

*CALDWELL COUNTY, TEXAS*

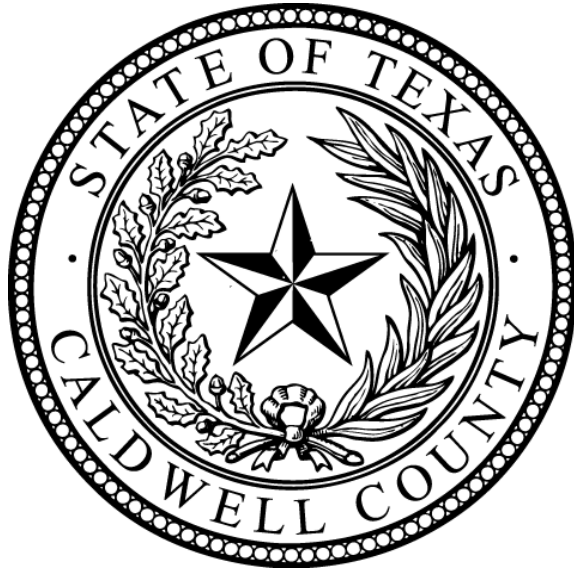
*ANNUAL FINANCIAL REPORT*

*FISCAL YEAR ENDED  
SEPTEMBER 30, 2020*



DEPARTMENT ISSUING REPORT

Caldwell County Auditor's Office  
Barbara Gonzales, County Auditor



CALDWELL COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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PRINCIPAL OFFICIALS

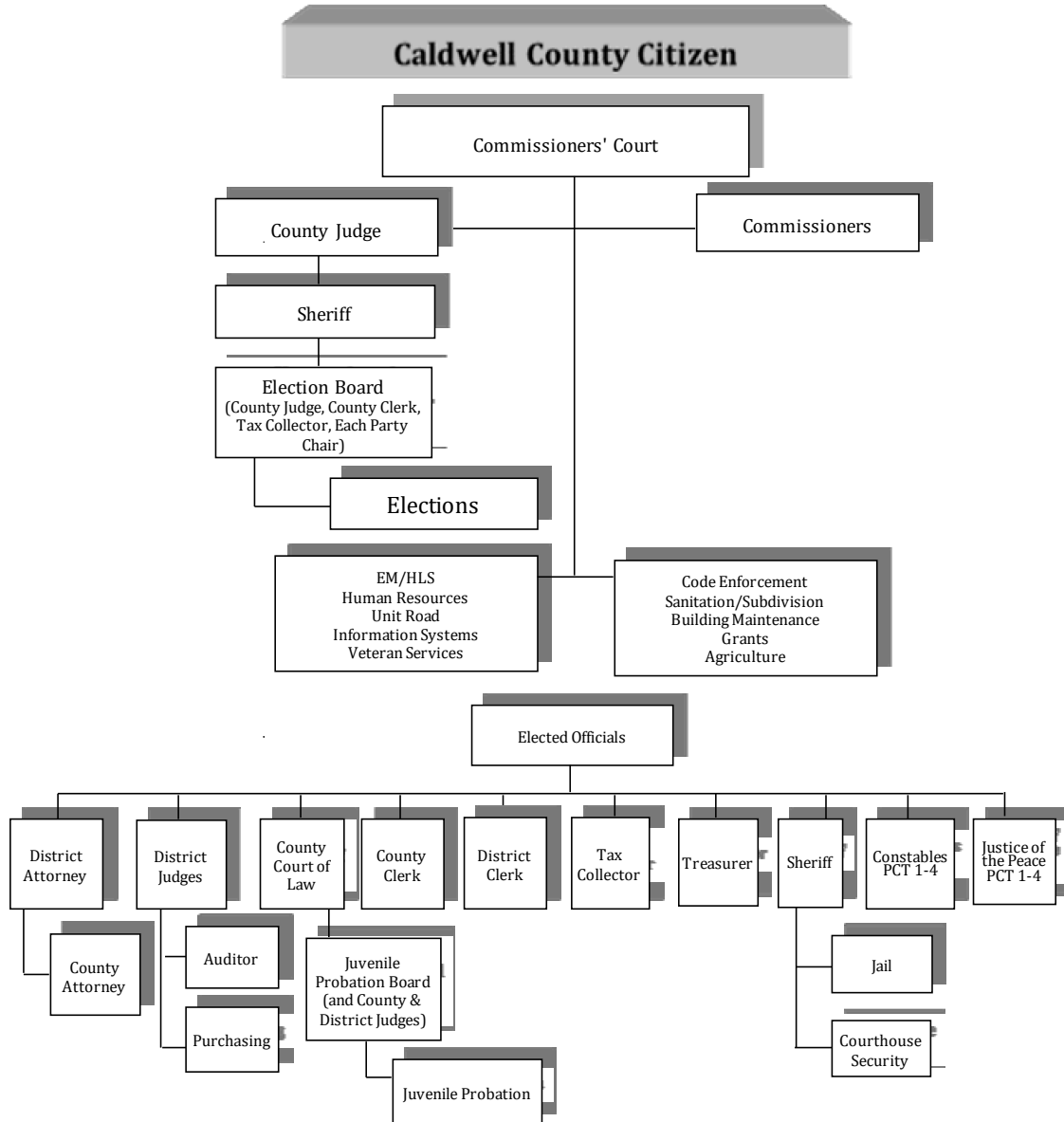
COUNTY JUDGE ..... HOPPY HADEN  
COMMISSIONER, PRECINCT 1 ..... B.J. WESTMORELAND  
COMMISSIONER, PRECINCT 2 ..... BARBARA SHELTON  
COMMISSIONER, PRECINCT 3 ..... EDWARD THERIOT  
COMMISSIONER, PRECINCT 4 ..... JOE ROLAND  
COUNTY AUDITOR ..... BARBARA GONZALES  
COUNTY TREASURER ..... ANGELA MEUTH RAWLINSON  
ASSESSOR-COLLECTOR OF TAXES ..... DARLA LAW  
COUNTY CLERK ..... TERESA RODRIGUEZ  
DISTRICT CLERK ..... JUANITA ALLEN  
SHERIFF ..... MIKE LANE  
COUNTY ATTORNEY ..... FRED WEBER  
COUNTY COURT-AT-LAW JUDGE ..... BARBARA L. MOLINA

OFFICIAL ISSUING REPORT

COUNTY AUDITOR

**CALDWELL COUNTY**

Organizational Chart





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and  
Members of the Commissioners' Court  
Caldwell County, Texas

### **Report on the Financial Statements**

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

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell County, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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 management's discussion and analysis, budgetary comparison information, schedule of changes – net pension liability/asset and related ratios, the schedule of County Contributions, and related ratios listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, budgetary comparison information and schedule of changes – net pension liability and related ratios, and the schedule of County's Contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Caldwell County's basic financial statements. The comparative statements and combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards required by the audit requirements of Title 2 U.S. Code of federal regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements and combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative financial statements and the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2021 on our consideration of Caldwell County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caldwell County's internal control over financial reporting and compliance.

*Armstrong, Vaughan & Associates, P.C.*

Armstrong, Vaughan & Associates, P.C.

April 13, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Caldwell County, Texas (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

### FINANCIAL HIGHLIGHTS

#### Highlights for Government-wide Financial Statements

The government-wide financial statements report financial information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- The total government-wide assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at September 30, 2020 by \$35.3 million (net position), an increase from the previous year of 7.3%.
- During the year, the County's expenses were \$26.8 million, which was \$2.4 million less than the \$29.2 million generated in taxes and other revenues for governmental activities.
- Total revenue from all sources was \$29.2 million. The primary revenue sources for governmental activities were property (ad valorem) taxes (\$20.3 million), charges for services (\$3.6 million), and sales and other taxes (2.4 million). These three revenue sources accounted for 70%, 12%, and 8% respectively, or 90% of total governmental activities revenues.
- Total expenses for governmental activities were \$26.8 million. The largest functional expenses were public safety (\$9.4 million), public transportation (\$6.2 million), and general government (\$3.7 million).

#### Highlights for Fund Financial Statements

- The fund financial statements report financial information about the County's major, or most significant funds, using the current financial resources measurement focus and modified accrual basis of accounting.

