AS TRUSTEE

Reporting the County’s Fiduciary Responsibilities – The County is the trustee, or fiduciary, for money on behalf of others. All of the County’s fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 16. We exclude these resources from the County’s other financial statements because the County cannot use these assets to finance its operations. The County is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County’s governmental activities.

The County’s net position was \$16,945,789 at September 30, 2020. The largest portion of the County’s net position reflects its investments in capital assets (e.g. land, buildings, machinery and equipment, infrastructure), less accumulated depreciation and any related outstanding debt. An additional portion of the County’s net position represent resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the County’s ongoing obligations to citizens and creditors.

(Table I)
LAMPASAS COUNTY'S NET POSITION

	Governmental Activities	
	2020	2019
Current and other assets	\$ 12,069,741	\$ 12,688,502
Capital assets	<u>27,919,759</u>	<u>27,122,356</u>
Total assets	<u>39,989,500</u>	<u>39,810,858</u>
Total deferred outflows of resources	<u>765,933</u>	<u>1,840,232</u>
Current liabilities	1,132,699	2,729,122
Noncurrent liabilities	<u>22,058,369</u>	<u>24,424,962</u>
Total liabilities	<u>23,191,068</u>	<u>27,154,084</u>
Total deferred inflows of resources	<u>618,576</u>	<u>75,448</u>
Net position:		
Net investment in capital assets	9,804,920	9,586,309
Restricted	2,431,434	2,370,104
Unrestricted	<u>4,709,435</u>	<u>2,465,145</u>
Total net position	<u>\$ 16,945,789</u>	<u>\$ 14,421,558</u>

(Table II)
LAMPASAS COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2020	2019
REVENUES		
Program revenues:		
Charges for services	\$ 2,132,442	\$ 2,118,119
Operating grants and contributions	872,264	428,495
Capital grants and contributions	-	10,370
General revenues:		
Property taxes	10,161,201	9,507,129
Sales taxes	1,035,075	873,287
Other	<u>242,079</u>	<u>520,572</u>
Total revenues	<u>14,443,061</u>	<u>13,457,972</u>
EXPENSES		
General government	2,686,707	2,903,192
Judicial	813,878	842,301
Public safety	5,272,480	5,402,276
Conservation and development	112,816	118,997
Road and bridge	2,425,001	2,333,385
Interest on long-term debt	<u>607,948</u>	<u>796,936</u>
Total expenses	<u>11,918,830</u>	<u>12,397,087</u>
CHANGE IN NET POSITION	<u>2,524,231</u>	<u>1,060,885</u>
NET POSITION, BEGINNING	<u>14,421,558</u>	<u>13,360,673</u>
NET POSITION, ENDING	<u>\$ 16,945,789</u>	<u>\$ 14,421,558</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$9,633,937, which is an \$476,575 increase from last year's combined ending fund balance of \$9,157,362. Included in this year's total change in fund balance is an increase of \$1,931,076 in the General Fund balance due to an increase in property tax revenue, sales tax revenue, and intergovernmental revenue. Expenditures decreased overall in the General Fund by \$302,722 compared to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County revised the General Fund budget during the year for increases in estimated revenues and expenditures. Actual revenues were more than final budgeted amounts by \$646,357, and actual expenditures were less than final budgeted amounts by \$1,309,558.

CAPITAL ASSETS

At the end of 2020, the County had \$27,919,759 invested in capital assets, including land, buildings, machinery and equipment, and infrastructure. More detailed information about the County's capital assets is presented in the notes to the basic financial statements.

**(Table III)
LAMPASAS COUNTY'S CAPITAL ASSETS**

	Governmental Activities	
	2020	2019
Land	\$ 1,397,393	\$ 1,397,393
Construction in progress	17,238,338	16,126,834
Buildings	11,532,815	11,532,815
Machinery and equipment	7,970,866	7,395,367
Infrastructure	2,714,781	2,283,527
Less: accumulated depreciation	(12,934,434)	(11,613,580)
Total	\$ 27,919,759	\$ 27,122,356

DEBT ADMINISTRATION

At the end of the current fiscal year, Lampasas County had \$22,058,369 in long-term liabilities outstanding versus \$24,424,962 in the prior year with the increase related to bonds and tax notes. Other obligations include accrued vacation pay and other post-employment benefits. More detailed information about the County's long-term liabilities is presented in the notes to the basic financial statements.

**(Table IV)
LAMPASAS COUNTY'S DEBT**

	2020	2019
Bonds and tax notes	\$ 17,805,000	\$ 18,565,000
Premium	1,427,362	1,522,818
Capital leases	813,565	769,927
Notes payable	57,101	114,201
Compensated absences	106,745	104,784
Net pension liability	1,747,554	3,211,593
Net Other post-employment benefits liability	101,042	136,639
Total	\$ 22,058,369	\$ 24,424,962

ECONOMIC FACTORS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the County. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need any additional information, contact Lampasas County Auditor, Attention: Tragina Tallant, P. O. Box 231, Lampasas, Texas 76550.

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**BASIC
FINANCIAL STATEMENTS**

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LAMPASAS COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 10,305,545
Receivables, net of allowance:	
Property taxes	597,492
Sales taxes	186,184
Fines	382,833
Due from other governments	474,232
Due from fiduciary funds	58,806
Prepays	64,649
Capital assets:	
Nondepreciable	18,635,731
Depreciable, net of accumulated depreciation	9,284,028
Total assets	<u>39,989,500</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	2,736
Deferred outflow of resources for pensions	728,117
Deferred outflow of resources for OPEB	35,080
Total deferred outflows of resources	<u>765,933</u>
LIABILITIES	
Accounts payable	874,331
Accrued liabilities	151,005
Interest payable	107,363
Noncurrent liabilities:	
Due within one year	
Long-term debt	925,591
Due in more than one year	
Long-term debt	19,284,182
Net pension liability	1,747,554
Total OPEB liability - retiree health	101,042
Total liabilities	<u>23,191,068</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources related to pensions	553,225
Deferred inflow of resources related to OPEB	65,351
Total deferred inflows of resources	<u>618,576</u>
NET POSITION	
Net investment in capital assets	9,804,920
Restricted for:	
Records management	788,260
Road and bridge	1,354,409
Other purposes	288,765
Unrestricted	4,709,435
Total net position	<u>\$ 16,945,789</u>

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

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LAMPASAS COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	
Governmental activities:						
General government	\$ 2,686,707	\$ 872,199	\$ 151,728	\$ -	\$(1,662,780)
Judicial	813,878	159,754	84,985	-	(569,139)
Public safety	5,272,480	443,237	635,551	-	(4,193,692)
Conservation and development	112,816	-	-	-	(112,816)
Road and bridge	2,425,001	657,252	-	-	(1,767,749)
Interest on long-term debt	<u>607,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	(<u>607,948</u>)
Total governmental activities	\$ <u>11,918,830</u>	\$ <u>2,132,442</u>	\$ <u>872,264</u>	\$ <u>-</u>	(<u>8,914,124</u>)
General revenues:						
Taxes:						
Property						10,161,201
Sales						1,035,075
Other						15,832
Investment earnings						166,348
Gain on sale of capital assets						15,497
Miscellaneous						<u>44,402</u>
Total general revenues						<u>11,438,355</u>
Change in net position						2,524,231
Net position, beginning						<u>14,421,558</u>
Net position, ending					\$	<u>16,945,789</u>

