

YOUNG COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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FINANCIAL SECTION



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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Independent Auditor's Report

To the Honorable County Judge
and County Commissioners
Young County, Texas

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the 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 accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Basis for Qualified Opinions on Governmental Activities and General Fund

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

Qualified Opinions

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

Unmodified Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison information, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System, Schedule of Employer Contributions – Texas County and District Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios – Young County Retiree Health Care Plan be presented to supplement the basic financial statements. Such information, although not a required 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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
April 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Young County, Texas, we offer readers of the County's Annual Financial Report this narrative overview and analysis of the County's financial performance during the fiscal year ended September 30, 2021. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2021 by \$26,721,933 (net position). Of this amount, \$9,836,018 is unrestricted and may be used to meet the County's obligations.
- During the year, the County's total net position increased by \$1,732,762. The County's expenses, which totaled \$10,860,264, were less than the County's program revenues of \$3,545,401 and general revenues of \$9,047,625.
- The total cost of the County's programs decreased \$452,212 or 4% from the prior year.
- The governmental funds reported a fund balance at September 30, 2021 of \$10,834,246, which is an increase of \$686,676 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$9,083,335, or 67% of the total General Fund expenditures for the year ended September 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

All of the County's services are reported in the government-wide financial statements, including administration, judicial, road and bridge, and public safety. Property taxes, sales taxes, highway taxes, fees and commissions and intergovernmental grants finance most of the activities. Additionally, all capital and debt financing activities are reported here.

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

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

The *statement of activities* details how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes).

Fund Financial Statements

The County uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the County to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the County can be divided into three categories: governmental funds, internal service fund and fiduciary funds.

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

Because the focus on *governmental funds* is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The County maintained multiple governmental funds in the current fiscal year. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund and American Rescue Grant Fund, which are considered to be the County's major funds. Financial data for the other governmental funds are combined into a single, aggregated presentation.

Internal service fund. The County's health insurance plan is accounted for as an internal service fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary net position.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 is the County's net position summarized for the *governmental activities*.

Table 1 - County's Net Position

	Governmental Activities			
	2021	2020	Change	% Change
Current assets	\$ 13,813,389	\$ 11,142,626	\$ 2,670,763	24%
Long-term assets	19,440,726	18,594,078	846,648	5%
Total Assets	33,254,115	29,736,704	3,517,411	12%
Deferred Outflows of Resources	1,155,117	361,459	793,658	220%
Current liabilities	2,302,674	335,936	1,966,738	585%
Noncurrent liabilities	4,287,813	4,030,585	257,228	6%
Total Liabilities	6,590,487	4,366,521	2,223,966	51%
Deferred Inflows of Resources	1,096,812	742,471	354,341	48%
Net position:				
Net investment in capital assets	15,616,041	14,724,062	891,979	6%
Restricted	1,269,874	1,545,196	(275,322)	-18%
Unrestricted	9,836,018	8,719,913	1,116,105	13%
Total Net Position	\$ 26,721,933	\$ 24,989,171	\$ 1,732,762	7%

The net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$15,616,041. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$1,269,874, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$9,836,018 may be used to meet the County's ongoing obligations.

Changes in Net Position

The County's total revenues, both program and general, were \$12,593,026. A significant portion, 58%, of the County's revenue comes from property taxes. Charges for services accounted for 22% of the County's revenue. Exhibited below in Table 2 are the County's revenues for the years ended September 30, 2021 and 2020 for the County's *governmental activities*.

Table 2 - County's Revenues

	Governmental Activities			
	2021	Percent	2020	Percent
Charges for services	\$ 2,793,179	22%	\$ 2,792,348	22%
Operating grants and contributions	752,222	6%	325,111	3%
Property taxes	7,263,960	58%	8,150,816	62%
Sales taxes	1,471,806	12%	1,304,553	10%
Occupancy taxes	75,528	1%	61,966	0%
Mixed beverage taxes	28,201	0%	26,671	0%
Investment earnings	46,801	0%	91,483	1%
Miscellaneous	161,329	1%	197,708	2%
Total Revenues	\$ 12,593,026	100%	\$ 12,950,656	100%

A brief summary of the significant changes between years are as follows:

- Operating grants and contributions increased by \$427,111. The increase is mostly due to additional COVID-19 relief grants and a new state transportation grant in the current year.
- Property taxes decreased by \$886,856. The decrease is mostly due to the net of tax rates decreasing and a small increase in taxable values.

Exhibited below in Table 3 are the County's expenses for the years ended September 30, 2021 and 2020 for the County's *governmental activities*. The total cost of all programs and services was \$10,860,264 and \$11,312,476 for the years ended September 30, 2021 and 2020, respectively.

Table 3 - County's Expenses

	Governmental Activities			
	2021	Percent	2020	Percent
County Judge	\$ 148,184	1%	\$ 149,078	1%
County Clerk	223,780	2%	246,159	2%
Veteran service	20,798	0%	20,998	0%
Homeland security	5,480	0%	20,668	0%
Nondepartmental costs	274,233	3%	271,131	2%
Computer department	90,671	1%	90,126	1%
County/District court	475,458	4%	435,165	4%
District Clerk	184,925	2%	187,801	2%
Justices of the Peace	309,904	3%	308,559	3%
District Judge	62,215	1%	62,459	1%
County Attorney	242,234	2%	240,549	2%
District Attorney	272,908	3%	284,566	3%
Elections	224,176	2%	190,573	2%
County Auditor	202,191	2%	213,210	2%
County Treasurer	130,641	1%	125,366	1%
Tax Assessor/Collector	452,926	4%	456,390	4%
Courthouse maintenance	204,069	2%	210,594	2%
Annex maintenance	17,141	0%	17,676	0%
Ambulance	189,000	2%	189,000	2%
Constables	82,588	1%	85,102	1%
Dpt of Pub Safety & Game Warden	4,953	0%	5,972	0%
Sheriff, dispatch and jail	3,076,044	27%	2,975,509	25%
911 mapping	39,230	0%	78,392	1%
Adult probation	541,915	5%	486,163	4%
Juvenile probation	664,126	6%	608,170	5%
Pauper services	12,271	0%	13,500	0%
Fort Belknap	128,504	1%	128,880	1%
Agricultural extension agent	29,143	0%	27,290	0%
Home extension agent	25,962	0%	22,904	0%
TAEX office	56,181	1%	58,008	1%
Employee benefits	66,037	1%	81,648	1%
District court reporter	104,968	1%	106,452	1%
Road and bridge	2,078,866	19%	2,611,815	23%
Library expense	9,541	0%	7,629	0%
Hospital and medical costs	67,037	1%	82,683	1%
Medical administrative costs	64,060	1%	72,147	1%
Preservation of books	6,261	0%	31,219	0%
Debt service - interest	71,643	1%	108,925	1%
Total Expenses	\$ 10,860,264	100%	\$ 11,312,476	100%

The only significant variance was for road and bridge which decreased \$532,949 due to the effects of disposals of equipment in the current year less additional road maintenance costs from the new state transportation grant in the current year.

Governmental Activities

Table 4 presents the various revenue categories and gross costs of the County for both the current and prior year.

Table 4 - Changes in Net Position

	Governmental Activities			
	2021	2020	Change	% Change
Revenues:				
Program revenues	\$ 3,545,401	\$ 3,117,459	\$ 427,942	14%
General revenues	9,047,625	9,833,197	(785,572)	-8%
Total revenues	12,593,026	12,950,656	(357,630)	-3%
Expenses	10,860,264	11,312,476	(452,212)	-4%
Change in net position	\$ 1,732,762	\$ 1,638,180	\$ 94,582	6%

Table 5 presents the net cost of the County's most significant governmental departments/functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, other taxes, and other miscellaneous general revenues.