#### **Fund Balance**

- The County's General Fund reported a fund balance of \$14.8 million, an increase of \$1.3 million from September 30, 2019.
- Of the total fund balance for General Fund (\$14.8 million), the unassigned fund balance of \$14.5 million equals 10 months of the 2020 general fund expenditures.

#### Highlights on Revenue

#### **Sales Tax**

- Sales tax collections for the fiscal year were \$2.4 million, which were 20% higher than the previous year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

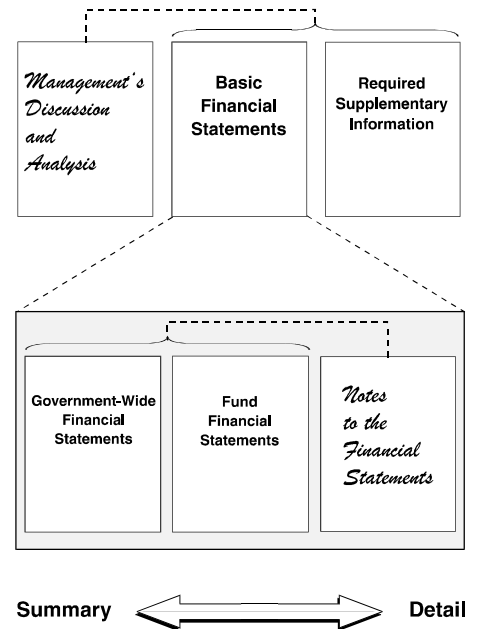
This annual report consists of three parts—management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as self-funded employee medical insurance.

*Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**Figure A-1, Required Components of the County’s Annual Financial Report**



### Government-wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County’s finances, in a manner similar to a private-sector business. They present the financial picture of the County from an economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the County and all liabilities. Additionally, certain adjustments have occurred to eliminate interfund transactions.

The statement of net assets includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County’s net position and how they have changed. Net assets—the difference between the County’s assets and liabilities—is one way to measure the County’s financial health or *position*.

- Over time, increases or decreases in the County’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County’s tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as general government, judicial, public safety, infrastructure, etc. Property taxes and charges for services finance most of these activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The County establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The County is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

# FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

## Statement of Net Position

The County's net position was \$35.3 million at September 30, 2020. (See Table A-1).

**Table A-1**  
Caldwell County's Net Position

	Governmental Activities	
	2020	2019
<b>ASSETS</b>		
Cash and Investments	\$ 25,410,661	\$ 21,978,104
Receivables (net of allowances for uncollectible):		
Taxes	2,204,470	1,477,374
Fines	704,142	715,701
Sales Tax	548,855	340,857
Intergovernmental	1,167,696	690,254
Accounts	18,765	27,793
Prepaid Items	70,008	52,098
Inventory	58,899	14,595
Capital Assets:	28,509,540	27,467,969
Net Pension Asset	542,056	-
<b>TOTAL ASSETS</b>	<b>59,235,092</b>	<b>52,764,745</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows - Pension Related	607,164	1,552,691
Deferred Outflows - Charge on Refunding	60,791	64,591
	<b>667,955</b>	<b>1,617,282</b>
<b>LIABILITIES</b>		
Accounts Payable	3,117,467	1,668,544
Wages, Salaries & Benefits Payable	326,477	376,874
Compensated Absences	584,364	549,266
Interest Payable	92,262	87,600
Due to Other Governments	924,473	935,417
<i>Noncurrent Liabilities:</i>		
Net Pension Liability	-	806,409
Due Within One Year	1,097,599	901,035
Due in More Than One Year	17,805,814	15,904,978
<b>TOTAL LIABILITIES</b>	<b>23,948,456</b>	<b>21,230,123</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned Revenue	-	20
Deferred Inflows - Pension Related	692,377	286,145
	<b>692,377</b>	<b>286,165</b>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	13,102,564	10,661,956
Restricted Net Position:		
Unspendable	128,907	-
Debt Service	1,490,174	1,066,387
Capital Acquisition	5,391,041	5,159,249
Contractual Obligation	1,698,765	627,407
Unrestricted Net Position	13,450,763	15,350,740
<b>TOTAL NET POSITION</b>	<b>\$ 35,262,214</b>	<b>\$ 32,865,739</b>

The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35.3 million at the close of the current fiscal year. Of this amount, \$13.1 million represents the portion the County has invested in capital assets (e.g. land, buildings, machinery, and equipment), net of accumulated depreciation less any outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these funds are not available for future spending.

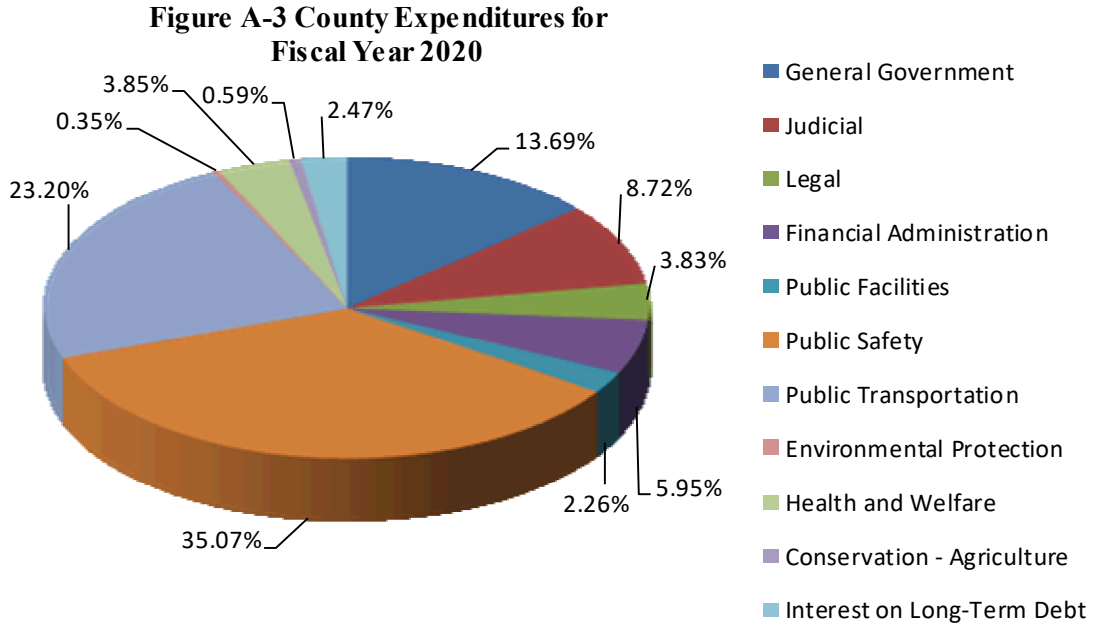
## Statement of Activities

Table A-2 indicates changes in net position for governmental activities. (Note: The County does not have any business-type activities.)

**Table A-2**  
Changes in Caldwell County's Net Position

	Governmental Activities	
	2020	2019
<b>Revenues</b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 3,579,867	\$ 4,254,262
Operating Grants and Contributions	1,748,546	427,270
Capital Grants and Contributions	139,812	750,476
General Revenues:		
Property Taxes	20,339,115	18,302,726
Sales Tax and Other Tax	2,368,808	2,038,694
Investment Earnings	240,161	552,118
Insurance Proceeds	474,143	-
Miscellaneous	311,087	619,184
<b>Total Revenues</b>	<u>29,201,539</u>	<u>26,944,730</u>
<b>Expenses:</b>		
General Government	3,670,463	3,232,430
Judicial	2,336,746	2,398,280
Legal	1,027,650	1,000,470
Financial Administration	1,595,311	1,467,106
Public Facilities	605,898	643,965
Public Safety	9,400,782	8,872,737
Public Transportation	6,218,621	4,751,196
Environmental Protection	95,078	82,723
Health and Welfare	1,032,956	1,023,246
Conservation - Agriculture	159,241	187,097
Interest on Long-Term Debt	662,318	778,498
<b>Total Expenses</b>	<u>26,805,064</u>	<u>24,437,748</u>
Increase (Decrease) in Net Position	<u>\$ 2,396,475</u>	<u>\$ 2,506,982</u>
<b>Net Position at Beginning of Year</b>	<u>32,865,739</u>	<u>30,358,757</u>
<b>Net Position at End of Year</b>	<u>\$ 35,262,214</u>	<u>\$ 32,865,739</u>