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

LAMPASAS COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General	Road and Bridge	Debt Service
ASSETS			
Cash and investments	\$ 5,612,581	\$ 1,000,789	\$ 401,918
Receivables, net of allowance:			
Property taxes	416,225	107,664	73,603
Sales taxes	186,184	-	-
Fines	382,833	-	-
Due from other governments	474,232	-	-
Due from other funds	574,630	154,224	-
Prepays	64,649	-	-
Total assets	<u>7,711,334</u>	<u>1,262,677</u>	<u>475,521</u>
LIABILITIES			
Accounts payable	324,075	151,062	-
Accrued liabilities	110,639	30,711	-
Due to other funds	566,245	-	514,000
Total liabilities	<u>1,000,959</u>	<u>181,773</u>	<u>514,000</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes - unavailable	386,617	99,641	67,145
Grants - unavailable	474,232	-	-
Court fines - unavailable	382,833	-	-
Total deferred inflows of resources	<u>1,243,682</u>	<u>99,641</u>	<u>67,145</u>
FUND BALANCES			
Nonspendable - prepaids	64,649	-	-
Restricted for:			
Records management	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Road and bridge	-	981,263	-
Capital projects	-	-	-
Assigned for:			
Capital leases	436,830	-	-
Unassigned	4,965,214	-	(105,624)
Total fund balances	<u>5,466,693</u>	<u>981,263</u>	<u>(105,624)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,711,334</u>	<u>\$ 1,262,677</u>	<u>\$ 475,521</u>

Construction	Other Governmental	Total Governmental
\$ 2,255,024	\$ 1,035,233	\$ 10,305,545
-	-	597,492
-	-	186,184
-	-	382,833
-	-	474,232
-	412,307	1,141,161
-	-	64,649
<u>2,255,024</u>	<u>1,447,540</u>	<u>13,152,096</u>
267,461	131,733	874,331
-	9,655	151,005
<u>2,110</u>	<u>-</u>	<u>1,082,355</u>
<u>269,571</u>	<u>141,388</u>	<u>2,107,691</u>
-	-	553,403
-	-	474,232
-	-	382,833
-	-	<u>1,410,468</u>
-	-	64,649
-	788,260	788,260
-	115,520	115,520
-	173,245	173,245
-	273,505	1,254,768
1,985,453	-	1,985,453
-	-	436,830
-	(44,378)	4,815,212
<u>1,985,453</u>	<u>1,306,152</u>	<u>9,633,937</u>
<u>\$ 2,255,024</u>	<u>\$ 1,447,540</u>	<u>\$ 13,152,096</u>

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LAMPASAS COUNTY, TEXAS

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

SEPTEMBER 30, 2020

Total fund balance, governmental funds		\$ 9,633,937
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		27,919,759
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.</p>		
Grants	474,232	
Property taxes	553,403	
Court fines	382,833	
		1,410,468
<p>Long-term liabilities (OPEB, net pension liability, compensated absences, and bonds) are not due and payable in the current period and therefore are not reported in the funds. Also, the premium on issuance of bonds and deferred resource outflows related to the net pension liability are not reported in the funds. A summary of these items are as follows:</p>		
<p>Long-term liabilities:</p>		
Bonds payable	(17,805,000)	
Premium	(1,427,362)	
Capital leases	(813,565)	
Notes payable	(57,101)	
Net pension liability	(1,747,554)	
Deferred resources related to pensions	174,892	
Net other post employment benefit liability	(101,042)	
OPEB related deferred inflows	(30,271)	
Deferred resources related to loss on refunding	2,736	
Compensated absences	(106,745)	
Accrued interest payable	(107,363)	
		(22,018,375)
Net position of governmental activities in the Statement of Net Position		\$ 16,945,789

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

LAMPASAS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General	Road and Bridge	Debt Service
REVENUES			
Property taxes	\$ 6,860,236	\$ 1,813,526	\$ 1,493,364
Sales tax	1,035,075	-	-
Mixed beverage tax	15,832	-	-
Licenses and permits	403,960	589,440	-
Intergovernmental	273,112	-	-
Charges for services	643,318	-	-
Fines and forfeitures	267,578	-	-
Interest	120,810	9,935	2,904
Miscellaneous	72,605	68,109	-
Total revenues	<u>9,692,526</u>	<u>2,481,010</u>	<u>1,496,268</u>
EXPENDITURES			
Current:			
General government	2,189,632	-	-
Judicial	796,138	-	-
Public safety	4,406,668	-	-
Conservation and development	112,047	-	-
Road and bridge	-	2,181,788	-
Capital outlay	-	589,811	-
Debt service:			
Principal	243,769	47,493	760,000
Interest and other charges	20,924	-	715,475
Total expenditures	<u>7,769,178</u>	<u>2,819,092</u>	<u>1,475,475</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,923,348</u>	<u>(338,082)</u>	<u>20,793</u>
OTHER FINANCING SOURCES (USES)			
Sale of general capital assets	8,178	7,319	-
Capital lease	-	334,900	-
Insurance recoveries	5,196	-	-
Transfers in	427,394	-	-
Transfers out	<u>(433,040)</u>	<u>(29,337)</u>	<u>-</u>
Total other financing sources (uses)	<u>7,728</u>	<u>312,882</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,931,076	(25,200)	20,793
FUND BALANCES, BEGINNING	<u>3,535,617</u>	<u>1,006,463</u>	<u>(126,417)</u>
FUND BALANCES, ENDING	<u>\$ 5,466,693</u>	<u>\$ 981,263</u>	<u>\$(105,624)</u>

Construction	Other Governmental	Total Governmental
\$ -	\$ -	\$ 10,167,126
-	-	1,035,075
-	-	15,832
-	4,762	998,162
-	130,073	403,185
-	101,263	744,581
-	16,576	284,154
25,130	7,569	166,348
-	347	141,061
<u>25,130</u>	<u>260,590</u>	<u>13,955,524</u>
-	180,028	2,369,660
-	8,390	804,528
-	415,616	4,822,284
-	-	112,047
-	-	2,181,788
1,109,099	-	1,698,910
-	57,101	1,108,363
-	563	736,962
<u>1,109,099</u>	<u>661,698</u>	<u>13,834,542</u>
(1,083,969)	(401,108)	120,982
-	-	15,497
-	-	334,900
-	-	5,196
-	433,040	860,434
(363,057)	(35,000)	(860,434)
(363,057)	398,040	355,593
(1,447,026)	(3,068)	476,575
<u>3,432,479</u>	<u>1,309,220</u>	<u>9,157,362</u>
\$ <u>1,985,453</u>	\$ <u>1,306,152</u>	\$ <u>9,633,937</u>

LAMPASAS 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 \$ 476,575

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

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

797,403

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 the effect 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.

Debt issued or incurred:

Capital lease

(334,900)

Amortization of premium

94,772

Repayment of principal of long-term debt

1,108,362

868,234

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.