Table 5 - Net Cost of Selected County Departments/Functions

	Governmental Activities			
	2021	Percent	2020	Percent
County Judge	\$ 122,984	2%	\$ 149,078	2%
County Clerk	(171,197)	-2%	(118,521)	-1%
District/County court	427,347	6%	396,869	5%
Justices of the Peace	203,363	3%	160,192	2%
County Attorney	203,734	3%	240,549	3%
District Attorney	156,931	2%	119,785	1%
Tax Assessor/Collector	(312,994)	-4%	(294,600)	-4%
Sheriff, dispatch and jail	2,735,112	37%	2,665,290	33%
Road and bridge	1,772,838	24%	2,611,815	32%

Financial Analysis of the County's Funds

As previously stated, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of September 30, 2021, the County's governmental funds reported a combined ending fund balance of \$10,834,246, an increase of \$686,676 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances
August 31, 2021**

	General Fund	American Rescue Grant Fund	Other Governmental Funds	Totals
Nonspendable:				
Prepays	\$ 46,422	\$ -	\$ 38	\$ 46,460
Restricted for:				
Debt service	-	-	174,266	174,266
Federal funds grant restrictions	-	733	-	733
Special assessments	-	-	1,069,452	1,069,452
Assigned	460,000	-	-	460,000
Unassigned	9,083,335	-	-	9,083,335
Total Fund Balances	\$ 9,589,757	\$ 733	\$ 1,243,756	\$ 10,834,246

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$9,589,757, of which \$46,422 was nonspendable, \$460,000 was assigned, and \$9,083,335 was unassigned. The total unassigned fund balance represents 67% of the total General Fund expenditures for the year ended September 30, 2021. The total fund balance increased \$945,278 in the current fiscal year.

General Fund revenues totaled \$11,913,875, an increase of \$268,153 or 2% over the preceding year. The revenue categories with significant changes between years were as follows:

- Property taxes revenues decreased \$358,561 or 5%. The decrease is due to the decrease in the maintenance and operation tax rate less a small increase in the tax values.
- Sales tax revenues increased \$167,253 or 13%. The increase is due to the overall improvement in the economy.
- Other governmental reimbursements decreased \$130,866 or 10%. The decrease is due to a decrease in reimbursements to the probation department due to staff reductions causing fewer salary reimbursements and fewer juvenile placement reimbursements.
- Federal and state grants increased \$545,452 or 299%. The increase is due to additional COVID-19 relief grants in the current year.

General Fund expenditures totaled \$13,553,369, an increase of \$2,743,658 or 25% over the preceding year. The expenditure categories with significant changes between years were as follows:

- Sheriff, dispatch, and jail expenditures increased \$140,608 or 5%. The increase is mostly due to staffing and supplies in the current year.
- Road and bridge increased \$305,935 or 17%. The increase is mostly due to additional road maintenance costs from the new state transportation grant in the current year.
- Capital outlay expenditures increased \$1,785,183 or 316%. The increase is because more equipment was acquired in the current year than in the prior year, mostly for road and bridge maintenance equipment.

- Debt service - principal increased \$427,433 or 127%. The increase is due to several capital leases paid off in the current year and new capital leases for equipment purchased during the year.

General Fund other sources totaled \$2,584,772 which was an increase of \$2,134,217 mostly due to new capital leases issued in the current year and proceeds from the sale of capital assets in the current year.

American Rescue Grant Fund

The American Rescue Grant fund consists of the federal COVID-19 relief American Rescue Grant. The total ending fund balance was \$733, an increase of \$733 from the previous year. The grant was received in the current year and none of it was expended in the current year except for miscellaneous costs from interest earned on the grant funds which are held in cash at September 30, 2021.

Other Governmental Funds

Other governmental funds consist of the various special revenue funds and the debt service fund. The total ending fund balance was \$1,243,756, a decrease of \$259,335 from the previous year.

The Other Governmental Funds' revenues totaled \$699,937, a decrease of \$446,027 or 39%. The only revenue categories with significant changes were property taxes which decreased \$347,751 or 41% and federal and state grants which decreased \$118,341 or 83%. Property taxes decreased due to a decrease in the tax rate less a small increase in the taxable values. Federal and state grants decreased mostly due to a decline in COVID-19 relief grants recorded in special revenue funds less a new election equipment grant in the current year.

The Other Governmental Funds' expenditures totaled \$959,272, an increase of \$80,768 or 9%. The only expenditure category with a significant change was capital outlay which increased \$87,249 or 1101% due to a new election equipment grant in the current year.

General Fund Budgetary Highlights

The County revised its budget several times during the year. With these adjustments, total expenditures were \$1,282,208 more than the final budget amounts. Most functional areas were below their budget; however, six departments had over-expended budgets ranging from \$594 to \$2,217,580. The budget areas where expenditures were significantly above or below the final budgeted amount are as follows:

- Sheriff, dispatch, and jail – under-expended by \$164,123
- Road and bridge – under-expended by \$761,058
- Capital outlay – over-expended by \$2,217,580
- Debt service - principal – over-expended by \$440,870

On the other hand, revenues were \$30,286 below the final budgeted amount. All of the revenues fell within normal variance above and below budgeted levels, except as follows:

- Property taxes – favorable budget variance of \$205,479
- Sales taxes – favorable budget variance of \$301,806
- Other governmental reimbursements – unfavorable budget variance of \$122,105
- Wind farm revenue – unfavorable budget variance of \$134,000

- Other revenue – unfavorable budget variance of \$154,482

In all instances, the County failed to amend the budget for changes in the revenues and expenditures based on known facts during the fiscal year.

The budget line items in the original budget were not materially different than in the final adopted budget in any area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2021, the County had invested in a broad range of capital assets totaling \$19,440,726, net of accumulated depreciation, including land, buildings, equipment, and infrastructure. See Table 7 below.

Table 7 - Capital Assets, Net

	2021	2020	\$ Change	% Change
Land	\$ 711,731	\$ 711,731	\$ -	0%
Buildings and improvements	11,631,803	11,922,529	(290,726)	-2%
Machinery and equipment	5,153,939	3,880,757	1,273,182	33%
Infrastructure	1,943,253	2,050,743	(107,490)	-5%
Totals	\$19,440,726	\$18,565,760	\$ 874,966	5%

Capital assets, net of accumulated depreciation, increased \$874,966 or 5% from the previous year. Additional information about the County's capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2021, the County had \$3,824,685 in long-term obligations outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2021	2020	\$ Change	% Change
Bonds payable	\$ 1,520,000	\$ 2,245,000	\$ (725,000)	-32%
Bond premium	23,342	52,125	(28,783)	-55%
Capital lease obligations	2,281,343	1,544,573	736,770	48%
Totals	\$ 3,824,685	\$ 3,841,698	\$ (17,013)	0%

Total long-term obligations decreased \$17,013 or a little more than 0%. Additional information about the County's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2021-22 budget preparation is \$1,127,727,220, an increase of \$101,401,979, or 10% from the prior year taxable values. The overall tax rate adopted is \$.693585 per \$100 valuation, an increase of \$.07631 per \$100 valuation.

Revenues budgeted in the General Fund's budget are \$15,239,496, an increase of \$3,325,621, or 28% from the final 2020-21 revenues of \$11,913,875.

General Fund expenditures budgeted for 2021-22 are \$15,699,496, an increase of \$2,146,127 from the final 2020-21 expenditures of \$13,553,369. Most of the increase relates to very conservative budgeting in 2021-22. The County does not anticipate any new programs or projects being added in 2021-22.

The other sources and uses are budgeted to be less than the prior year actual amounts as the County is not budgeting any new capital lease proceeds or sales of capital assets in 2021-22.

If these estimates are realized, the County's General Fund's fund balance will decrease \$460,000 by September 30, 2022.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office.