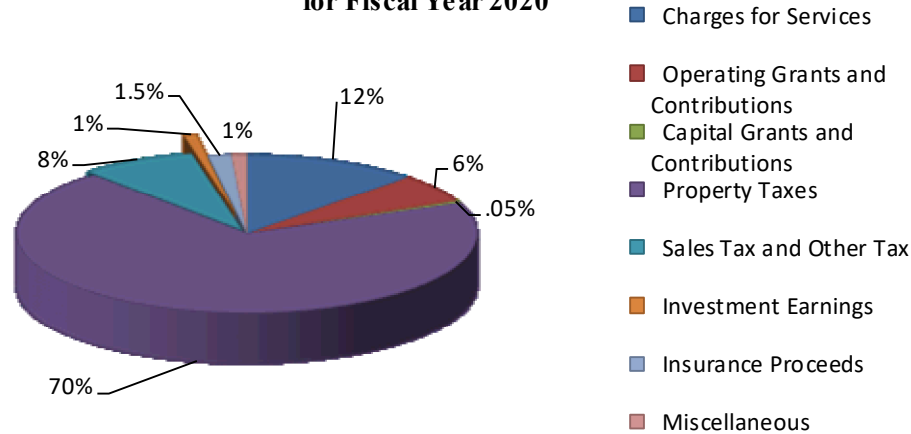
**Expenditures.** The total cost of all programs and services was \$26.8 million (see Figure A-3).



- General Government includes County Court, Commissioners’ Court, County Clerk, Information Technology, Non Departmental, Human Resources, County Auditor, Treasurer, Tax Office, Maintenance, and Airport.
- Judicial includes County Judge, County Court at Law, Court Compliance, District Courts, Crime Victims’ Rights, District Attorneys, District Clerk, Justice of the Peace, County Attorney, Juvenile Probation, and Adult Probation.
- Legal includes the County Law Library.
- Financial Administration includes the Treasurer and Auditor’s Offices.
- Public Facilities includes Jail and Juvenile Detention.
- Public Safety includes Constables, Sheriff and Department of Public Safety.
- Public Transportation includes roads and bridges.
- Environmental Protection includes Environmental Health
- Health and Welfare includes Health & Emergency Services, Animal Control, Fire Protection and Indigent Health.



**Figure A-4 County Revenues for Fiscal Year 2020**



**Revenues.** The County’s total revenues were \$29.2 million. A significant portion, 70%, of the County’s revenue comes from taxes, including primarily property tax and sales tax. (See Figure A-4.) Other revenue sources include 12% from charges for services.

**Changes in Net Position.** Table A-3 presents the cost of each of the County’s largest functions as well as each function’s net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$26.8 million.
- However, the amount that our taxpayers paid for these activities through property taxes was \$20.3 million and \$2.4 million through sales tax.
- The cost paid by those who directly benefited from the programs was \$3.6 million.
- The total received by the County for grants and contributions was \$1.9 million.

**Table A-3**  
Net Cost of Selected County Functions

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General Government	\$ 3,670,463	\$ 3,232,430	\$ (1,749,919)	\$ (2,891,765)
Judicial	2,336,746	2,398,280	(449,841)	(561,922)
Legal	1,027,650	1,000,470	(995,225)	(869,990)
Financial Administration	1,595,311	1,467,106	(1,579,940)	(861,072)
Public Facilities	605,898	643,965	(605,898)	(556,193)
Public Safety	9,400,782	8,872,737	(8,445,108)	(6,044,218)
Public Transportation	6,218,621	4,751,196	(6,030,889)	(2,818,992)
Environmental Protection	95,078	82,723	374,496	187,020
Health and Welfare	1,032,956	1,023,246	(1,032,956)	(686,841)
Conservation - Agriculture	159,241	187,097	(159,241)	(108,510)
Interest and Bond Issuance Costs	662,318	778,498	(662,318)	(512,427)

**FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS**

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

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balance approximating \$23.0 million, an increase of \$3.1 million in comparison with the prior year.

The County's major general governmental funds are contained in the General Fund, Unit Road Fun and Building Construction Fund.

**General Fund.** The General Fund is the chief operating fund of the County. The total fund balance for general fund was \$14.8 million with the unassigned fund balance of the General Fund at \$14.5 million.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to total general fund expenditures. Unassigned fund balance for fiscal year 2020 represents 81% of total General Fund actual expenditures. This significant fund balance to total expenditure ratio indicates a healthy financial position.

Expenditures in the General Fund increased by approximately \$853 thousand or about 5.0% over the prior year. Increases in the majority of functions are a result of an across the board cost of living pay increase and increased expenditures in different classifications as needed.

**Unit Road Fund.** The Unit Road Fund is the primary fund responsible for maintaining County roads. At the end of the current fiscal year, the fund balance in the Unit Road Fund was \$2.0 million, an increase over the previous fiscal year by \$146 thousand or 7%.

**Building Construction Fund.** The Building Construction Fund accounts for disbursements for the County's major projects.

### **Budgetary Highlights**

The County revised its original budget for the general fund several times to adjust for changes resulting in an overall increase of \$162 thousand in revenues and increase of \$391 thousand in expenses. As part of the budget revisions, increases were made to the other revenue and the related expenditures based on the source of the funds.

Additionally, the County revised its original budget for the Unit Road fund several times to adjust for changes resulting in an overall increase of \$68 thousand in revenues and increase of \$577 thousand in expenses. As part of the budget revisions, increases were made to intergovernmental revenue and the related expenditures based on the source of the funds.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2020, the County had invested \$60 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$2.8 million or 5.0% percent more than last year.

**Table A-4**  
County's Capital Assets

	Governmental Activities	
	2020	2019
Land	\$ 584,029	\$ 584,029
Infrastructure	14,357,000	14,357,000
Buildings and Improvements	29,790,151	29,691,073
Equipment, Machinery and Furniture	14,626,534	12,568,824
Construction In Progress	702,368	27,000
Totals at Historical Cost	<u>60,060,082</u>	<u>57,227,926</u>
Total Accumulate Depreciation	(31,550,542)	(29,759,957)
Net Capital Assets	<u>\$ 28,509,540</u>	<u>\$ 27,467,969</u>

Note: More detailed information on capital assets can be found in the notes to the financial statements (NOTE F – CAPITAL ASSETS).

### Long Term Debt

At year-end the County had \$18.7 million in bonds and notes outstanding as shown in Table A-5 which includes \$3 million issued in the current year.

**Table A-5**  
County's Long Term Debt

	Governmental Activities	
	2020	2019
Limited Tax Refund Bonds, Series 2014	\$ 6,600,000	\$ 7,055,000
Combined Limited Pledged Revenue Certificates of Obligation, Series 2018	5,955,000	5,955,000
Limited Tax Refunding Bonds, Series 2019	3,105,000	3,530,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020	3,000,000	-
Total Outstanding Debt	<u>\$ 18,660,000</u>	<u>\$ 16,540,000</u>

#### Bond Ratings

The County's bonds presently carry "AA" ratings with underlying ratings as follows: Standard & Poors "AA".

Note: More detailed information on capital assets can be found in the notes to the financial statements (NOTE G – LONG-TERM DEBT).

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

With several major developments planned for the area, Caldwell County is poised for continued growth in the tax base over the next several years. Investments in infrastructure will be required as well as a cohesive strategy for managing this growth.

Caldwell County is experiencing the same economic issues that other counties are in the state of Texas with Senate Bill 2 and nationally with the COVID-19 pandemic. These two major concerns will have to be taken into consideration when working with the FY 2021 budget.

Some key factors to consider in the upcoming future budgets:

With anticipated growth in the rural areas of Caldwell County there will be significant needs throughout the County.

Caldwell County is proactively preparing by strategically planning through a budget-neutral energy savings performance contracting program that will have a positive impact on major improvements for facilities County-wide.

Although Caldwell County is designated as economically disadvantaged, this has its benefits. They include, the county being the recipient of over fifteen (15) grants with some of the more material funding mechanisms coming from FEMA, GLO, SH130 Concession funds. Capital Improvement Projects of maintaining the infrastructure of the roads after receiving thirteen (13) of the fifteen (15) road projects completed after receipt of funds from Hurricane Harvey FEMA funds and capital from issuing debt to procure the equipment are major ongoing improvements.