34,243

Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences

(1,961)

Net OPEB liability

(9,352)

(11,313)

Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the County's unrecognized deferred resource outflows and inflows related to the pension liability were amortized.

(107,755)

Revenues from property taxes, court fines, grants and notes receivable are not available to pay for current period expenditures, and therefore, are not reported in the funds.

466,844

Change in net position of governmental activities

\$ 2,524,231

LAMPASAS COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>838,315</u>
Total assets	<u>838,315</u>
LIABILITIES	
Due to other funds	58,806
Due to others	<u>779,509</u>
Total liabilities	<u>\$ 838,315</u>

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

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LAMPASAS COUNTY, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civic Statutes ("VACS"). Lampasas County, Texas (the "County") operates under a County Judge/Commissioners' Court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles ("GAAP") applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB").

A. Reporting Entity

The Commissioners' Court has governance responsibilities over all activities related to Lampasas County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental as defined by Governmental Accounting Standards Board. There are no component units (other governmental entities) over which the County exercises significant controls or has oversight responsibility.

The County provides the following services to its citizens: public safety (law enforcement and detention, fire and ambulance), public transportation (roads and bridges), health and welfare (indigent health care and indigent legal fees), judicial and legal, election functions, and general and financial administrative services.

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 County's nonfiduciary activities. Governmental activities, which are supported primarily by taxes, fines and fees, grants and other intergovernmental revenues are reported as governmental activities.

The statement of activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Program revenues include: a) fees, fines and charges paid by the recipients of goods or services offered by the program; and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds appear as due to/due from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures, and changes in fund balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide statement of activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

The government-wide fund statements use the economic resources measurement focus and the accrual basis of accounting, as do the fiduciary fund financial statements. 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 use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Property taxes, sales taxes, and fines 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. Licenses and permits, forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures are incurred. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and state grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

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

The County reports the following major governmental funds:

General Fund – The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Road and Bridge Fund – The Road and Bridge Fund is a Special Revenue Fund that is used to account for resources used by the County in connection with providing transportation services to its citizens.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources.

Construction Fund – The Construction Fund accounts for the construction of capital projects.

Additionally, the County reports the following fund type:

Fiduciary - Agency Funds – The County accounts for resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

1. Deposits and Investments

The County's cash and investments are considered to be cash on hand, demand deposits, and investment pools.

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The County's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an "Investment Strategy" that specifically addresses limitations on instruments, diversification, and maturity scheduling.

The County is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States of America, its agencies and instrumentalities;
2. Certificates of deposit issued by a bank organized under Texas law, the laws of another state, or federal law, that has its main office or a branch office in Texas, or by a savings and loan association or a savings bank organized under Texas law, the law of another state, or federal law, that has its main office or a branch office in Texas and that is guaranteed or insured by the Federal Deposit Insurance or its successor or secured by obligations in a manner and amount provided by law for deposits for the County;
3. Money market mutual funds that are 1) registered and regulated by the Securities and Exchange Commission, 2) have a dollar weighted average stated maturity of 90 days or less, 4) rated AAA by at least one nationally recognized rating service, and 4) seek to maintain a net position value of \$1 per share;
4. Local government investment pools, which 1) meet the requirements of Chapter 2256.016 of the Public Funds Investment Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) are authorized by resolution or ordinance by the Commissioners Board.

The County participates in TexPool, which is a local government investment pool, established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the Investment Policy and management fee structure.

2. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectible.

Ad valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable on October 1, and are delinquent on February 1. The majority of the County's property tax collections occur during December and early January each year. To the extent that it is considered available to finance current expenditures, property tax revenue is recognized in the governmental funds in the fiscal year for which it is levied.

3. Capital Assets

Capital assets, which include land, buildings, machinery and equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, machinery and equipment, and infrastructure of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	32
Machinery and equipment	5-7
Infrastructure	10-20

4. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

6. 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 statements 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 loss on debt refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Changes in actuarial assumptions related to the pension plan and OPEB plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining 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 or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four types of items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Changes in actuarial assumptions related to the OPEB plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in expected and actual pension plan & OPEB plan experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

7. 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:

- **Non-spendable:** 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. Non-spendable 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 the County's highest level of decision-making authority (Commissioners Court resolution). 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 can be expressed by the Commissioners Court.
- **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

8. Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources, and liabilities. Net position 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

9. Deficit Fund Equity

As of September 30, 2020, Debt Service and Juvenile Probation funds had a negative fund balance of \$105,624 and \$44,378, respectively. The fund deficit is the result of revenues falling short of the levels expected when the budget was approved. The year-end deficit will be made up by providing supplemental funding from the General Fund by the County.

10. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

11. 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.

12. Other Post-Employment Benefits

Retiree Health Plan. 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.

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments

The funds of the County must be deposited and invested under the terms of a contract, the contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The Public Funds Investment Act (Government Code Chapter 2256) (the "Act") contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, investment staff quality and capabilities, and bid solicitation preferences for certificates of deposit.

Statutes authorize the County to invest in: obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchase agreements, bankers' acceptances, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

Policies Governing Deposits and Investments

In compliance with the Act, the County has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2020, were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

TexPool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs other than quoted market prices for similar assets; and Level 3 inputs are significant unobservable inputs. As of September 30, 2020, the County held the following fair value measurements:

	Fair Value Measurement Using			Weighted Average Maturity (Days)	
	9/30/2020	(Level 1)	(Level 2)		(Level 3)
Investments measured at net asset value per share:					
Investment pools:					
TexPool	\$ 6,725,283	\$ -	\$ -	\$ -	38
Investments by fair value:					
Money markets, commercial paper, and CDs	<u>2,192,459</u>	-	<u>2,192,459</u>	-	700
Total reporting entity	<u>\$ 8,917,742</u>	<u>\$ -</u>	<u>\$ 2,192,459</u>	<u>\$ -</u>	201

The County's fair value investments totaling \$2,192,459 were valued using the present value of expected future cash flow model.

B. Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of County-wide appraisal districts and for the State Property Tax board which commenced operation in January 1980.

As of October 1, 1981, the appraisal of property within the County was the responsibility of the Lampasas County Appraisal District (the "Appraisal District"). The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property.

However, if the effective tax rates for bonds and other contractual obligations and adjusted for new improvements exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

Through a contractual arrangement with the County, the Appraisal District is responsible for the collection of taxes. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. A practical limitation on taxes levied for debt service is \$1.50 per \$100 of assessed valuation as established by the Attorney General of the State of Texas. The adopted tax rate for the fiscal year ended September 30, 2020, was \$.48369 per \$100 valuation for maintenance and operations, \$.1235 per \$100 valuation for road and bridge, and \$.1055 per \$100 valuation for debt service.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

C. Interfund Balances and Activity

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Interfund receivables and payables at September 30, 2020, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Debt service	\$ 514,000
General fund	Construction	2,110
General fund	Agency funds	58,520
Road and bridge	General fund	154,224
Nonmajor governmental funds	General fund	412,021
Nonmajor governmental funds	Agency funds	<u>286</u>
	Total	<u>\$ 1,141,161</u>

Interfund receivable balances for the General Fund are created for administrative purposes in disbursing payments to outside sources. Interfund balances are also created by short-term deficiencies in cash position in agency funds. The General Fund owes other funds for road and bridge, county records management, county clerk records management, and other expenditures. It is anticipated that the balances will be repaid in one year or less. Similar transactions such as this also exist between the primary government and the agency funds.