BASIC FINANCIAL STATEMENTS

YOUNG COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities
Assets	
Cash	\$ 10,712,894
Investments	2,057,446
Receivables:	
Property taxes, net	375,010
Sales taxes	281,043
Accounts	273,755
Due from fiduciary	66,781
Prepaid expenses	46,460
Capital assets, net	19,440,726
Total assets	<u>33,254,115</u>
Deferred Outflows of Resources	
Pension plan related	1,137,001
OPEB plan related	4,496
Deferred loss on refunding	13,620
Total deferred outflows of resources	<u>1,155,117</u>
Liabilities	
Accounts payable	319,798
Accrued liabilities	195,160
Unearned revenues	1,787,716
Long-term liabilities:	
Due within one year	1,294,211
Due in more than one year	2,625,656
Net pension liability	295,494
Net OPEB liability	72,452
Total liabilities	<u>6,590,487</u>
Deferred Inflows of Resources	
Pension plan related	1,081,409
OPEB plan related	15,403
Total deferred inflows of resources	<u>1,096,812</u>
Net Position	
Net investment in capital assets	15,616,041
Restricted	1,269,874
Unrestricted	9,836,018
Total net position	<u>\$ 26,721,933</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
County Judge	\$ 148,184	\$ -	\$ 25,200	\$ (122,984)
County Clerk	223,780	394,977	-	171,197
Veteran service	20,798	-	-	(20,798)
Homeland security	5,480	-	-	(5,480)
Nondepartmental costs	274,233	14,282	331,017	71,066
Computer department	90,671	-	-	(90,671)
County/District court	475,458	48,111	-	(427,347)
District Clerk	184,925	119,072	-	(65,853)
Justices of the Peace	309,904	106,541	-	(203,363)
District Judge	62,215	31,175	-	(31,040)
County Attorney	242,234	-	38,500	(203,734)
District Attorney	272,908	115,384	593	(156,931)
Elections	224,176	29,084	20,552	(174,540)
County Auditor	202,191	-	-	(202,191)
County Treasurer	130,641	-	-	(130,641)
Tax Assessor/Collector	452,926	765,920	-	312,994
Courthouse maintenance	204,069	-	-	(204,069)
Annex maintenance	17,141	-	-	(17,141)
Ambulance	189,000	-	-	(189,000)
Constables	82,588	4,710	1,286	(76,592)
Department of Public Safety and Game Warden	4,953	-	-	(4,953)
Sheriff, dispatch and jail	3,076,044	311,886	29,046	(2,735,112)
911 mapping	39,230	-	-	(39,230)
Adult probation	541,915	553,214	-	11,299
Juvenile probation	664,126	298,323	-	(365,803)
Pauper services	12,271	-	-	(12,271)
Fort Belknap	128,504	500	-	(128,004)
Agricultural extension agent	29,143	-	-	(29,143)
Home extension agent	25,962	-	-	(25,962)
TAX office	56,181	-	-	(56,181)
Employee benefits	66,037	-	-	(66,037)
District court reporter	104,968	-	-	(104,968)
Road and bridge	2,078,866	-	306,028	(1,772,838)
Library expense	9,541	-	-	(9,541)
Hospital and medical costs	67,037	-	-	(67,037)
Medical administrative costs	64,060	-	-	(64,060)
Preservation of books	6,261	-	-	(6,261)
Debt service - interest	71,643	-	-	(71,643)
Total governmental activities	<u>\$ 10,860,264</u>	<u>\$ 2,793,179</u>	<u>\$ 752,222</u>	<u>(7,314,863)</u>
General revenues				
Property taxes, levied for general purposes				6,780,157
Property taxes, levied for debt service purposes				483,803
Sales taxes				1,471,806
Occupancy taxes				75,528
Mixed beverage taxes				28,201
Investment earnings				46,801
Miscellaneous				161,329
Total general revenues				<u>9,047,625</u>
Change in net position				1,732,762
Net position - beginning				24,989,171
Net position - ending				<u>\$ 26,721,933</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	American Rescue Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 7,409,512	\$ 1,749,949	\$ 1,224,050	\$ 10,383,511
Investments	2,057,446	-	-	2,057,446
Receivables, net:				
Property taxes	349,420	-	25,590	375,010
Sales tax	281,043	-	-	281,043
Other	273,121	-	634	273,755
Due from other funds	82,111	-	19,731	101,842
Prepaid expenses	46,422	-	38	46,460
Total assets	<u>\$ 10,499,075</u>	<u>\$ 1,749,949</u>	<u>\$ 1,270,043</u>	<u>\$ 13,519,067</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 319,101	\$ -	\$ 697	\$ 319,798
Accrued liabilities	167,236	-	-	167,236
Due to other funds	35,061	-	-	35,061
Unearned revenues	38,500	1,749,216	-	1,787,716
Total liabilities	<u>559,898</u>	<u>1,749,216</u>	<u>697</u>	<u>2,309,811</u>
Deferred inflows of resources:				
Unavailable property taxes	<u>349,420</u>	<u>-</u>	<u>25,590</u>	<u>375,010</u>
Fund balances:				
Nonspendable - prepaids	46,422	-	38	46,460
Restricted	-	733	1,243,718	1,244,451
Assigned	460,000	-	-	460,000
Unassigned	9,083,335	-	-	9,083,335
Total fund balances	<u>9,589,757</u>	<u>733</u>	<u>1,243,756</u>	<u>10,834,246</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,499,075</u>	<u>\$ 1,749,949</u>	<u>\$ 1,270,043</u>	<u>\$ 13,519,067</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds (Exhibit A-3)		\$ 10,834,246
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (Exhibit A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:		
Gross capital assets	\$ 30,465,977	
Related accumulated depreciation	<u>11,025,251</u>	19,440,726
Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		375,010
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	1,520,000	
Bond premium	23,342	
Capital lease obligations	2,281,343	
Accrued compensated absences	<u>95,182</u>	(3,919,867)
The losses on refunded debt is not recognized in the governmental funds; however, they are capitalized as deferred losses on refunding and amortized over the life of the refunded debt. The balance of the deferred loss at year-end was:		13,620
The accrued interest on the long-term debt at year-end was:		(27,924)
The County's net pension liability and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System and the OPEB liability related to the County-provided retiree medical coverage do not meet the criteria to be reported in the governmental funds financial statements. These items consist of:		
Deferred outflows - pension related items	1,137,001	
Deferred outflows - OPEB items	4,496	
Deferred inflows - pension related items	(1,081,409)	
Deferred inflows - OPEB items	(15,403)	
Net pension liability	(295,494)	
Net OPEB liability	<u>(72,452)</u>	(323,261)
The County uses an internal service fund to operate the County's health insurance program for all eligible employees and retirees of the County. The assets and liabilities are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		<u>329,383</u>
Total net position - governmental activities (Exhibit A-1)		<u>\$ 26,721,933</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Grant Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 6,782,197	\$ -	\$ 503,742	\$ 7,285,939
Sales taxes	1,471,806	-	-	1,471,806
Occupancy taxes	75,528	-	-	75,528
Mixed beverage tax	28,201	-	-	28,201
Licenses, fees and fines	694,013	-	163,124	857,137
Other governmental reimbursements	1,173,200	-	-	1,173,200
Auto registration	492,899	-	-	492,899
Surtax on auto registration	187,470	-	-	187,470
Federal and state grants	727,722	-	24,500	752,222
Wind farm revenues	94,750	-	-	94,750
Interest earned	43,583	833	2,027	46,443
Other revenue	142,506	-	6,544	149,050
Total revenues	11,913,875	833	699,937	12,614,645
Expenditures				
County Judge	151,642	-	-	151,642
County Clerk	228,776	-	-	228,776
Veteran service	21,284	-	-	21,284
Homeland security	5,480	-	-	5,480
Nondepartmental costs	175,866	100	59,068	235,034
Computer department	90,731	-	-	90,731
County/District court	467,271	-	3,148	470,419
District Clerk	189,244	-	-	189,244
Justices of the Peace	316,776	-	592	317,368
District Judge	63,135	-	-	63,135
County Attorney	249,173	-	-	249,173
District Attorney	279,676	-	-	279,676
Elections	179,232	-	3,148	182,380
County Auditor	208,413	-	-	208,413
County Treasurer	133,643	-	-	133,643
Tax Assessor/Collector	456,552	-	-	456,552
Courthouse maintenance	205,415	-	-	205,415
Annex maintenance	17,141	-	-	17,141
Ambulance	189,000	-	-	189,000
Constables	72,700	-	423	73,123
Department of Public Safety and Game Warden	4,953	-	-	4,953
Sheriff, dispatch and jail	2,789,004	-	-	2,789,004
911 mapping	39,334	-	-	39,334
Adult probation	541,646	-	-	541,646
Juvenile probation	676,541	-	-	676,541
Pauper services	12,271	-	-	12,271
Fort Belknap	120,185	-	-	120,185

The accompanying notes are an integral part of this statement.