Other strategic planning will be aligned with performance measures on departmental budgets assisting in the accountability of overall performance and maintenance of budget versus actual revenues and/or expenditures within budgets to assist in maintaining the above factors.

Caldwell County continues funding Unit Road's new projects such as repairs of bridges and mowing contracts. Caldwell County fleet funding mechanism needs are maintained through a systematic retention and replacement of county wide vehicles.

Continued increase in health insurance due to rising health care costs of County employees continues to be a priority for the County.

## **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 at:

Caldwell County, Texas  
Office of County Auditor  
Main Historic Courthouse  
110 South Main  
Caldwell, Texas 78644  
(512) 398-1801

CALDWELL COUNTY, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2020

**BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
  - Governmental funds
  - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 25,410,661
Receivables (net of allowances for uncollectible):	
Taxes	2,204,470
Fines	704,142
Sales Tax	548,855
Intergovernmental	1,167,696
Accounts	18,765
Prepaid Items	70,008
Inventory	58,899
Net Pension Asset	542,056
Capital Assets:	
Land	584,029
Infrastructure, net	1,104,961
Buildings, net	20,623,548
Machinery and Equipment, net	5,494,634
Construction in Progress	702,368
<b>TOTAL ASSETS</b>	<b>59,235,092</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows - Pension Related	607,164
Deferred Outflows - Charge on Refunding	60,791
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 667,955</b>

See accompanying notes to basic financial statements.

CALDWELL COUNTY, TEXAS  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2020

	Governmental Activities
<b>LIABILITIES</b>	
Accounts Payable	\$ 3,117,467
Wages, Salaries & Benefits Payable	326,477
Compensated Absences	584,364
Interest Payable	92,262
Due to Other Governments	924,473
<i>Noncurrent Liabilities:</i>	
Due Within One Year	1,097,599
Due in More Than One Year	17,805,814
<b>TOTAL LIABILITIES</b>	<b>23,948,456</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows - Pension Related	692,377
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>692,377</b>
 <b>NET POSITION:</b>	
Net Investment in Capital Assets	13,102,564
Restricted Net Position:	
Nonspendable	128,907
Debt Service	1,490,174
Capital Acquisition	5,391,041
Contractual Obligation	1,698,765
Unrestricted Net Position	13,450,763
<b>TOTAL NET POSITION</b>	<b>\$ 35,262,214</b>

See accompanying notes to basic financial statements.

CALDWELL COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General Government	\$ 3,670,463	\$ 449,839	\$ 1,450,816	\$ 19,889
Judicial	2,336,746	1,652,945	233,960	-
Legal	1,027,650	18,044	-	14,381
Financial Administration	1,595,311	15,371	-	-
Public Facilities	605,898	-	-	-
Public Safety	9,400,782	891,904	63,770	-
Public Transportation	6,218,621	82,190	-	105,542
Environmental Protection	95,078	469,574	-	-
Health and Welfare	1,032,956	-	-	-
Conservation - Agriculture	159,241	-	-	-
Interest and Bond Issuance Costs	662,318	-	-	-
<b>Total Governmental Activities</b>	<u>\$ 26,805,064</u>	<u>\$ 3,579,867</u>	<u>\$ 1,748,546</u>	<u>\$ 139,812</u>
<b>General Revenues:</b>				
Taxes				
General Property Taxes				
Unit Road Property Taxes				
Sales Taxes				
Interest and Investment Earnings				
Insurance Proceeds				
Miscellaneous				
<b>Total General Revenues</b>				
<b>Change in Net Position</b>				
<b>Net Position at Beginning of Year</b>				
<b>Net Position at End of Year</b>				

See accompanying notes to basic financial statements.



Net (Expense)  
Revenue and  
Changes in  
Net Position

---

Governmental  
Activities

---

\$ (1,749,919)  
(449,841)  
(995,225)  
(1,579,940)  
(605,898)  
(8,445,108)  
(6,030,889)  
374,496  
(1,032,956)  
(159,241)  
(662,318)  

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(21,336,839)  

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19,967,484  
371,631  
2,368,808  
240,161  
474,143  
311,087  

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23,733,314  

---

2,396,475

32,865,739  

---

\$ 35,262,214

CALDWELL COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

	General Fund	Building Construction	Unit Road Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 16,993,200	\$ 3,536,326	\$ 2,572,824
Taxes Receivable, net	2,005,499	-	488
Fines Receivables, net	704,142	-	-
Sales Tax Receivable	548,855	-	-
Intergovernmental Receivables	195,928	-	13,930
Accounts Receivables	18,765	-	-
Due from Other Funds	497,793	-	152,434
Inventories	-	-	58,899
Prepaid Items	58,136	-	-
<b>TOTAL ASSETS</b>	<b>\$ 21,022,318</b>	<b>\$ 3,536,326</b>	<b>\$ 2,798,575</b>

See accompanying notes to basic financial statements.

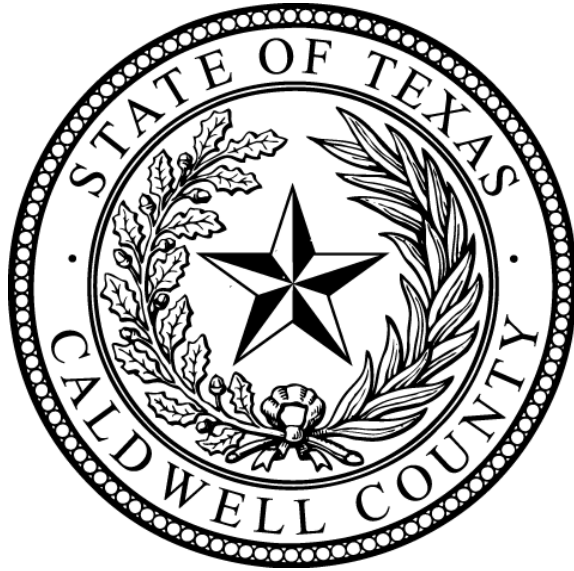
Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,308,311	\$ 25,410,661
198,483	2,204,470
-	704,142
-	548,855
957,838	1,167,696
-	18,765
-	650,227
-	58,899
<u>11,872</u>	<u>70,008</u>
<u>\$ 3,476,504</u>	<u>\$ 30,833,723</u>

CALDWELL COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
SEPTEMBER 30, 2020

	General Fund	Building Construction	Unit Road Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 2,186,569	\$ 100,680	\$ 783,809
Accrued Liabilities and other Payables	326,477	-	-
Due to Other Governments	924,473	-	-
Due to Other Funds	171,072	-	-
Unearned Grant Revenue	25	-	-
<i>Total Liabilities</i>	<u>3,608,616</u>	<u>100,680</u>	<u>783,809</u>
<i>Deferred Inflows of Resources</i>			
Deferred Tax Revenue	1,893,686	-	472
Deferred Fine Revenue	704,142	-	-
<i>Total Deferred Inflows of Resources</i>	<u>2,597,828</u>	<u>-</u>	<u>472</u>
<i>Fund Balances:</i>			
Nonspendable Fund Balance:			
Prepaid Items/Inventory	58,136	-	58,899
Unassigned Fund Balance (Deficit)	14,529,504	-	-
Restricted Fund Balance:			
Debt Service	-	-	-
Capital Acquisition	-	3,435,646	1,955,395
Contractual Obligation	228,234	-	-
<i>Total Fund Balances</i>	<u>14,815,874</u>	<u>3,435,646</u>	<u>2,014,294</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCES</b>	<u>\$ 21,022,318</u>	<u>\$ 3,536,326</u>	<u>\$ 2,798,575</u>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 46,409	\$ 3,117,467
-	326,477
-	924,473
479,155	650,227
-	25
<u>525,564</u>	<u>5,018,669</u>
188,317	2,082,475
-	704,142
<u>188,317</u>	<u>2,786,617</u>
11,872	128,907
(53,108)	14,476,396
1,333,328	1,333,328
-	5,391,041
<u>1,470,531</u>	<u>1,698,765</u>
<u>2,762,623</u>	<u>23,028,437</u>
<u>\$ 3,476,504</u>	<u>\$ 30,833,723</u>



CALDWELL COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 23,028,437

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

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 28,509,540

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 2,786,641

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.