Interfund activity at September 30, 2020, consisted of the following to supplement fund resources, and other miscellaneous transfers to supplement fund resources:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General fund	Road and bridge	\$ 29,337
General fund	Construction	363,057
General fund	Nonmajor governmental funds	35,000
Nonmajor governmental funds	General fund	<u>433,040</u>
Total		<u>\$ 860,434</u>

Interfund transfers to the General Fund from other funds are for operating and administrative allocations. Transfers from the General Fund were used to cover election and juvenile probation expenditures that are not expected to be reimbursed.

D. Receivables and Allowance for Uncollectible Accounts

Receivables as of year-end for the governmental activities, individual major governmental funds and other governmental funds, including the applicable allowances for uncollectible accounts, were as follows:

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Total</u>
Property taxes receivable	\$ 594,731	\$ 153,838	\$ 105,169	\$ 853,738
Sales taxes	186,184	-	-	186,184
Court fines receivable	2,143,977	-	-	2,143,977
Less: allowance for uncollectibles	<u>(1,939,650)</u>	<u>(46,174)</u>	<u>(31,566)</u>	<u>(2,017,390)</u>
Net accounts receivable	<u>\$ 985,242</u>	<u>\$ 107,664</u>	<u>\$ 73,603</u>	<u>\$ 1,166,509</u>

E. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,397,393	\$ -	\$ -	\$ 1,397,393
Construction in progress	<u>16,126,834</u>	<u>1,111,504</u>	<u>-</u>	<u>17,238,338</u>
Total assets not being depreciated	<u>17,524,227</u>	<u>1,111,504</u>	<u>-</u>	<u>18,635,731</u>
Capital assets, being depreciated:				
Buildings	11,532,815	-	-	11,532,815
Machinery and equipment	7,395,367	604,376	(28,877)	7,970,866
Infrastructure	<u>2,283,527</u>	<u>431,254</u>	<u>-</u>	<u>2,714,781</u>
Total capital assets being depreciated	<u>21,211,709</u>	<u>1,035,630</u>	<u>(28,877)</u>	<u>22,218,462</u>
Less accumulated depreciation:				
Buildings	(5,579,734)	(327,951)	-	(5,907,685)
Machinery and equipment	(5,395,311)	(793,426)	28,877	(6,159,860)
Infrastructure	<u>(638,535)</u>	<u>(228,354)</u>	<u>-</u>	<u>(866,889)</u>
Total accumulated depreciation	<u>(11,613,580)</u>	<u>(1,349,731)</u>	<u>28,877</u>	<u>(12,934,434)</u>
Total capital assets being depreciated, net	<u>9,598,129</u>	<u>(314,101)</u>	<u>-</u>	<u>9,284,028</u>
Governmental activities capital assets, net	<u>\$ 27,122,356</u>	<u>\$ 797,403</u>	<u>\$ -</u>	<u>\$ 27,919,759</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 289,269
Public safety	405,742
Road and bridge	<u>654,720</u>
Total depreciation expense - governmental activities	<u>\$ 1,349,731</u>

F. Long-term Liabilities

Capital lease obligations consist of the following at September 30, 2020:

	<u>Total Outstanding</u>
Capital lease payable to a finance company for the purchase of vehicles. Payments are due in annual installments of \$45,054, including interest at 3.940%. Final maturity March 2022.	84,960
Capital lease payable to a finance company for the purchase of a vehicle. Payments are due in annual installments of \$15,160, including interest at 3.900%. Final maturity October 2023.	55,068
Capital lease payable to a finance company for the purchase of sheriff radio equipment. Payments are due in annual installments of \$63,551, including interest at 3.5%. Final maturity January 2026.	338,637
Capital lease payable to a finance company for the purchase of 1 Tractor and 1 Reclaimer. Payments are due in annual installments of \$35,640, including interest at 2.59%. Final maturity April 2025.	165,000
Capital lease payable to a finance company for the purchase of a motor grader. Payments are due in annual installments of \$61,049, including interest at 3.85%. Final maturity December 2022.	<u>169,900</u>
Total capital lease obligations	<u>\$ 813,565</u>

The County's direct borrowings (capital leases) are secured with equipment as collateral. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020 were as follows:

<u>Year ending September 30</u>	<u>Governmental Activities</u>
2021	\$ 220,454
2022	220,454
2023	175,399
2024	114,351
2025	99,191
2026	<u>63,551</u>
Total minimum lease payments	893,400
Less: amounts representing interest	<u>(79,835)</u>
Present value of minimum lease payments	<u>\$ 813,565</u>

The assets acquired through capital leases are as follows:

Equipment	\$ 922,852
Accumulated depreciation	<u>(210,092)</u>
Equipment, net	<u>\$ 712,760</u>

Notes payable consist of the following at September 30, 2020:

	<u>Total Outstanding</u>
Note payable (direct borrowing) to a finance company for the purchase of election equipment and software. Payments are due in annual installments of \$57,664, including interest at 0.99%. Final maturity March 2021.	\$ <u>57,101</u>
Total notes payable	\$ <u>57,101</u>

The following table summarizes the annual debt service requirements of the outstanding notes at September 30, 2020, to maturity:

Year Ending September 30,	<u>Notes payable (direct borrowing)</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ <u>57,101</u>	\$ <u>563</u>	\$ <u>57,664</u>
Total	\$ <u>57,101</u>	\$ <u>563</u>	\$ <u>57,664</u>

In the event of default, the outstanding principal balance of the note shall accrue interest at a rate per annum equal to eighteen percent until the note is paid in full. The lender is also entitled, at its option, to declare the then principal and accrued interest immediately due.

Bonds consist of the following at September 30, 2020:

	<u>Total Outstanding</u>
\$3,015,000 Limited Tax Refunding Bonds, Series 2016, used for the purpose of providing funds to refund the Limited Tax Refunding Bonds, Series 2011 and to pay issuance costs associated with the bonds. The bonds are payable from the proceeds of an ad valorem tax levied upon all taxable property within the County's taxing authority. The bonds bear interest at 2.00 - 3.00% per annum through February 15, 2024. Principal payments begin February 15, 2017 and are payable in annual installments of \$250,000 to \$585,000 through February 15, 2021.	\$ 1,045,000
\$8,685,000 Limited Tax General Obligation Bonds, Series 2017, used for the purpose of (1) constructing, improving and equipping a County jail facility including the acquisition of any necessary sites; (2) constructing, improving and equipping a County sheriff's office, including the acquisition of any necessary sites and (3) professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Bonds. The bonds are payable from the proceeds of an ad valorem tax levied upon all taxable property within the County's taxing authority. The bonds bear interest at 2.00 - 4.00% per annum through August 15, 2031. Principal payments begin February 15, 2018 and are payable in annual installments of \$80,000 to \$565,000 through February 15, 2031.	8,120,000
\$8,740,000 Limited Tax General Obligation Bonds, Series 2018, used for the purpose of (1) constructing, improving and equipping a County jail facility including the acquisition of any necessary sites; (2) constructing, improving and equipping a County sheriff's office, including the acquisition of any necessary sites and (3) professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Bonds. The bonds are payable from the proceeds of an ad valorem tax levied upon all taxable property within the County's taxing authority. The bonds bear interest at 4.00% per annum through February 15, 2038. Principal payments begin February 15, 2020 and are payable in annual installments of \$100,000 to \$1,400,000 through February 15, 2038.	<u>8,640,000</u>
Total	\$ <u>17,805,000</u>