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

	General Fund	American Rescue Grant Fund	Other Governmental Funds	Total Governmental Funds
Agricultural extension agent	30,084	-	-	30,084
Home extension agent	25,962	-	-	25,962
TAEX office	58,001	-	-	58,001
Employee benefits	66,037	-	-	66,037
District court reporter	108,949	-	-	108,949
Road and bridge	2,101,812	-	-	2,101,812
Library expense	-	-	9,541	9,541
Hospital and medical costs	67,037	-	-	67,037
Medical administrative costs	64,060	-	-	64,060
Preservation of books	-	-	6,261	6,261
Capital outlay	2,350,080	-	95,176	2,445,256
Debt service - principal	762,936	-	725,000	1,487,936
Debt service - interest	33,327	-	56,915	90,242
Total expenditures	<u>13,553,369</u>	<u>100</u>	<u>959,272</u>	<u>14,512,741</u>
Excess of revenues over (under) expenditures	<u>(1,639,494)</u>	<u>733</u>	<u>(259,335)</u>	<u>(1,898,096)</u>
Other sources and (uses):				
Proceeds from issuance of capital leases	2,054,323	-	-	2,054,323
Proceeds from sale of capital assets	530,449	-	-	530,449
Transfers in	2,295,627	-	-	2,295,627
Transfers out	(2,295,627)	-	-	(2,295,627)
Total other sources and (uses)	<u>2,584,772</u>	<u>-</u>	<u>-</u>	<u>2,584,772</u>
Net change in fund balances	945,278	733	(259,335)	686,676
Fund balances, beginning of year	8,644,479	-	1,503,091	10,147,570
Fund balances, end of year	<u>\$ 9,589,757</u>	<u>\$ 733</u>	<u>\$ 1,243,756</u>	<u>\$ 10,834,246</u>

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

Net change in fund balances - total governmental funds (Exhibit A-5)		\$ 686,676
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 2,961,852	
Depreciation expense for the year	<u>1,180,039</u>	1,781,813
Proceeds from the sale of capital assets are recorded as revenues when received in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale.		(906,847)
Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources decreased by this amount:		(21,979)
The issuance of long-term debt is recorded as other sources in the governmental funds; however, they are recorded as long-term liabilities in the government-wide financial statements. The County issued capital leases during the year totaling:		(2,054,323)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:		
Bonds payable	725,000	
Capital lease obligations	<u>1,317,553</u>	2,042,553
Included in long-term debt are obligations for accrued vacation leave and the net other post-employment benefit obligation. The changes in these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was:		16,408
The amortization of the bond premiums and deferred loss on refunding were as follows:		
Bond premiums	28,783	
Deferred loss on refunding	<u>(16,795)</u>	11,988
The change in accrued interest on long-term debt was:		7,429
The County uses an internal service fund to operate the County health insurance program for the benefit of all eligible employees and retirees. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is an increase in net position.		31,901
The net other post-employment benefit obligation is related to the County's retiree health care plan. The actuarial expense was more than the plan contributions in the current year.		(2,633)
The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. The plan contributions exceeded the actuarial expense in the current year.		<u>139,776</u>
Change in net position of governmental activities (Exhibit A-2)		<u>\$ 1,732,762</u>

The accompanying notes are an integral part of this statement.

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

	Insurance Fund
Assets	
Cash	\$ 329,383
Total assets	<u>329,383</u>
Liabilities	
Accounts payable	-
Total liabilities	<u>-</u>
Net Position	
Unrestricted	329,383
Total net position	<u>\$ 329,383</u>

The accompanying notes are an integral part of this statement.

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

	Insurance Fund
Operating revenues:	
Charges for services	\$ 1,053,544
Operating expenses:	
Insurance premiums and claims	<u>1,022,001</u>
Income from operations	31,543
Non-operating income:	
Interest income	<u>358</u>
Change in net position	31,901
Total net position - beginning	<u>297,482</u>
Total net position - ending	<u><u>\$ 329,383</u></u>

The accompanying notes are an integral part of this statement.

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

	Insurance Fund
Cash flows from operating activities	
Cash received for health insurance coverage	\$ 1,053,544
Cash paid to insurance provider	(994,658)
Cash paid to employees for health reimbursements	(27,343)
Net cash provided by operating activities	<u>31,543</u>
Cash flows from investing activities	
Interest earnings	<u>358</u>
Net increase in cash and cash equivalents	31,901
Cash and cash equivalents at beginning of the year	297,482
Cash and cash equivalents at end of the year	<u><u>\$ 329,383</u></u>
Reconciliation of income from operations to net cash provided by operating activities:	
Operating income	\$ 31,543
Effect of change in current assets and liabilities:	
Decrease in accounts payable	-
Net cash provided by operating activities	<u><u>\$ 31,543</u></u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

	Custodial Funds
Assets	
Cash	\$ 900,919
Investments	199,311
Due from other funds	10,295
Total assets	<u>1,110,525</u>
Liabilities	
Due to other funds	77,076
Due to others	380,421
Total liabilities	<u>457,497</u>
Net Position	
Restricted for other purposes	653,028
Total net position	<u>\$ 653,028</u>

The accompanying notes are an integral part of this statement.

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

	<u>Custodial Funds</u>
Additions	
Criminal Justice	\$ 296,934
Sheriff's Department	261,795
Tax Assessor Collector	8,013,514
County Clerk	83,952
District Clerk	2,221,966
County and District Attorneys	76,489
Justices of the Peace	144,314
Miscellaneous	39,898
Total additions	<u>11,138,862</u>
Deductions	
Criminal Justice	297,804
Sheriff's Department	243,475
Tax Assessor Collector	8,013,514
County Clerk	83,952
District Clerk	2,108,972
County and District Attorneys	72,240
Justices of the Peace	144,314
Miscellaneous	38,262
Total deductions	<u>11,002,533</u>
Change in net position	<u>136,329</u>
Net position - beginning, as originally stated	-
Prior period adjustment	516,699
Net position - beginning, as restated	<u>516,699</u>
Net position - ending	<u>\$ 653,028</u>

The accompanying notes are an integral part of this statement.

YOUNG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Young County (County), a political subdivision of the State of Texas, is governed by an elected judge and four county commissioners which comprise the Commissioners' Court. The County's operational activities include general administrative services, judicial, public safety, the construction and maintenance of roads, health and welfare assistance, permanent records preservation, conservation, and ambulance service.

The accounting policies of the County conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standards setting body for governmental entities. The notes to the financial statements are an integral part of the County's basic financial statements.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement Nos. 39 and 61, in that the financial statements include all organizations, activities, functions and component units for which the County (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County.

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

2. Government-wide and Fund Financial Statements

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

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

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

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

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

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus. 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 soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, fines, fees and ambulance revenues associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *American Rescue Grant Fund* is a special revenue fund used to account for the federal American Rescue Plan COVID-19 relief grant funds.