Deferred Outflows - Charge on Refunding	60,791	
Accrued Compensated Absences	(584,364)	
Accrued Interest	(92,261)	
Bonds and Premium Payable	<u>(18,903,413)</u>	(19,519,247)

The governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities differences between pension plan and other postemployment benefit contributions and costs for the year are reported as an asset or obligation.

Net Pension Liability (Asset)	542,056	
Deferred Outflows - Pension Related	607,164	
Deferred Inflows - Pension Related	<u>(692,377)</u>	<u>456,843</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 35,262,214

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

	General Fund	Building Construction	Unit Road Fund
<b>REVENUES</b>			
Taxes:			
Property Taxes	\$ 17,928,644	\$ -	\$ 3,162
Other Taxes	2,348,886	-	-
Intergovernmental Revenue	527,597	-	105,542
Fees of Office	1,197,199	-	-
Fines	675,566	-	-
Licenses and Permits	483,981	-	646,839
Investment Earnings	199,622	26,585	-
Miscellaneous Revenue	271,609	-	1,038
<b>TOTAL REVENUES</b>	<u>23,633,104</u>	<u>26,585</u>	<u>756,581</u>
<b>EXPENDITURES</b>			
General Administration	2,704,603	-	-
Judicial	2,034,163	-	-
Legal	548,758	-	-
Financial Administration	1,664,432	-	-
Public Facilities	737,117	-	-
Public Safety	9,125,950	-	-
Public Transportation	144,559	-	4,699,859
Environmental Protection	86,389	-	-
Health and Welfare	663,105	-	-
Conservation - Agriculture	152,885	-	-
Capital Outlay	-	2,549,445	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issuance Costs	-	52,300	-
<b>TOTAL EXPENDITURES</b>	<u>17,861,961</u>	<u>2,601,745</u>	<u>4,699,859</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 5,771,143</u>	<u>\$ (2,575,160)</u>	<u>\$ (3,943,278)</u>

See accompanying notes to basic financial statements.



Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,657,287	\$ 19,589,093
-	2,348,886
1,514,356	2,147,495
237,766	1,434,965
-	675,566
-	1,130,820
13,864	240,071
59,409	332,056
<u>3,482,682</u>	<u>27,898,952</u>
563,536	3,268,139
52,262	2,086,425
-	548,758
-	1,664,432
-	737,117
39,958	9,165,908
758,109	5,602,527
-	\$ 86,389.00
262,315	925,420
-	152,885
-	2,549,445
880,000	880,000
525,183	525,183
-	52,300
<u>3,081,363</u>	<u>28,244,928</u>
<u>\$ 401,319</u>	<u>\$ (345,976)</u>

CALDWELL COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Building Construction	Unit Road Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>OTHER FINANCING</b>			
<b>SOURCES (USES)</b>			
Transfers In	\$ 14,960	\$ -	\$ 3,797,156
Transfers Out	(4,948,383)	-	-
Insurance Proceeds	474,143	-	-
Proceeds on Bond Issuance	-	2,999,027	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL OTHER FINANCING</b>			
<b>SOURCES (USES)</b>	<u>(4,459,280)</u>	<u>2,999,027</u>	<u>3,797,156</u>
Net Change in Fund Balance	1,311,863	423,867	(146,122)
Fund Balances at Beginning of Year	<u>13,504,011</u>	<u>3,011,779</u>	<u>2,160,416</u>
Fund Balances at End of Year	<u><u>\$ 14,815,874</u></u>	<u><u>\$ 3,435,646</u></u>	<u><u>\$ 2,014,294</u></u>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,151,227	\$ 4,963,343
(14,960)	(4,963,343)
-	474,143
<u>973</u>	<u>3,000,000</u>
<u>1,137,240</u>	<u>3,474,143</u>
1,538,559	3,128,167
<u>1,224,064</u>	<u>19,900,270</u>
<u><u>\$ 2,762,623</u></u>	<u><u>\$ 23,028,437</u></u>

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,128,167

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current Year Additions	2,865,065	
Current Year Disposals	(24,681)	
Current Period Depreciation	<u>(1,798,813)</u>	1,041,571

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in Property Taxes Receivable Not Collected within 60 Days of Year End	382,530	
Accrued District and County Court Fines Receivable	<u>(11,559)</u>	370,971

The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Bond Principal Payments and Capital Lease Payments	880,000	
Amortization of Premium	22,600	
Bond Proceeds	<u>(3,000,000)</u>	(2,097,400)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(35,098)	
Amortization of Bond Discount	(3,800)	
Interest Payable	<u>(4,642)</u>	(43,540)

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined pension expense exceeded contributions.

(3,294)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 2,396,475

CALDWELL COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2020

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,803,560
Intergovernmental	34,740
<b>TOTAL ASSETS</b>	<b>\$ 5,838,300</b>
 <b>LIABILITIES</b>	
Accounts Payable	\$ 4,534
Due to Governmental Funds	693,597
Due to Other Governments	10,417
Due to Others	5,129,752
<b>TOTAL LIABILITIES</b>	<b>\$ 5,838,300</b>

See accompanying notes to basic financial statements.

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the County's accounting policies are described below:

1. REPORTING ENTITY

*Primary Government*

Caldwell County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g. administration, judicial & legal, elections administration, and financial administration), public safety (fire protection, law enforcement and corrections), infrastructure (highways and streets), social services and conservation.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the County (except for County fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and charges for services.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Separate **fund financial statements** are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Unit Road (Special Revenue) Fund, and Building Construction Fund meet the criteria as *major governmental funds*. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Debt Service funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within Combining Fund Statements and Schedules.

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. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

**Governmental fund level financial statements** are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. However, sales tax is considered collectible for only 30 days.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued.)

The government reports the following major governmental funds:

**The General Fund** is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, social services, and capital acquisition.

**Unit Road Fund** accounts for taxes assessed, along with fines and forfeitures associated with the support of the development and maintenance of County highways, streets and bridges.

**Building Construction Fund** accounts for money transferred from the general fund and the bond proceeds to account for construction projects.

Nonmajor funds include special revenue and debt service funds.

**Fiduciary fund level financial statements** include fiduciary funds which are classified into private purpose trust and agency funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. CASH AND INVESTMENTS

Cash and investments include amounts in demand deposits, short-term certificates of deposit with a maturity date within three months of the date acquired by the government, and deposits in local government investment pools.

State statutes authorize the government to invest in obligations of the U.S. Government, federal agency and instrumentality obligations, and certificates of deposit collateralized by obligations of the U.S. Treasury. Investments are stated at fair market value, except for deposits in local government investment pools and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.



CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1st and past due after January 31st. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred inflows of resources in the fund statements. Receivables are shown net of an allowance for uncollectibles.

6. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements.

7. INVENTORIES AND PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources".

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$5,000 or more. Infrastructure assets include County-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CALDWELL COUNTY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

8. CAPITAL ASSETS (Continued)

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. Interest has not been capitalized during the construction period on property, plant and equipment.

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

ASSETS	YEARS
Buildings and improvements	50 years
Improvements	20 years
Infrastructure	30 years
Machinery and equipment	5 to 10 years

9. DEFERRED INFLOWS/OUTFLOWS

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category: deferred pension related costs which will be included in the subsequent actuarial valuation.

*Deferred inflows of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The County has deferred pension in OPEB related revenues which will be included in subsequent actuarial valuation. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax and court fines is deferred and recognized as an inflow of resource in the period the amounts become available.

10. COMPENSATED ABSENCES

The County permits employees to accumulate earned but unused vacation and compensatory benefits. When an employee leaves the service of the county for any reason other than gross misconduct, he or she will be paid for all accrued but unused vacation leave upon retirement. Vacation for full-time employees can be accrued up to 240 hours and for Law Enforcement up to 360 hours. The rate of pay will be determined by the salary rate in effect at the time of separation. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

11. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

12. INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

14. PENSIONS

The net pension liability, deferred outflows related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and additions to and deductions from TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, 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.

15. FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

15. FUND EQUITY (Continued)

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Commissioners' Court – the government's highest level of decision making authority. The Commissioners' Court is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (by adoption of another resolution) to remove or revise the limitation.

Assigned fund balance. This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. Assigned fund balances are established by the County commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of property and equipment, construction, debt service or other purposes.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

16. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

17. USE OF ESTIMATES

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

18. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year has been provided for the General Fund and Unit Road Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds.

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. The reclassifications had no effect on the changes in financial position.

19. PRIVATE SECTOR GUIDANCE

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business type activities subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

20. NEW ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board has issued the following statement:

**Statement No. 87, Leases** – The requirements of this Statement will take effect for reporting periods beginning after December 15, 2019. A lessee will be required to recognize the assets and liabilities for leases with lease terms of more than 12 months. The County has not early adopted this pronouncement.

CALDWELL COUNTY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE B - DEPOSITS AND INVESTMENTS**

The County’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County’s agent bank approved pledge securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

State statutes authorize the County to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) 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; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d).

Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Investments in local government investment pools are reported at share price, which approximates fair value. All investments are valued at net asset value (Level 1). The County investments are as follows:

	Fair Value	Days to Maturity
Logic (Government Sponsored Investment Pool)	\$ 8,096,553	49
Texas Class (Government Sponsored Investment Pool)	1,206,683	41
TexPool (Local Government Investment Pool)	11,068,716	36
Total	\$ 20,371,952	

*Investment Rate Risk.* The County manages investment rate risk by limiting the weighted average maturity of its investments to less than one year.

*Credit Risk.* The County’s investment policy limits investments to obligations of the United States or its instrumentalities; direct obligation of the State of Texas, the principle and interest that are unconditionally guaranteed or insured by this state or state rated as to investment quality of not less than AAA by a nationally recognized investment rating firm.

The County may also invest its funds in state law authorized government investment pools provided the pool maintains an AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days, and Commissioners’ Court must approve of the investment. As of September 30, 2020, the investment in TexPool was rated AAAM.

CALDWELL COUNTY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

The County may also invest in certificates of deposit or share certificates issued by a depository institution which has its main office or a branch office in this state and is guaranteed or insured by FDIC or the NCUSIC, or is secured by collateral or other method provided for by state law.

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

*Custodial Credit Risk - Investment.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2020, the County's investments were held in government investment pools.

**NOTE C – RECEIVABLES**

Receivables consist of the following as of September 30, 2020:

	<u>General</u>	<u>Unit Road Fund</u>	<u>Other Nonmajor Governmental Funds</u>
Delinquent Property Taxes Receivable	\$ 2,179,890	\$ 488	\$ 198,483
Property Tax Allowance	(174,391)	-	-
Court Fines and Fees Receivable	14,082,848	-	-
Court Fines and Fees Allowance	(13,378,706)	-	-
Sales Tax Receivable	548,855	-	-
Intergovernmental Receivables	195,928	13,930	957,838
Accounts Recievable	18,765	-	-
	<u>\$ 3,454,424</u>	<u>\$ 14,418</u>	<u>\$ 1,156,321</u>

**NOTE D – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables at September 30, 2020 consisted of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 497,793	\$ 171,072
Unit Fund	152,434	-
Nonmajor Fund	-	479,155
	<u>\$ 650,227</u>	<u>\$ 650,227</u>

Interfund transfers at September 30, 2020 consisted of the following:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Transfers</u>	<u>Purpose</u>
General Fund	Unit Road Fund	\$ 3,797,156	Property Tax Revenue
General Fund	Nonmajor Funds	1,151,227	Supplement Other Funding
Nonmajor Funds	General Funds	14,960	Supplement Other Funding
	Total	<u>\$ 4,963,343</u>	

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE E - PROPERTY TAX CALENDAR**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable in full by the following January 31. The County bills and collects its own property taxes and also the taxes for several other taxing agencies. The County acts only as an intermediary in the collection and distribution of property taxes to other entities. Tax collections deposited for the County are distributed as collected to the General, Unit Road and Debt Service Funds of the County. The distribution is based upon the tax rate established for each fund by Commissioners' Court for the tax year for which the collections are made.

The County is authorized by the tax laws for the State of Texas to levy taxes up to .80 per \$100 of the assessed valuation for general government invoices and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under article 3, Section 52 of the Texas Constitution. Net taxes receivable at the end of the fiscal year are treated as deferred outflows of resources.

The combined tax rate assessed on the 2019 tax roll (Caldwell County and Farm to Market Road) to finance operations and debt service for the fiscal year ended September 30, 2020, was \$.7054 per \$100 assessed valuation. The total tax levy for the fiscal year 2020 was \$18,701,471 of which \$906,678 remained outstanding in delinquent taxes as of September 30, 2020.

**NOTE F – CAPITAL ASSETS**

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

<b><i>Governmental Activities</i></b>	Balance 10/1/19	Additions/ Transfers	Disposals/ Transfers	Balance 9/30/20
<i>Capital Assets Not Depreciated:</i>				
Construction in Progress	\$ 27,000	\$ 702,368	\$ (27,000)	\$ 702,368
Land	584,029	-	-	584,029
<i>Total Capital Assets Not Depreciated</i>	<u>611,029</u>	<u>702,368</u>	<u>(27,000)</u>	<u>1,286,397</u>
<i>Capital Assets Being Depreciated:</i>				
Infrastructure	14,357,000	-	-	14,357,000
Buildings and Improvements	29,691,073	99,078	-	29,790,151
Equipment, Machinery and Furniture	12,568,824	2,090,619	(32,909)	14,626,534
<i>Total Capital Assets Depreciated</i>	<u>56,616,897</u>	<u>2,189,697</u>	<u>(32,909)</u>	<u>58,773,685</u>
Totals at Historical Cost	<u>57,227,926</u>	<u>2,892,065</u>	<u>(59,909)</u>	<u>60,060,082</u>
<i>Less Accumulated Depreciation:</i>				
Infrastructure	(13,060,612)	(191,427)	-	(13,252,039)
Buildings and Improvements	(8,576,271)	(590,332)	-	(9,166,603)
Equipment	(8,123,074)	(1,017,054)	8,228	(9,131,900)
<i>Total Accumulated Depreciation</i>	<u>(29,759,957)</u>	<u>(1,798,813)</u>	<u>8,228</u>	<u>(31,550,542)</u>
Governmental Capital Assets, Net	<u>\$ 27,467,969</u>	<u>\$ 1,093,252</u>	<u>\$ (51,681)</u>	<u>\$ 28,509,540</u>



CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE F – CAPITAL ASSETS (Continued)**

Depreciation was charged to the governmental functions as follows:

General Government	\$	302,944
Judicial		246,999
Public Facilities		13,909
Public Safety		535,310
Public Transportation		686,391
Environmental Protection		8,484
Conservation - Agriculture		<u>4,776</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>1,798,813</u></u>

**NOTE G - LONG-TERM DEBT**

The County had the following changes in long-term debt outstanding for the year ended September 30, 2020:

	Balance Outstanding 10/1/19	Added During Year	Retired During Year	Balance Outstanding 9/30/20	Due Within One Year
<b>Governmental Activities:</b>					
<i>Public Offerings</i>					
Limited Tax Refund Bonds, Series 2014	\$ 7,055,000	\$ -	\$ (455,000)	\$ 6,600,000	\$ 465,000
Combined Limited Pledged Revenue					
Certificates of Obligation, Series 2018	5,955,000	-	-	<b>5,955,000</b>	-
Premium	125,265	-	(6,960)	<b>118,305</b>	6,960
Limited Tax Refunding Bonds, Series 2019	3,530,000	-	(425,000)	<b>3,105,000</b>	425,000
Premium	140,748	-	(15,640)	<b>125,108</b>	15,639
<i>Public Offerings:</i>	<u>16,806,013</u>	<u>-</u>	<u>(902,600)</u>	<u><b>15,903,413</b></u>	<u>912,599</u>
<i>Direct Placement</i>					
Combination Tax and Limited Pledge					
Revenue Certificates of Obligation, Series 2020	-	3,000,000	-	<b>3,000,000</b>	185,000
<i>Direct Placement:</i>	<u>-</u>	<u>3,000,000</u>	<u>-</u>	<u><b>3,000,000</b></u>	<u>185,000</u>
Subtotal	<u>16,806,013</u>	<u>3,000,000</u>	<u>(902,600)</u>	<u><b>18,903,413</b></u>	<u>1,097,599</u>
Compensated Absences	549,266	35,098	-	<b>584,364</b>	584,364
<b>Total Governmental Activities</b>	<u>\$ 17,355,279</u>	<u>\$ 3,035,098</u>	<u>\$ (902,600)</u>	<u><b>\$ 19,487,777</b></u>	<u>\$ 1,681,963</u>

Deferred Outflow – Charge on Refunding in the amount of \$3,800 have been recognized as expense during the year.