The following table summarizes the annual debt service requirements of the outstanding bonds at September 30, 2020, to maturity:

Year Ending September 30,	Governmental Activities		Total
	Principal	Interest	
2021	\$ 655,000	\$ 689,900	\$ 1,344,900
2022	770,000	663,925	1,433,925
2023	800,000	635,125	1,435,125
2024	825,000	605,325	1,430,325
2025	805,000	574,100	1,379,100
2026-2030	4,505,000	2,354,300	6,859,300
2031-2035	5,530,000	1,354,000	6,884,000
2036-2038	<u>3,915,000</u>	<u>241,300</u>	<u>4,156,300</u>
Total	<u>\$ 17,805,000</u>	<u>\$ 7,117,975</u>	<u>\$ 24,922,975</u>

Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2020, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	\$ 18,565,000	\$ -	\$ 760,000	\$ 17,805,000	\$ 655,000
Premium on bonds	1,522,818	-	95,456	1,427,362	-
Capital leases	769,927	334,900	291,262	813,565	192,141
Notes payable	114,201	-	57,100	57,101	57,101
Compensated absences	<u>104,784</u>	<u>118,108</u>	<u>116,147</u>	<u>106,745</u>	<u>21,349</u>
Total long-term liabilities	<u>\$ 21,076,730</u>	<u>\$ 453,008</u>	<u>\$ 1,319,965</u>	<u>\$ 20,209,773</u>	<u>\$ 925,591</u>

If the County were to default on any bonds, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the County to make a payment.

Compensated absences are generally liquidated by the General Fund.

III. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. The County uses various commercial carriers to insure against these risks. Settled claims did not exceed the coverage for any of the past three fiscal years.

B. Employee Health Insurance

During the year ended September 30, 2020, employees of the County were covered by a health insurance plan (the "Health Plan") through Blue Cross Blue Shield. The County paid premiums of \$776 per month per employee to the Health Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The County pays a portion of dependent health insurance. The Health Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The total cost to the County for employee health insurance during the year ended September 30, 2020, was \$1,040,520.

C. Other Postemployment Benefits (OPEB)

Retiree Health Plan

Plan Description

Employees can maintain coverage in the County "Health Plan" at the same level at retirement by paying 100% of the premium. Coverage is offered until the retiree reaches Medicare eligibility. Spouses can have coverage by paying 100% of the premium for the same period as the retiree. The "Health Plan" only includes medical care and does not cover dental or vision. The plan is a single-employer plan and is administered through Blue Cross Blue Shield. No separate audited financial statements are available.

Retirees are eligible to participate in the plan at the earliest of the following:

- Age 60 with 8 years of service
- 75 points (combined age + service)
- 20 years of service

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-
Active Plan Members	99
Total	99

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	October 1, 2020
Actuarial Cost Method	Entry Age Normal (Level %)
Discount Rate	2.21%
Salary Increases	3.25%
Demographic Assumptions	Based on the Texas County and District Retirement System (TCDRS) Experience Study Report dated November 15, 2017
Mortality	TCDRS Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using 110% of the MP-2014 Ultimate Scale and Weighted Based on the TCDRS Experience Study
Participation rates	Coverage election at retirement is assumed at the following rates:
	TCDRS 20%
	If an employee has waived medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage. Of those employees assumed to elect coverage in retirement, 11% are assumed to elect spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.

Health care cost trend rates

Plan	First-Year Trend	Initial Trend	Ultimate Trend	Amount Trend Decrease	Years Between Trend Decreases	Year Ultimate Trend Reached
Medical	4.5%	6.0%	6.0%	N/A	N/A	2022

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 2.21% 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 Municipal Bond Rate assumption is based on The Bond Buyer 20-Bond GO Index. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$101,042 was measured as of September 30, 2020 and was determined by an actuarial valuation as of October 1, 2020.

	Total OPEB Liability
Balance at 10/01/2019	\$ 136,639
Changes for the year:	
Service cost	11,174
Interest on the total OPEB liability	3,619
Differences between expected and actual experience	(67,071)
Changes in assumptions and other inputs	18,065
Benefit payments	(1,384)
Net changes	(35,597)
Balance at 9/30/2020	<u>\$ 101,042</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.66% to 2.21%.

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 (2.21%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (1.21%)	Current Discount Rate (2.21%)	1% Increase in Discount Rate (3.21%)
County's total OPEB liability	\$ 109,901	\$ 101,042	\$ 92,436

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.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
County's total OPEB liability	\$ 80,768	\$ 101,042	\$ 125,912

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the County recognized OPEB expense of \$10,736. At September 30, 2020, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 60,048
Changes in actuarial assumptions	35,080	5,303
Total	<u>\$ 35,080</u>	<u>\$ 65,351</u>

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

For the Year Ended September 30,	
2021	\$(4,057)
2022	(4,057)
2023	(4,057)
2024	(4,057)
2025	(4,057)
Thereafter	(9,986)

D. 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 TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS 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. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS 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 TCDRS 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 TCDRS Act.

Employees covered by benefit terms

At the December 31, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	96
Inactive employees entitled to but not yet receiving benefits	58
Active employees	100
	<u>254</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 rate for the County was 16.00% in calendar years 2019 and 2020, respectively. The County's contributions to TCDRS for the year ended September 30, 2020, were \$708,812, and were equal to the required contributions.

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	2.75% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

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.

Updated mortality assumptions were adopted in the actuarial valuation of December 31, 2019. All other actuarial assumptions that determined the total pension liability as of December 31, 2019, were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

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

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	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) Index	7.00%	5.20%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Distressed Securities 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 in addition to assumed inflation of 1.80% 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	\$ 21,702,738	\$ 18,491,145	\$ 3,211,593
Changes for the year:			
Service cost	603,967	-	603,967
Interest on total pension liability ⁽¹⁾	1,753,922	-	1,753,922
Effect of economic/demographic gains or losses	175,842	-	175,842
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(22,212)	(22,212)	-
Benefit payments	(1,310,431)	(1,310,431)	-
Administrative expenses	-	(16,122)	16,122
Member contributions	-	300,042	(300,042)
Net investment income	-	3,036,967	(3,036,967)
Employer contributions	-	685,809	(685,809)
Other ⁽²⁾	-	(8,926)	8,926
Balance at 12/31/2019	<u>\$ 22,903,826</u>	<u>\$ 21,156,272</u>	<u>\$ 1,747,554</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money.

TCDRS does not charge fees or interest.