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

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

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

The County reports the following internal service fund:

The *Insurance Fund* is used to account for the County's health insurance plan and related health reimbursement arrangement plan.

Additionally, the County reports the following fiduciary funds:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

4. Assets, Liabilities, and Net Position or Equity

a. Deposits and Investments

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

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or secured by obligations that are described above; or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the County, and placed through a primary government securities dealer.

All investments are stated at fair value which are based on quoted market prices.

b. 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) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

Property taxes are levied on October 1 by the County based on the January 1 property values as appraised by the Young County Appraisal District. Taxes are due without penalty until January 31 of the next calendar year. After January 31 the County has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the County.

c. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

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

Buildings and improvements	25 - 50 years
Machinery and equipment	5 - 20 years
Infrastructure	35 years

6. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has items that qualify for reporting in this category. The amounts reported by the County in this category include amounts related to the County's participation in TCERS as well as property taxes receivable that are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received.

7. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$95,182 of accrued vacation and compensated absences at September 30, 2021 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum of 240 hours of accumulated earned sick leave. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

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

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Premiums and discounts on long-term obligations are deferred and amortized over the life of the debt using the straight-line method which approximates the effective interest method. Long-term obligations payable is reported net of the applicable premium or discount. Issuance costs are expensed in the period the debt is issued.

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

9. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself. At September 30, 2021, the assigned fund balance represents the budgeted deficit for 2021-22 in the General Fund.

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

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

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

10. Transactions Between Funds

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

11. Use of Estimates

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

12. Pensions

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

13. Other Post-Employment Benefits

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

14. New Accounting Standard Adoption

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

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

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

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

The County had expenditures in excess of budget in total by \$1,282,208 and in six departments ranging from \$594 to \$2,217,580. In the future, the County will be more diligent in making necessary budget adjustments to avoid unfavorable budget variances.

2. Deficit Fund Balance or Net Position of Individual Funds

The County has no funds with a deficit fund balance or net position.

C. DEPOSITS AND INVESTMENTS

1. Deposits

Deposits, except for those held in trust by the County Clerk, District Clerk and others, were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2021, the carrying amount of the County's deposits was \$12,770,340 and the balance per the bank was \$12,893,380. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$2,057,446.

The County Clerk, District Clerk and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest-bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2021 were \$1,100,230 and the balance per the bank was \$1,087,876. Included in the carrying amount and bank balance are the certificates of deposit (recorded as investments) totaling \$199,311.

2. Investments

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

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

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

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

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

<u>Investment or Investment Type</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Certificates of deposit	5.67	<u>\$2,057,446</u>

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

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

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

b. Custodial Credit Risk

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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

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

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to a concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

D. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service) for the year ended September 30, 2021 was \$0.575433 per \$100 valuation. The long-term debt service tax rate for the year ended September 30, 2021 was \$0.041847 per \$100 valuation. The total combined tax rate was \$0.617280 per \$100 valuation for the year ended September 30, 2021.

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

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Gross property taxes receivable	\$358,389	\$133,985	\$492,374
Allowance for uncollectible taxes	(85,427)	(31,937)	(117,364)
Net property taxes receivable	<u>\$272,962</u>	<u>\$102,048</u>	<u>\$375,010</u>

Of the \$375,010 of net property taxes receivable at September 30, 2021, the County expects to collect approximately \$100,000 within a year. This is similar to the delinquent taxes received in previous years.

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

E. CAPITAL ASSETS

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

Governmental Activities:	Balance <u>10/1/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance <u>9/30/2021</u>
Capital assets not being depreciated:					
Land	\$ 711,731	\$ -	\$ -	\$ -	\$ 711,731
Capital assets being depreciated:					
Buildings and improvements	16,955,228	-	-	-	16,955,228
Machinery and equipment	7,886,427	2,961,852	1,811,424	-	9,036,855
Infrastructure	3,762,163	-	-	-	3,762,163
Total capital assets being depreciated	<u>28,603,818</u>	<u>2,961,852</u>	<u>1,811,424</u>	<u>-</u>	<u>29,754,246</u>
Less accumulated depreciation for:					
Buildings and improvements	5,032,699	290,726	-	-	5,323,425
Machinery and equipment	4,005,670	781,823	904,577	-	3,882,916
Infrastructure	1,711,420	107,490	-	-	1,818,910
Total accumulated depreciation	<u>10,749,789</u>	<u>1,180,039</u>	<u>904,577</u>	<u>-</u>	<u>11,025,251</u>
Total capital assets being depreciated, net	<u>17,854,029</u>	<u>1,781,813</u>	<u>906,847</u>	<u>-</u>	<u>18,728,995</u>
Governmental activities capital assets, net	<u>\$18,565,760</u>	<u>\$1,781,813</u>	<u>\$ 906,847</u>	<u>\$ -</u>	<u>\$19,440,726</u>

At September 30, 2021, the County had \$3,312,464 of machinery and equipment acquired under capital lease obligations with accumulated depreciation of \$388,612.

Depreciation expense was charged to departments of the County as follows:

Nondepartmental Costs	\$ 39,199
County/District Court	5,117
Elections	43,651
Courthouse Maintenance	1,045
Constables	11,222
Sheriff, Dispatch and Jail	366,299
911 mapping	1,059
Fort Belknap	10,423
Road and Bridge	<u>702,024</u>
Total governmental depreciation	<u>\$1,180,039</u>

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

F. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	\$ 29,679	Short-term borrowings
General Fund	Agency Funds	52,432	Fee account balances
Other Governmental Funds	General Fund	5,382	Short-term borrowings
Other Governmental Funds	Agency Funds	14,349	Fee account balances
Agency Funds	Agency Funds	<u>10,295</u>	Fee account balances
	Total	<u>\$112,137</u>	

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

Interfund transfers during the year ended September 30, 2021 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	General Fund	<u>\$2,295,627</u>	Supplement other resources

G. LONG-TERM OBLIGATIONS

The County issued bonded debt and capital lease obligations to provide funds for the acquisition and construction of major capital facilities and equipment. These issues are direct obligations and pledge the full faith and credit of the County.

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

<u>Governmental Activities:</u>	<u>Balance</u> <u>10/1/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2021</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable	\$2,245,000	\$ -	\$ 725,000	\$1,520,000	\$ 750,000
Bond premium	52,125	-	28,783	23,342	17,481
Capital lease obligations	1,544,573	2,054,323	1,317,553	2,281,343	431,548
Compensated absences *	<u>111,590</u>	<u>225,921</u>	<u>242,329</u>	<u>95,182</u>	<u>95,182</u>
Totals	<u>\$3,953,288</u>	<u>\$2,280,244</u>	<u>\$2,313,665</u>	<u>\$3,919,867</u>	<u>\$1,294,211</u>

* Compensated absences are generally liquidated by the General Fund.