In August of 2020, the county issued \$3,000,000 in Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020. The funds are to be used for Capital Projects.

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE G - LONG-TERM DEBT (Continued)**

The annual requirements for principal and interest on the outstanding certificates obligation and tax notes on public offerings are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2021	\$ 890,000	\$ 506,619	\$ 1,396,619
2022	925,000	479,125	1,404,125
2023	1,020,000	448,356	1,468,356
2024	1,070,000	413,688	1,483,688
2025	1,125,000	375,544	1,500,544
2026-2030	5,370,000	1,324,606	6,694,606
2031-2035	3,650,000	506,047	4,156,047
2036-2039	1,610,000	79,625	1,689,625
TOTAL	<u>\$ 15,660,000</u>	<u>\$ 4,133,610</u>	<u>\$ 19,793,610</u>

The annual requirements for principal and interest on the outstanding certificates obligation and tax notes on direct placements are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2021	\$ 185,000	\$ 33,803	\$ 218,803
2022	180,000	34,880	214,880
2023	190,000	32,512	222,512
2024	190,000	30,080	220,080
2025	190,000	27,648	217,648
2026-2030	995,000	100,704	1,095,704
2031-2035	1,070,000	34,624	1,104,624
TOTAL	<u>\$ 3,000,000</u>	<u>\$ 294,251</u>	<u>\$ 3,294,251</u>

The total annual requirements for principal and interest on the outstanding certificates obligation and tax notes on all debt are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2021	\$ 1,075,000	\$ 540,422	\$ 1,615,422
2022	1,105,000	514,005	1,619,005
2023	1,210,000	480,868	1,690,868
2024	1,260,000	443,768	1,703,768
2025	1,315,000	403,192	1,718,192
2026-2030	6,365,000	1,425,310	7,790,310
2031-2035	4,720,000	540,671	5,260,671
2036-2039	1,610,000	79,625	1,689,625
TOTAL	<u>\$ 18,660,000</u>	<u>\$ 4,427,861</u>	<u>\$ 23,087,861</u>

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE G - LONG-TERM DEBT (Continued)**

The County has both Public Offerings and Direct Placements. The following are the Certificates of Obligation and Notes Payable:

Certificates of Obligation and Notes Payable	<b>Balance at 9/30/20</b>	Due Within One Year
<i>Public Offering:</i>		
Limited Tax Refund Bonds, Series 2014 Original issue amount of \$8,555,000, interest rate varies between 2.00-3.75%, With final maturity date of February 1, 2032	<b>\$ 6,600,000</b>	\$ 465,000
Combined Limited Pledged Revenue Certificates of Obligation, Series 2018 Original Issue amount of \$5,955,000, interest rate varies between 3.00%-4.00%, With final maturity date of February 1, 2038.	<b>5,955,000</b>	-
Limited Tax Refunding Bonds, Series 2019 Original Issue amount of \$3,530,000, interest rate varies between 2.50%-4.00%, With final maturity date of February 1, 2029	<b>3,105,000</b>	425,000
<i>Direct Placement:</i>		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 Original Issue amount of \$3,000,000, interest rate of 1.28%, With final maturity date of February 1, 2035	<b>3,000,000</b>	185,000
<b>TOTAL CERTIFICATES OF OBLIGATION AND NOTES PAYABLE</b>	<b><u>\$ 18,660,000</u></b>	<b><u>\$ 1,075,000</u></b>

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE H - EMPLOYEES' RETIREMENT SYSTEM**

Texas County and District Retirement System

Plan Description

The County participates as one of over 700 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the employer'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 employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The County has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The District contributed using the actuarially determined rate of 4.33% for the months of the calendar year 2019, and 4.40% for the months of the calendar year in 2020.

The contribution rate payable by the employee members for 2019 and 2020 is the rate of 5% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

CALDWELL COUNTY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)**

Texas County and District Retirement System (Continued)

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

	12/31/2018	12/31/2019
Inactive Employees Receiving Benefits	123	131
Inactive Employees	265	263
Active Employees	236	255
	624	649

Net Pension Liability/(Asset)

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

Actuarial Assumptions

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

<b>Inflation</b>	2.75%
<b>Overall Payroll Growth</b>	3.25%
<b>Investment Rate of Return</b>	8.10%

**Depositing Members**

90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.

**Service Retirees, Beneficiaries and Non-Depositing Members**

130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.

**Disabled Retirees**

130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.

CALDWELL COUNTY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)**

Texas County and District Retirement System (Continued)

Actuarial Assumptions (Continued)

Assumptions are reviewed annually. No additional changes were made for the 2017 valuation. Updated mortality assumptions were adopted in 2016. All other actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 8.10%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return (Geometric)</u>
US Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities - Developed	7.00%	5.20%
International Equities - Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships (MLPs)	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
	100.00%	

CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)**

Texas County and District Retirement System (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability/(Asset) was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Discount Rate Sensitivity Analysis

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

	Discount Rate 7.10%	Discount Rate 8.10%	Discount Rate 9.10%
Total pension liability	\$ 25,052,576	\$ 22,005,892	\$ 19,480,839
Fiduciary net position	22,547,947	22,547,948	22,547,947
Net Pension Liability/(asset)	<u>\$ 2,504,629</u>	<u>\$ (542,056)</u>	<u>\$ (3,067,108)</u>

Changes in Net Pension Liability/(Asset)

The below schedule presents the changes in the Net Pension Liability/(Asset) as of December 31, 2019:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
Balance at December 31, 2018	\$ 20,165,283	\$ 19,358,874	\$ 806,409
Changes for the year:			
Service Cost	743,510	-	743,510
Interest on total pension liability	1,656,350	-	1,656,350
Change of Benefit Terms	-	-	-
Economic/Demographic gains or losses	379,074	-	379,074
Changes of Assumptions	-	-	-
Refund of Contributions	(59,338)	(59,338)	-
Benefit Payments	(878,988)	(878,988)	-
Administrative Expense	-	(17,182)	17,182
Member Contributions	-	515,299	(515,299)
Net Investment Income	-	3,179,089	(3,179,089)
Employer Contributions	-	446,256	(446,256)
Other	-	3,937	(3,937)
Net Changes	<u>1,840,608</u>	<u>3,189,073</u>	<u>(1,348,465)</u>
Balance at December 31, 2019	<u>\$ 22,005,891</u>	<u>\$ 22,547,947</u>	<u>\$ (542,056)</u>

CALDWELL COUNTY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020

**NOTE H - EMPLOYEES' RETIREMENT SYSTEM (Continued)**

Texas County and District Retirement System (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issues TCDRS financial report. That report may be obtained at [www.tcdrs.com](http://www.tcdrs.com).

For the year ended September 30, 2020, the County recognized pension expense of \$711,455. Also as of September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between Expected and Actual Economic Experience	\$ 161,790	\$ 289,509
Changes in Actuarial Assumptions	-	19,265
Net difference between projected and Actual Earnings	530,587	-
Contributions Subsequent to the Measurement Date	-	298,390
	\$ 692,377	\$ 607,164

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

Deferred outflows of resources in the amount of \$298,390 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2020	\$ (90,043)
2021	(137,258)
2022	165,822
2023	(322,124)
	\$ (383,603)

**NOTE I – GROUP TERM LIFE FUND (GTLF)**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); this insurance is for active employees who are making deposits into the TCDRS system or have made the last deposit within the past two years.

The County's contributions to the TCDRS GTLF for the year ended September 30, 2020 and 2019 were \$72,965 and \$54,987, respectively, which equaled the required contributions each year.