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

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 25,558,028	\$ 22,903,826	\$ 20,645,915
Fiduciary net position	<u>21,156,272</u>	<u>21,156,272</u>	<u>21,156,272</u>
Net pension liability	<u>\$ 4,401,756</u>	<u>\$ 1,747,554</u>	<u>\$ (510,357)</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 Related to Pensions

For the year ended September 30, 2020, the County recognized pension expense of \$816,570. At September 30, 2020, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 171,250	\$ 27,647
Changes in actuarial assumptions	43,620	-
Difference between projected and actual investment earnings	-	525,578
Contributions subsequent to the measurement date	513,247	-
Total	\$ 728,117	\$ 553,225

\$513,247, 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 of resources related to pensions will be recognized in pension expenses as follows:

For the Year Ended September 30,	
2021	\$(49,898)
2022	(87,234)
2023	109,567
2024	(310,790)

E. New Accounting Principles

Significant new accounting standard not yet implemented by the County includes the following.

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.

Statement No. 91, *Conduit Debt Obligations* – The Statement provides a single method of reporting conduit debt obligation by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 will be implemented by the County in fiscal year 2023 and the impact has not yet been determined.

Statement No. 92, *Omnibus 2020* – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB 92 will be implemented by the County in fiscal year 2022 and the impact has not yet been determined.

Statement No. 93, *Replacement of Interbank Offered Rates* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 will be implemented by the County in fiscal year 2022 and the impact has not yet been determined.

Statement No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). GASB 94 will be implemented by the County in fiscal year 2023 and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Technology Arrangements* – this Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 will be implemented by the County in fiscal year 2023 and the impact has not yet been determined.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB 97 will be implemented by the County in fiscal year 2022 and the impact has not yet been determined.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

LAMPASAS COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 6,870,290	\$ 6,870,290	\$ 6,860,236	\$(10,054)
Sales tax	760,000	760,000	1,035,075	275,075
Mixed beverage tax	-	-	15,832	15,832
Licenses and permits	477,350	477,350	403,960	(73,390)
Intergovernmental	102,779	102,779	273,112	170,333
Charges for services	531,650	531,650	643,318	111,668
Fines and forfeitures	201,000	216,000	267,578	51,578
Interest	50,000	50,000	120,810	70,810
Miscellaneous	<u>38,100</u>	<u>38,100</u>	<u>72,605</u>	<u>34,505</u>
Total revenues	<u>9,031,169</u>	<u>9,046,169</u>	<u>9,692,526</u>	<u>646,357</u>
EXPENDITURES				
County judge	424,043	424,043	454,279	(30,236)
County auditor	973,043	973,043	363,395	609,648
County treasurer	161,155	161,155	156,388	4,767
County tax assessor	413,205	413,205	402,499	10,706
County clerk	277,312	277,312	274,261	3,051
District clerk	269,425	269,425	252,923	16,502
County sheriff	4,430,833	4,430,833	3,865,207	565,626
County/district attorney	317,940	317,940	314,267	3,673
Human resources	61,005	61,005	56,200	4,805
Non-departmental	578,874	578,874	526,434	52,440
Constables	72,267	72,267	66,050	6,217
Fire department	221,242	221,242	204,628	16,614
Justices of the peace	467,995	482,995	489,666	(6,671)
County extension office	116,307	116,307	112,047	4,260
Adult probation	3,600	3,600	1,986	1,614
Judicial	<u>275,490</u>	<u>275,490</u>	<u>228,948</u>	<u>46,542</u>
Total expenditures	<u>9,063,736</u>	<u>9,078,736</u>	<u>7,769,178</u>	<u>1,309,558</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(32,567)	(32,567)	1,923,348	1,955,915
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	12,000	12,000	8,178	(3,822)
Capital leases	125,000	125,000	-	(125,000)
Insurance recoveries	-	-	5,196	5,196
Transfers in	427,394	427,394	427,394	-
Transfers out	(531,827)	(531,827)	(433,040)	98,787
Total other financing sources (uses)	<u>32,567</u>	<u>32,567</u>	<u>7,728</u>	<u>(24,839)</u>
NET CHANGE IN FUND BALANCE				
	-	-	1,931,076	1,931,076
FUND BALANCE, BEGINNING				
	<u>3,535,617</u>	<u>3,535,617</u>	<u>3,535,617</u>	-
FUND BALANCE, ENDING				
	<u>\$ 3,535,617</u>	<u>\$ 3,535,617</u>	<u>\$ 5,466,693</u>	<u>\$ 1,931,076</u>

LAMPASAS COUNTY, TEXAS

ROAD AND BRIDGE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,825,118	\$ 1,825,118	\$ 1,813,526	\$ (11,592)
Licenses and permits	638,000	638,000	589,440	(48,560)
Interest	3,000	3,000	9,935	6,935
Miscellaneous	<u>75,000</u>	<u>75,000</u>	<u>68,109</u>	<u>(6,891)</u>
Total revenues	<u>2,541,118</u>	<u>2,541,118</u>	<u>2,481,010</u>	<u>(60,108)</u>
EXPENDITURES				
Current:				
Road and bridge	2,387,155	2,438,883	2,181,788	257,095
Capital outlay	92,339	379,367	589,811	(210,444)
Debt service:				
Principal	29,982	29,982	47,493	(17,511)
Interest and other charges	<u>2,305</u>	<u>2,305</u>	<u>-</u>	<u>2,305</u>
Total expenditures	<u>2,511,781</u>	<u>2,850,537</u>	<u>2,819,092</u>	<u>31,445</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,337</u>	<u>(309,419)</u>	<u>(338,082)</u>	<u>(28,663)</u>
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	-	-	7,319	7,319
Capital leases	-	165,000	334,900	169,900
Transfers out	<u>(29,337)</u>	<u>(29,337)</u>	<u>(29,337)</u>	<u>-</u>
Total other financing sources (uses)	<u>(29,337)</u>	<u>135,663</u>	<u>312,882</u>	<u>177,219</u>
NET CHANGE IN FUND BALANCE	-	(173,756)	(25,200)	148,556
FUND BALANCE, BEGINNING	<u>1,006,463</u>	<u>1,006,463</u>	<u>1,006,463</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,006,463</u>	<u>\$ 832,707</u>	<u>\$ 981,263</u>	<u>\$ 148,556</u>

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LAMPASAS COUNTY, TEXAS

**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

SEPTEMBER 30, 2020

A. BUDGETARY DATA

The County follows these procedures in establishing the budgetary data reflected in the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund and Road and Bridge Fund:

1. The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means of financing them for the succeeding year, and delivers the proposed budget to Commissioners' Court.
2. The County Auditor holds budget sessions with each department head.
3. The Commissioners' Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. The Commissioners' Court formally adopts the budget in the open court meeting.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
6. The formally adopted budget may legally be amended by Commissioners in accordance with Article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes.
7. Annual budgets are legally adopted for the General Fund, the Road and Bridge Fund, the Debt Service Fund and the Juvenile Probation Fund. The budgets are adopted on a basis consistent with generally accepted accounting principles.
8. An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about October 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2020 budget were approved by the Commissioners' Court as provided by law.
9. Unencumbered appropriation balances lapse at year-end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