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

Bonds Payable

Bonds payable at September 30, 2021 are comprised of the following issues:

	<u>Original Debt</u>	<u>Range of Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance 9/30/2021</u>
General Obligation Refunding Bonds, Series 2014 Related bond premium	\$5,080,000	2.00% - 3.00%	2/15/2023	\$1,520,000 <u>23,342</u>
Total				<u>\$1,543,342</u>

Debt service requirements on the bonds payable at September 30, 2021 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 767,481	\$ 34,300	\$ 801,781
2023	<u>775,861</u>	<u>11,500</u>	<u>787,361</u>
Totals	<u>\$1,543,342</u>	<u>\$ 45,800</u>	<u>\$1,589,142</u>

Capital Lease Obligations

Capital lease obligations payable at September 30, 2021 are as follows:

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

	<u>Original Debt</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance 9/30/2021</u>
2018 Kubota Skid Steer – Prec. #2	\$ 68,064	3.65%	8/22/2023	\$ 22,374
2018 CAT Backhoe – Prec. #4	112,250	3.65%	9/24/2023	32,571
2019 PPV Chevy Tahoe – Sheriff's Dept.	38,608	4.24%	4/01/2022	10,285
2019 Ford F150 Crew Cab 4X4 – Sheriff's Dept.	36,270	4.24%	7/08/2022	16,297
2019 Ford F150 Crew Cab 4X4 – Sheriff's Dept.	36,270	4.24%	7/08/2022	16,298
2019 CAT 140M3 Motorgrader – Prec. #2	50,250	3.65%	8/14/2022	17,355
2020 Ford F150 – Sheriff's Dept.	54,817	2.65%	9/21/2023	38,238
2020 Chevy Tahoe – Sheriff's Dept.	48,884	2.65%	9/21/2023	34,127
2020 Chevy Tahoe – Sheriff's Dept.	48,484	2.65%	9/21/2023	33,850
2019 Kubota Excavator – Prec. #4	97,918	3.65%	11/1/2024	71,573
2021 Mack Truck – Prec. #2	128,906	2.65%	1/24/2024	114,822
2022 Mack Truck – Prec. #3	46,029	2.50%	8/2/2024	46,029
2022 Mack Truck – Prec. #3	46,029	2.50%	8/2/2024	46,029
2021 Chevy Tahoe – Sheriff's Dept.	60,623	2.60%	9/1/2024	60,623
2021 Chevy Tahoe – Sheriff's Dept.	64,108	2.60%	9/1/2024	64,108
2021 Chevy Tahoe – Sheriff's Dept.	64,108	2.60%	9/1/2024	64,108
2021 Chevy Tahoe – Sheriff's Dept.	60,255	2.60%	9/1/2024	60,255
2021 Chevy Express Van 3500 – Jail	41,734	2.60%	9/13/2026	41,734
2021 Mack Truck – Prec. #4	128,686	2.35%	12/17/2023	128,686
2021 Mack Truck – Prec. #4	128,686	2.35%	12/17/2023	128,686
2020 Dodge Ram 4500 – Prec. #4	68,560	2.35%	1/15/2023	38,560
2021 Mack Truck – Prec. #2	128,643	2.65%	9/3/2024	128,643
2021 John Deere 2720 Tractor – Prec. #4	42,700	2.65%	5/17/2024	42,700
2021 CAT 150 Motorgrader – Prec. #2	276,721	2.35%	7/23/2024	254,179
2021 Kubota Motorgrader – Prec. #1	184,495	2.50%	2/15/2026	150,760
2021 Kubota Motorgrader – Prec. #1	192,575	2.50%	2/15/2026	150,760
2021 John Deere 670G Motorgrader– Prec. #1	237,345	2.75%	6/15/2024	212,643
2021 John Deere 670G Motorgrader– Prec. #4	283,026	2.75%	4/27/2024	<u>255,050</u>
Total				<u>\$2,281,343</u>

Debt service requirements on the capital lease obligations at September 30, 2021 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 431,548	\$ 53,621	\$ 485,169
2023	416,246	47,760	464,006
2024	1,273,860	36,762	1,310,622
2025	88,402	4,227	92,629
2026	<u>71,287</u>	<u>1,791</u>	<u>73,078</u>
Totals	<u>\$2,281,343</u>	<u>\$144,161</u>	<u>\$2,425,504</u>

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

Total Long-Term Debt

Debt service requirements for all long-term debt at September 30, 2021 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$1,199,029	\$ 87,921	\$1,286,950
2023	1,192,107	59,260	1,251,367
2024	1,273,860	36,762	1,310,622
2025	88,402	4,227	92,629
2026	<u>71,287</u>	<u>1,791</u>	<u>73,078</u>
Totals	<u>\$3,824,685</u>	<u>\$189,961</u>	<u>\$4,014,646</u>

H. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. During fiscal year 2021, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

I. CONTINGENT LIABILITIES AND COMMITMENTS

Grant Awards

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

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

Trust Funds

The District Clerk has invested trust funds at various financial institutions in accordance with court orders. The County has a fiduciary responsibility over these funds until their final disposition.

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

J. DEFINED BENEFIT PENSION PLAN

1. Plan Description

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

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

2. Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	92
Inactive employees entitled to but not yet receiving benefits	125
Active employees	114

3. Contributions

The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 8.59% for the months of the accounting year in 2020, and 8.36% for the months of the accounting year in 2021.

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

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

4. Net Pension Liability

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

Actuarial Assumptions

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

Real rate of return	5.00% per year
Inflation	2.50% per year
Long-term investment return	7.50% per year, net of pension plan investments expenses
Growth in membership	0.00% per year
Payroll growth	3.00% per year

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

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

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

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

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

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

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

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

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

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

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

Discount Rate

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

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

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2019	\$23,384,708	\$23,413,026	(\$28,318)
Changes for the year:			
Service cost	541,462	-	541,462
Interest on total pension liability	1,887,337	-	1,887,337
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(280,557)	-	(280,557)
Effect of assumptions changes or inputs	1,267,570	-	1,267,570
Refund of contributions	(89,772)	(89,772)	-
Benefit payments	(1,186,514)	(1,186,514)	-
Administrative expense	-	(18,460)	18,460
Member contributions	-	317,635	(317,635)
Net investment income	-	2,417,560	(2,417,560)
Employer contributions	-	389,778	(389,778)
Other	-	(14,513)	14,513
Balances as of December 31, 2020	<u>\$25,524,234</u>	<u>\$25,228,740</u>	<u>\$ 295,494</u>

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability (asset)	<u>\$3,176,700</u>	<u>\$295,494</u>	<u>(\$2,159,130)</u>

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

Pension Expense

	<u>January 1, 2020 to December 31, 2020</u>
Service cost	\$ 541,462
Interest on total pension liability ⁽¹⁾	1,887,337
Effect of plan changes	-
Administrative expenses	18,460
Member contributions	(317,635)
Expected investment return net of investment expenses	(1,872,555)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(217,291)
Recognition of assumption changes or inputs	450,795
Recognition of investment gains or losses	(259,931)
Other ⁽²⁾	<u>14,514</u>
 Pension expense	 <u>\$ 245,156</u>

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

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

Deferred Outflows / Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 205,191
Changes of assumptions	845,047	-
Net difference between projected and actual earnings	-	876,218
Contributions made subsequent to measurement date	<u>291,954</u>	<u>-</u>
 Total	 <u>\$1,137,001</u>	 <u>\$1,081,409</u>

\$291,954 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset for the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2021	\$ 28,595
2022	298,297
2023	(454,253)
2024	(109,001)

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

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

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

1. *Plan Description*

Any employee who meets the retirement eligibility requirements of the Texas County and District Retirement System, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical. The retired employee may continue coverage for dependents as well. Premiums for the retired employee and any dependents are paid by the retired employee. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

2. *Demographic Information*

<u>Status</u>	<u>9/30/21</u>
Active – Employee Only	76
Active – Employee and Dependent	18
Retired – Employee Only	0
Retired – Employee and Dependent	1

3. *Actuarial Methods and Assumptions Used for GASB Calculations*

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

Actuarial Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	2.26% (-.24% real rate of return plus 2.50% inflation)
Average Per Capita Claim Cost	The medical claim cost ranges from \$9,026 at age 50 to \$12,754 at age 64.
Health Care Cost Trend	Level 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2020

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

Turnover	Rates varying based on gender, age and select and ultimate at 15 years. Rates are based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report. The rates vary by entry age, gender and years. For males the rates range from 2.4% to 33.4% and for females the rates range from 2.7% to 36.2%.
Disability	None assumed
Retirement Rates	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans. The rates are unisex and range from 10% at age 50 to 25% at age 65.
Retiree Contributions	The retiree pays the full contribution rate for the medical and life insurance and dental coverage.
Salary Scale	3.50%
Data Assumptions - Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 20% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement.
Valuation Date	September 30, 2021
Measurement Date	September 30, 2021

4. *Changes in Total OPEB Liability*

	<u>Changes in Total OPEB Liability</u>
Balance as of September 30, 2020	\$77,297
Changes for the year:	
Service cost	6,426
Interest cost	1,841
Changes of benefit terms	-
Differences between expected and actual experience	(9,319)
Changes in assumptions	14
Other changes	-
Contributions-employer	-
Net investment income	-
Benefit payments	(3,807)
Administrative expense	-
	<hr/>
Balance as of September 30, 2021	<u>\$72,452</u>

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

Sensitivity Analysis of the Discount and Trend Rate

Discount Rate

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.26%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.26%) or 1 percentage point higher (3.26%) than the current rate.

	1% Decrease <u>1.26%</u>	Current Discount Rate <u>2.26%</u>	1% Increase <u>3.26%</u>
Total OPEB liability	<u>\$78,535</u>	<u>\$72,452</u>	<u>\$66,862</u>

Trend Rate

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

	1% Decrease <u>3.50%</u>	Current Trend Rate <u>4.50%</u>	1% Increase <u>5.50%</u>
Total OPEB liability	<u>\$64,539</u>	<u>\$72,452</u>	<u>\$81,980</u>

5. *OPEB Expense*

	<u>October 1, 2020 to September 30, 2021</u>
Service cost	\$6,426
Interest cost (including interest on Service Cost)	1,841
Changes of benefit terms	-
Current recognized deferred outflows (inflows)	-
Difference between expected and actual experience	(1,928)
Changes in assumptions or other inputs	101
Other changes, if significant	-
Difference of projected investment earnings	<u>-</u>
Total OPEB expense as of September 30, 2021	<u>\$6,440</u>

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

6. *Deferred Outflows / Inflows of Resources*

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,267	\$11,405
Changes of assumptions/inputs	3,229	3,998
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$4,496</u>	<u>\$15,403</u>

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

<u>Year Ended December 31:</u>	
2022	(\$1,827)
2023	(1,827)
2024	(1,827)
2025	(3,299)
2026	(1,702)
2027+	(425)

L. JUDICIAL ASSESSMENT RECEIVABLES

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

M. TAX ABATEMENT AGREEMENT

The County has approved one tax abatement agreement dated December 27, 2010 with Trinity Hills Wind Farm, LLC, and was issued pursuant to the Property Redevelopment and Tax Abatement Act, as amended, in V.T.C.A Tax Code, Chapter 312.

The agreement requires the company to maintain a viable presence for at least twenty years and make improvements within the reinvestment zone of at least \$67,000,000. The agreement is a ten-year abatement of qualified facilities or personal property for 100% each of the ten years. This is the ninth year of the agreement and the total value loss was \$50,100,000. The reduction in M&O taxes was \$288,292 and I&S taxes was \$0. However, Trinity Hills Wind Farm, LLC has agreed to pay to the County \$1,250 per megawatt of the wind farm. For the year ended September 30, 2021, this payment was \$93,750.

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

The agreement has an early termination/default clause that without the consent of the County or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of the agreement or to meet any material obligation under the agreement, then the County shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the agreement within thirty days of notice provided by the County.

N. COVID-19 PANDEMIC

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

State and local governments placed restrictions on the operations of businesses and public gatherings to promote health and slow the spread of the virus. The federal government passed several appropriations to address the negative economic impact caused by these restrictions. The County received and expended \$336,262 in pandemic relief federal grant awards during the year ended September 30, 2021. The County also received \$1,749,216 in pandemic relief federal awards that had not been expended by September 30, 2021. However, the overall impact of the COVID-19 pandemic on the national, state, and local economies and, ultimately, the County's finances is not known at this time.

O. PRIOR PERIOD ADJUSTMENT

During fiscal year 2021, the County adopted GASB Statement No. 84, Fiduciary Activities. Prior to the implementation of GASB 84, the County's fiduciary funds were reported as agency funds only in a statement of fiduciary assets and liabilities. After the implementation of GASB 84, the County's fiduciary funds are reported as custodial funds in a statement of fiduciary net position and in a statement of changes in fiduciary net position. The effect of reporting fiduciary funds as custodial funds is an increase to beginning net position of \$516,699 for custodial funds.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 6,576,718	\$ 6,576,718	\$ 6,782,197	\$ 205,479
Sales taxes	1,170,000	1,170,000	1,471,806	301,806
Occupancy taxes	55,000	55,000	75,528	20,528
Mixed beverage tax	30,000	30,000	28,201	(1,799)
Licenses, fees and fines	785,150	785,150	694,013	(91,137)
Other governmental reimbursements	1,295,305	1,295,305	1,173,200	(122,105)
Auto registration	505,000	505,000	492,899	(12,101)
Surtax on auto registration	190,000	190,000	187,470	(2,530)
Federal and state grants	738,550	738,550	727,722	(10,828)
Wind farm revenue	228,750	228,750	94,750	(134,000)
Interest earned	72,700	72,700	43,583	(29,117)
Other revenue	296,988	296,988	142,506	(154,482)
Total revenues	11,944,161	11,944,161	11,913,875	(30,286)
Expenditures				
County judge	154,684	154,684	151,642	3,042
County clerk	249,240	249,240	228,776	20,464
Veteran service	20,690	20,690	21,284	(594)
Homeland security	20,936	20,936	5,480	15,456
Nondepartmental costs	280,025	235,142	175,866	59,276
Computer department	139,460	139,460	90,731	48,729
County/District court	518,147	518,147	467,271	50,876
District clerk	208,367	208,367	189,244	19,123
Justices of the peace	325,601	325,601	316,776	8,825
District judge	68,393	68,393	63,135	5,258
County attorney	256,469	256,469	249,173	7,296
District attorney	287,389	287,389	279,676	7,713
Elections	172,920	204,659	179,232	25,427
County auditor	212,666	212,666	208,413	4,253
County treasurer	138,400	138,400	133,643	4,757
Tax assessor/collector	481,946	482,651	456,552	26,099
Courthouse maintenance	237,867	247,306	205,415	41,891
Annex maintenance	19,400	19,400	17,141	2,259
Ambulance	189,000	189,000	189,000	-
Constables	74,935	74,935	72,700	2,235
Department of public safety and game warden	6,500	6,500	4,953	1,547
Sheriff, dispatch and jail	2,953,127	2,953,127	2,789,004	164,123
911 mapping	84,796	84,796	39,334	45,462
Adult probation	573,394	573,394	541,646	31,748
Juvenile probation	613,440	613,440	676,541	(63,101)
Pauper services	15,000	15,000	12,271	2,729
Fort Belknap	111,114	111,114	120,185	(9,071)
Agricultural extension agent	30,825	30,825	30,084	741
Home economics agent	30,165	30,165	25,962	4,203
TAEX office	61,585	61,585	58,001	3,584
Employee benefits	79,035	79,035	66,037	12,998
District court reporter	107,394	107,394	108,949	(1,555)
Road and bridge	2,862,870	2,862,870	2,101,812	761,058
Hospital and medical costs	109,000	109,000	67,037	41,963
Medical administrative costs	78,000	78,000	64,060	13,940