LAMPASAS COUNTY, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability			
Service cost	\$ 603,967	\$ 656,535	\$ 628,465
Interest total pension liability	1,753,922	1,661,415	1,563,823
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	-	174,478
Effect of economic/demographic (gains) or losses	175,842	78,738	(110,585)
Benefit payments/refunds of contributions	<u>(1,332,643)</u>	<u>(1,076,476)</u>	<u>(1,082,231)</u>
Net change in total pension liability	1,201,088	1,320,212	1,173,950
Total pension liability - beginning	<u>21,702,738</u>	<u>20,382,526</u>	<u>19,208,576</u>
Total pension liability - ending (a)	\$ <u>22,903,826</u>	\$ <u>21,702,738</u>	\$ <u>20,382,526</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 685,809	\$ 712,760	\$ 675,561
Member contributions	300,042	311,832	295,558
Investment income net of investment expenses	3,036,967	(352,877)	2,423,076
Benefit payments/refunds of contributions	<u>(1,332,643)</u>	<u>(1,076,476)</u>	<u>(1,082,231)</u>
Administrative expenses	<u>(16,122)</u>	<u>(14,852)</u>	<u>(12,576)</u>
Other	<u>(8,926)</u>	<u>353</u>	<u>(1,607)</u>
Net change in plan fiduciary net position	2,665,127	(419,260)	2,297,781
Plan fiduciary net position - beginning	<u>18,491,145</u>	<u>18,910,405</u>	<u>16,612,624</u>
Plan fiduciary net position - ending (b)	\$ <u>21,156,272</u>	\$ <u>18,491,145</u>	\$ <u>18,910,405</u>
Net pension liability - ending (a) - (b)	\$ <u>1,747,554</u>	\$ <u>3,211,593</u>	\$ <u>1,472,121</u>
Fiduciary net position as a percentage of total pension liability	92.37%	85.20%	92.78%
Pensionable covered payroll	\$ 4,286,310	\$ 4,454,747	\$ 4,222,255
Net pension liability as a percentage of covered payroll	40.77%	72.09%	34.87%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 674,548	\$ 628,861	\$ 601,878
1,454,959	1,402,333	1,376,603
-	(2,159,297)	-
-	289,667	-
(57,519)	459,782	116,435
<u>(971,439)</u>	<u>(852,155)</u>	<u>(894,769)</u>
1,100,549	(230,809)	1,200,147
<u>18,108,027</u>	<u>18,338,836</u>	<u>17,138,689</u>
\$ <u>19,208,576</u>	\$ <u>18,108,027</u>	\$ <u>18,338,836</u>
\$ 637,605	\$ 645,132	\$ 740,102
278,952	282,245	318,002
1,145,125	(135,946)	969,505
(971,439)	(852,155)	(894,769)
(12,438)	(11,134)	(11,485)
<u>89,732</u>	<u>40,487</u>	<u>21,336</u>
1,167,537	(31,371)	1,142,691
<u>15,445,088</u>	<u>15,476,459</u>	<u>14,333,768</u>
\$ <u>16,612,625</u>	\$ <u>15,445,088</u>	\$ <u>15,476,459</u>
\$ <u>2,595,951</u>	\$ <u>2,662,939</u>	\$ <u>2,862,377</u>
86.49%	85.29%	84.39%
\$ 3,985,033	\$ 4,032,076	\$ 3,875,638
65.14%	66.04%	73.86%

LAMPASAS COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
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	\$ 617,576	\$ 617,576	\$ -	\$ 3,859,853	16.0%
2015	742,530	742,530	-	3,890,813	19.1%
2016	628,864	628,864	-	3,930,397	16.0%
2017	661,425	661,425	-	4,133,904	16.0%
2018	708,143	708,143	-	4,425,895	16.0%
2019	691,963	691,963	-	4,324,767	16.0%
2020	708,812	708,812	-	4,430,072	16.0%

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

LAMPASAS COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Valuation Timing	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	10.2 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	8.0%, 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: Employer contributions reflect that at 50% CPI COLA was adopted. 2016: No changes in plan provisions. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018-2019: No changes in plan provisions were reflected in the Schedule.

LAMPASAS COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Measurement Date September 30,	2020	2019	2018
Total OPEB liability			
Service Cost	\$ 11,174	\$ 10,312	\$ 10,840
Interest on the total OPEB liability	3,619	4,313	3,697
Changes between expected and actual experience	(67,071)	-	-
Changes of assumptions and other inputs	18,065	22,001	(6,722)
Benefit payments	(1,384)	(6,598)	(5,509)
Net change in total OPEB liability	(35,597)	30,028	2,306
Total OPEB liability - beginning	136,639	106,611	104,305
Total OPEB liability - ending	\$ 101,042	\$ 136,639	\$ 106,611
Covered-employee payroll	\$ 3,975,828	\$ 4,411,626	\$ 4,476,849
Total OPEB liability as a percentage of covered-employee payroll	2.54%	3.10%	2.38%

Notes to Schedule:

- No assets are accumulated in a trust for the retiree health care 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.
- This schedule is required to have 10 years of information, but the information prior to 2018 is not available.
- Included in the changes of assumptions was a decrease to the discount rate from 2.66% to 2.21%.

**COMBINING
FUND STATEMENTS**

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. These funds are as follows:

Farm to Market and Lateral Road Fund

Law Library Fund

Dog Ordinance Fund

Elections Fund

Juvenile Probation Fund

Chapter 59 Fund

Courthouse Security Fund

County Records Management Fund

Pretrial Intervention

County Clerk Records Management

District Clerk Records Management

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

	Special Revenue			
	Farm to Market and Lateral Road	Law Library	Dog Ordinance	Elections
ASSETS				
Cash and investments	\$ 228,590	\$ 50,643	\$ 62,036	\$ 728
Due from other funds	<u>44,915</u>	<u>450</u>	<u>-</u>	<u>5,936</u>
Total assets	<u>273,505</u>	<u>51,093</u>	<u>62,036</u>	<u>6,664</u>
LIABILITIES				
Accounts payable	-	535	-	2,729
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,929</u>
Total liabilities	<u>-</u>	<u>535</u>	<u>-</u>	<u>5,658</u>
FUND BALANCES				
Restricted for:				
Records management	-	-	-	1,006
Judicial	-	50,558	-	-
Public safety	-	-	62,036	-
Road and bridge	273,505	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>273,505</u>	<u>50,558</u>	<u>62,036</u>	<u>1,006</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 273,505</u>	<u>\$ 51,093</u>	<u>\$ 62,036</u>	<u>\$ 6,664</u>

Special Revenue

Juvenile Probation	Chapter 59	Courthouse Security	County Records Management	PreTrial Intervention	County Clerk Records Management
\$ 1,264	\$ 84,608	\$ 105,740	\$ 49,568	\$ 55,458	\$ 387,094
<u>10,138</u>	<u>-</u>	<u>276</u>	<u>150,000</u>	<u>-</u>	<u>200,592</u>
<u>11,402</u>	<u>84,608</u>	<u>106,016</u>	<u>199,568</u>	<u>55,458</u>	<u>587,686</u>
49,054	79,415	-	-	-	-
<u>6,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>55,780</u>	<u>79,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	199,568	-	587,686
-	-	-	-	55,458	-
-	5,193	106,016	-	-	-
-	-	-	-	-	-
(44,378)	-	-	-	-	-
<u>(44,378)</u>	<u>5,193</u>	<u>106,016</u>	<u>199,568</u>	<u>55,458</u>	<u>587,686</u>
<u>\$ 11,402</u>	<u>\$ 84,608</u>	<u>\$ 106,016</u>	<u>\$ 199,568</u>	<u>\$ 55,458</u>	<u>\$ 587,686</u>