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

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Capital outlay	132,500	132,500	2,350,080	(2,217,580)
Debt service - principal	322,066	322,066	762,936	(440,870)
Debt service - interest	46,815	46,815	33,327	13,488
Total expenditures	<u>12,274,161</u>	<u>12,271,161</u>	<u>13,553,369</u>	<u>(1,282,208)</u>
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	<u>(330,000)</u>	<u>(327,000)</u>	<u>(1,639,494)</u>	<u>(1,312,494)</u>
Other sources and (uses):				
Proceeds from issuance of capital leases	-	-	2,054,323	2,054,323
Proceeds from sale of capital assets	5,000	5,000	530,449	525,449
Transfers in	2,239,377	2,239,377	2,295,627	56,250
Transfers out	<u>(2,239,377)</u>	<u>(2,239,377)</u>	<u>(2,295,627)</u>	<u>(56,250)</u>
Total other sources and (uses)	<u>5,000</u>	<u>5,000</u>	<u>2,584,772</u>	<u>2,579,772</u>
Net change in fund balances	(325,000)	(322,000)	945,278	1,267,278
Fund balances, beginning of year	<u>8,644,479</u>	<u>8,644,479</u>	<u>8,644,479</u>	<u>-</u>
Fund balances, end of year	<u>\$ 8,319,479</u>	<u>\$ 8,322,479</u>	<u>\$ 9,589,757</u>	<u>\$ 1,267,278</u>

YOUNG COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
AMERICAN RESCUE GRANT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest earned	-	-	833	833
Total revenues	-	-	833	833
Expenditures				
Nondepartmental costs	-	-	100	(100)
Total expenditures	-	-	100	(100)
Net change in fund balances	-	-	733	733
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 733	\$ 733

YOUNG COUNTY, TEXAS

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

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 541,462	\$ 515,223	\$ 495,248	\$ 504,052
Interest on total pension liability	1,887,337	1,799,404	1,730,212	1,644,083
Effect of plan changes	-	-	-	-
Effect of plan changes or inputs	1,267,570	-	-	113,088
Effect of economic/demographic (gains) or losses	(280,557)	(54,457)	(272,341)	(59,356)
Benefit payments/refunds of contributions	(1,276,286)	(1,128,255)	(1,109,825)	(1,148,917)
Net change in total pension liability	2,139,526	1,131,915	843,294	1,052,950
Total pension liability, beginning	23,384,708	22,252,793	21,409,499	20,356,549
Total pension liability, ending (a)	<u>\$ 25,524,234</u>	<u>\$ 23,384,708</u>	<u>\$ 22,252,793</u>	<u>\$ 21,409,499</u>
Fiduciary Net Position				
Employer contributions	\$ 389,778	\$ 377,444	\$ 359,307	\$ 334,280
Member contributions	317,635	310,474	299,424	288,885
Investment income net of investment expenses	2,417,560	3,369,221	(403,645)	2,787,620
Benefit payments/refunds of contributions	(1,276,286)	(1,128,255)	(1,109,825)	(1,148,917)
Administrative expenses	(18,460)	(17,842)	(16,477)	(14,229)
Other	(14,513)	(11,814)	(11,231)	(7,180)
Net change in fiduciary net position	1,815,714	2,899,228	(882,447)	2,240,459
Fiduciary net position, beginning	23,413,026	20,513,798	21,396,245	19,155,786
Fiduciary net position, ending (b)	<u>\$ 25,228,740</u>	<u>\$ 23,413,026</u>	<u>\$ 20,513,798</u>	<u>\$ 21,396,245</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 295,494</u>	<u>\$ (28,318)</u>	<u>\$ 1,738,995</u>	<u>\$ 13,254</u>
Fiduciary net position as a % of total pension liability	<u>98.84%</u>	<u>100.12%</u>	<u>92.19%</u>	<u>99.94%</u>
Covered payroll	<u>\$ 4,537,637</u>	<u>\$ 4,435,347</u>	<u>\$ 4,277,481</u>	<u>\$ 4,126,934</u>
Net pension liability as a % of covered payroll	<u>6.51%</u>	<u>-0.64%</u>	<u>40.65%</u>	<u>0.32%</u>

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

2016	2015	2014	2013	2012	2011
\$ 518,903	\$ 509,318	\$ 481,281	N/A	N/A	N/A
1,550,621	1,500,140	1,419,896	N/A	N/A	N/A
-	(48,149)	-	N/A	N/A	N/A
-	204,806	-	N/A	N/A	N/A
(24,375)	(345,621)	(9,477)	N/A	N/A	N/A
<u>(1,133,284)</u>	<u>(1,117,345)</u>	<u>(870,631)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
911,865	703,149	1,021,069	N/A	N/A	N/A
<u>19,444,684</u>	<u>18,741,535</u>	<u>17,720,466</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 20,356,549</u>	<u>\$ 19,444,684</u>	<u>\$ 18,741,535</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ 380,529	\$ 385,358	\$ 387,237	N/A	N/A	N/A
292,072	288,813	276,598	N/A	N/A	N/A
1,348,459	84,601	1,211,550	N/A	N/A	N/A
(1,133,284)	(1,117,346)	(870,631)	N/A	N/A	N/A
(14,652)	(13,228)	(13,929)	N/A	N/A	N/A
<u>46,876</u>	<u>31,954</u>	<u>(36,635)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
920,000	(339,848)	954,190	N/A	N/A	N/A
<u>18,235,786</u>	<u>18,575,634</u>	<u>17,621,444</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 19,155,786</u>	<u>\$ 18,235,786</u>	<u>\$ 18,575,634</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 1,200,763</u>	<u>\$ 1,208,898</u>	<u>\$ 165,901</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>94.10%</u>	<u>93.78%</u>	<u>99.11%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 4,172,463</u>	<u>\$ 4,125,904</u>	<u>\$ 3,951,400</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>28.78%</u>	<u>29.30%</u>	<u>4.20%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

YOUNG COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2011	\$ 304,920	\$ 304,920	\$ -	\$ 3,496,804	8.7%
2012	339,411	339,411	-	3,750,393	9.1%
2013	348,456	348,456	-	3,726,814	9.3%
2014	387,237	387,237	-	3,951,400	9.8%
2015	385,358	385,358	-	4,125,904	9.3%
2016	380,529	380,529	-	4,172,463	9.1%
2017	334,280	334,280	-	4,126,934	8.1%
2018	359,307	359,307	-	4,277,481	8.4%
2019	377,444	377,444	-	4,435,347	8.5%
2020	389,778	389,778	-	4,537,637	8.6%

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

YOUNG COUNTY, TEXAS

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 6,426	\$ 6,789	\$ 5,576	\$ 5,358
Interest cost	1,841	2,396	3,060	3,307
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(9,319)	(5,300)	2,527	-
Changes in assumptions	14	(5,938)	6,424	-
Other changes	-	-	-	-
Contributions-employer	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(3,807)	(7,836)	(11,559)	(7,220)
Administrative expense	-	-	-	-
Net change in total OPEB liability	<u>(4,845)</u>	<u>(9,889)</u>	<u>6,028</u>	<u>1,445</u>
Total OPEB liability, beginning	<u>77,297</u>	<u>87,186</u>	<u>81,158</u>	<u>79,713</u>
Total OPEB liability, ending	<u>\$ 72,452</u>	<u>\$ 77,297</u>	<u>\$ 87,186</u>	<u>\$ 81,158</u>
Covered payroll	<u>\$ 3,469,824</u>	<u>\$ 3,363,926</u>	<u>\$ 3,430,739</u>	<u>\$ 3,073,162</u>
Net OPEB liability as a % of covered payroll	<u>2.09%</u>	<u>2.30%</u>	<u>2.54%</u>	<u>2.64%</u>

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

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

A. BUDGETARY INFORMATION

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

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

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

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

Encumbrance accounting is not employed by the County because it is not considered necessary to assure effective budgetary control.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2021, expenditures exceeded appropriations in the General Fund in total by \$1,282,208 and by functional categories as follows:

Veteran service	\$	594
Juvenile probation		63,101
Fort Belknap		9,071
District court reporter		1,555
Capital outlay		2,217,580
Debt service – principal		440,870

These over-expenditures were funded by available fund balance.

YOUNG COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

C. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.50%, 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. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

D. YOUNG COUNTY RETIREE HEALTH CARE PLAN

There were no changes to benefit terms or assumptions during the year except for the discount rate which increased from 2.25% to 2.26%.