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

	<u>Special Revenue</u>	
	District Clerk Records Management	Total Nonmajor Governmental
ASSETS		
Cash and investments	\$ 9,504	\$ 1,035,233
Due from other funds	-	412,307
Total assets	9,504	1,447,540
 LIABILITIES		
Accounts payable	-	131,733
Accrued liabilities	-	9,655
Total liabilities	-	141,388
 FUND BALANCES		
Restricted for:		
Records management	-	788,260
Judicial	9,504	115,520
Public safety	-	173,245
Road and bridge	-	273,505
Unassigned	-	(44,378)
Total fund balances	9,504	1,306,152
Total liabilities, deferred inflows of resources and fund balances	\$ 9,504	\$ 1,447,540

LAMPASAS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue			
	Farm to Market and Lateral Road	Law Library	Dog Ordinance	Elections
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 4,762	\$ -
Intergovernmental	-	-	-	3,892
Charges for services	-	16,803	-	3,792
Fines and forfeitures	-	-	-	-
Interest	1,952	248	345	10
Miscellaneous	-	-	-	-
Total revenues	<u>1,952</u>	<u>17,051</u>	<u>5,107</u>	<u>7,694</u>
EXPENDITURES				
Current:				
General government	-	-	-	161,109
Judicial	-	4,913	-	-
Public safety	-	-	-	-
Debt service:				
Principal	-	-	-	57,101
Interest and other charges	-	-	-	563
Total expenditures	<u>-</u>	<u>4,913</u>	<u>-</u>	<u>218,773</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,952</u>	<u>12,138</u>	<u>5,107</u>	<u>(211,079)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	213,800
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,800</u>
NET CHANGE IN FUND BALANCES	1,952	12,138	5,107	2,721
FUND BALANCES, BEGINNING	<u>271,553</u>	<u>38,420</u>	<u>56,929</u>	<u>(1,715)</u>
FUND BALANCES, ENDING	<u>\$ 273,505</u>	<u>\$ 50,558</u>	<u>\$ 62,036</u>	<u>\$ 1,006</u>

Special Revenue

Juvenile Probation	Chapter 59	Courthouse Security	County Records Management	PreTrial Intervention	County Clerk Records Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
126,181	-	-	-	-	-
3,015	-	11,945	6,930	31,946	24,722
-	16,576	-	-	-	-
36	428	612	263	338	3,337
-	-	-	347	-	-
<u>129,232</u>	<u>17,004</u>	<u>12,557</u>	<u>7,540</u>	<u>32,284</u>	<u>28,059</u>
-	-	11,454	-	-	7,465
-	-	-	-	-	-
409,341	6,275	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>409,341</u>	<u>6,275</u>	<u>11,454</u>	<u>-</u>	<u>-</u>	<u>7,465</u>
(280,109)	<u>10,729</u>	<u>1,103</u>	<u>7,540</u>	<u>32,284</u>	<u>20,594</u>
219,240	-	-	-	-	-
-	-	-	-	(35,000)	-
<u>219,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>
(60,869)	10,729	1,103	7,540	(2,716)	20,594
<u>16,491</u>	<u>(5,536)</u>	<u>104,913</u>	<u>192,028</u>	<u>58,174</u>	<u>567,092</u>
<u>\$(44,378)</u>	<u>\$ 5,193</u>	<u>\$ 106,016</u>	<u>\$ 199,568</u>	<u>\$ 55,458</u>	<u>\$ 587,686</u>

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LAMPASAS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Special Revenue</u>	
	District Clerk Records Management	Total Nonmajor Governmental
REVENUES		
Licenses and permits	\$ -	\$ 4,762
Intergovernmental	-	130,073
Charges for services	2,110	101,263
Fines and forfeitures	-	16,576
Interest	-	7,569
Miscellaneous	-	347
Total revenues	<u>2,110</u>	<u>260,590</u>
EXPENDITURES		
Current:		
General government	-	180,028
Judicial	3,477	8,390
Public safety	-	415,616
Debt service:		
Principal	-	57,101
Interest and other charges	-	563
Total expenditures	<u>3,477</u>	<u>661,698</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,367)</u>	<u>(401,108)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	433,040
Transfers out	-	(35,000)
Total other financing sources (uses)	<u>-</u>	<u>398,040</u>
NET CHANGE IN FUND BALANCES	<u>(1,367)</u>	<u>(3,068)</u>
FUND BALANCES, BEGINNING	<u>10,871</u>	<u>1,309,220</u>
FUND BALANCES, ENDING	<u>\$ 9,504</u>	<u>\$ 1,306,152</u>

LAMPASAS COUNTY, TEXAS

AGENCY FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2020

	Agency					
	State Court Cost	Children's Trust	Adult Probation	Justices of the Peace	County Clerk	District Clerk
ASSETS						
Cash and investments	\$ 60,217	\$ 1,952	\$ 29,532	\$ 31,416	\$ 271,351	\$ 258,051
Total assets	<u>60,217</u>	<u>1,952</u>	<u>29,532</u>	<u>31,416</u>	<u>271,351</u>	<u>258,051</u>
LIABILITIES						
Due to other funds	55,002	1,874	1,930	-	-	-
Due to others	<u>5,215</u>	<u>78</u>	<u>27,602</u>	<u>31,416</u>	<u>271,351</u>	<u>258,051</u>
Total liabilities	\$ <u>60,217</u>	\$ <u>1,952</u>	\$ <u>29,532</u>	\$ <u>31,416</u>	\$ <u>271,351</u>	\$ <u>258,051</u>

Agency

Sheriff's Office Commissary	Sheriff's Office Surplus	Tax Assessor	County Attorney Hot Check	Collection Department	Totals
\$ 14,738	\$ 34,133	\$ 60,236	\$ 7,254	\$ 69,435	\$ 838,315
<u>14,738</u>	<u>34,133</u>	<u>60,236</u>	<u>7,254</u>	<u>69,435</u>	<u>838,315</u>
-	-	-	-	-	58,806
<u>14,738</u>	<u>34,133</u>	<u>60,236</u>	<u>7,254</u>	<u>69,435</u>	<u>779,509</u>
<u>\$ 14,738</u>	<u>\$ 34,133</u>	<u>\$ 60,236</u>	<u>\$ 7,254</u>	<u>\$ 69,435</u>	<u>\$ 838,315</u>

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COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable County Judge
and Commissioners' Court of Lampasas County
Lampasas, Texas

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas County, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Lampasas County, Texas' basic financial statements, and have issued our report thereon dated May 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lampasas County, Texas' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lampasas County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Lampasas County, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OFFICE LOCATIONS

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lampasas County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
May 26, 2021