CALDWELL COUNTY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2020

**NOTE J - COMMITMENTS AND CONTINGENCIES**

Litigation

The County is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the County's liability in these cases, if decided adversely to the County, will not have a material effect on the County's financial position.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County carries commercial insurance for all such risks. During the year ended September 30, 2020, settled claims resulting from these risks did not exceed commercial insurance coverage.

Construction Commitments

	Total Commitment	Incurred Through September 30, 2020	Estimated Future Commitment
Jail Facility Repairs	\$ 919,956	\$ 464,735	\$ 455,221
Building Repairs	718,903	237,633	481,270
	\$ 1,638,859	\$ 702,368	\$ 936,491

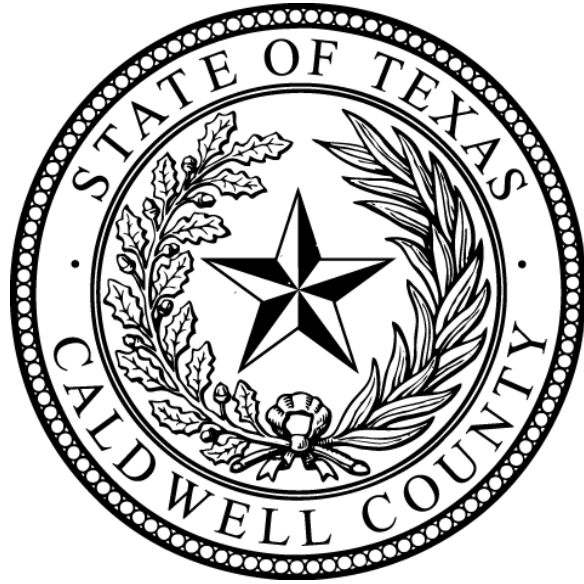
Operating Leases

Future minimum lease payments under operating leases as of September 30, 2020:

Year Ending September 30,	Fleet	Radio Equipment	Office Equipment	Total
2021	\$ 394,318	\$ 230,000	\$ 64,656	\$ 688,974
2022	394,318	230,000	64,656	688,974
2023	394,318	-	64,656	458,974
2024	232,861	-	64,656	297,517
2025	-	-	64,656	64,656
TOTAL	\$ 1,415,815	\$ 460,000	\$ 323,280	\$ 2,134,439

**NOTE K - SUBSEQUENT EVENT**

The County's ongoing activities may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events affect the County's activities will depend on future developments, which are highly uncertain and cannot be predicted at this time.



## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules – General Fund
- Budgetary Comparison Schedule – Unit Road Fund
- Notes to Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
- Net Pension Liability and Related Ratios
- Schedule of Contributions and Related Notes

CALDWELL COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	Budgeted Amounts		2020 Actual	Variance With	2019 Actual
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes:					
Property Taxes	\$ 18,186,486	\$ 18,186,486	\$ 17,928,644	\$ (257,842)	\$ 16,242,010
Other Taxes	1,940,038	1,940,038	2,348,886	408,848	2,019,131
Intergovernmental Revenue	1,108,018	1,168,239	527,597	(640,642)	1,378,765
Fees of Office	1,013,200	1,013,200	1,197,199	183,999	1,283,222
Fines	975,500	975,500	675,566	(299,934)	951,722
Licenses and Permits	225,000	225,000	483,981	258,981	619,980
Investment Earnings	350,000	350,000	199,622	(150,378)	403,466
Miscellaneous Revenue	196,500	298,481	271,609	(26,872)	615,812
<b>TOTAL REVENUES</b>	<u>23,994,742</u>	<u>24,156,944</u>	<u>23,633,104</u>	<u>(523,840)</u>	<u>23,514,108</u>
<b>EXPENDITURES</b>					
General Administration	3,294,509	3,265,842	2,704,603	561,239	2,290,108
Judicial	2,440,337	2,442,224	2,034,163	408,061	2,051,103
Legal	579,667	589,225	548,758	40,467	982,499
Financial Administration	1,753,399	1,818,442	1,664,432	154,010	1,444,890
Public Facilities	794,734	955,788	737,117	218,671	628,414
Public Safety	9,774,616	9,946,435	9,125,950	820,485	8,322,835
Public Transportation	150,749	150,749	144,559	6,190	-
Environmental Protection	106,924	106,924	86,389	20,535	109,056
Health and Welfare	750,242	760,242	663,105	97,137	883,849
Conservation - Agriculture	176,680	176,830	152,885	23,945	212,080
Debt Service:					
Bond Issuance Costs	-	-	-	-	84,460
<b>TOTAL EXPENDITURES</b>	<u>19,821,857</u>	<u>20,212,701</u>	<u>17,861,961</u>	<u>2,350,740</u>	<u>17,009,294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,172,885	3,944,243	5,771,143	1,826,900	6,504,814
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	14,960	14,960	14,960	-	8,024
Transfers Out	(4,207,845)	(4,226,595)	(4,948,383)	(721,788)	(3,971,025)
Insurance Proceeds	20,000	453,887	474,143	20,256	89,574
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(4,172,885)</u>	<u>(3,757,748)</u>	<u>(4,459,280)</u>	<u>(701,532)</u>	<u>(3,873,427)</u>
Net Change in Fund Balance	-	186,495	1,311,863	1,125,368	2,631,387
Fund Balances at Beginning of Year	13,504,011	13,504,011	13,504,011	-	10,872,624
Fund Balances at End of Year	<u>\$ 13,504,011</u>	<u>\$ 13,690,506</u>	<u>\$ 14,815,874</u>	<u>\$ 1,125,368</u>	<u>\$ 13,504,011</u>

CALDWELL COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
UNIT ROAD FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	Budgeted Amounts		2020 Actual	Variance With Final Budget	2019 Actual
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Taxes:					
Property Taxes	\$ 2,845	\$ 2,845	\$ 3,162	\$ 317	\$ 2,384
Other Taxes	-	-	-	-	391,160
Intergovernmental Revenue	162,459	230,612	105,542	(125,070)	760,408
Licenses and Permits	837,000	837,000	646,839	(190,161)	714
Miscellaneous Revenue	-	-	1,038	1,038	33,410
<b>TOTAL REVENUES</b>	1,002,304	1,070,457	756,581	(313,876)	1,188,076
<b>EXPENDITURES</b>					
<i>Capital Outlay</i>					
Public Transportation	4,802,460	5,379,450	4,699,859	679,591	4,169,409
<b>TOTAL EXPENDITURES</b>	4,802,460	5,379,450	4,699,859	679,591	4,169,409
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(3,800,156)	(4,308,993)	(3,943,278)	365,715	(2,981,333)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	3,797,156	3,797,156	3,797,156	-	3,506,739
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	3,797,156	3,797,156	3,797,156	-	3,506,739
Net Change in Fund Balance	(3,000)	(511,837)	(146,122)	365,715	525,406
Fund Balance at Beginning of Year	2,160,416	2,160,416	2,160,416	-	1,635,010
Fund Balance at End of Year	\$ 2,157,416	\$ 1,648,579	\$ 2,014,294	\$ 365,715	\$ 2,160,416

CALDWELL COUNTY, TEXAS  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2020

Budget and Budgetary Accounting

An annual budget is adopted for substantially all governmental funds of the County. Actual expenditures may not legally exceed budgeted appropriations at the expense summary classification level.

The procedures followed by Caldwell County in establishing the budgetary data reflected in the financial statements are as follows:

Budget Preparation – The County Judge, assisted by the County Auditor, prepares a proposed operating budget for the fiscal year beginning the following October 1, and files the proposed budget with the County Clerk in whose office it is available for public inspection. The operating budget includes proposed expenditures and the means of financing them.

Public Hearing – After proper publication of notice, a budget hearing is conducted by the Commissioners' Court to obtain taxpayer comments.

Budget Adoption – During a regular term of the Commissioners' Court the budget is adopted through the passage of an order. A separate order is provided in the budget.

Amendments to Budget – Amendments to the budget to transfer budgeted amounts from one budget classification (summary line) to another may be made by the Commissioners' Court at its discretion. Amendments to provide for items not included in the original budget may be made by the Commissioners' Court upon finding and declaring the existence of an emergency sufficient to require such action. The final amended budget is presented in this report.

Formal Budgetary Integration – Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service and Building Construction.

Budgets on GAAP Basis – The Budgets for all governmental fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

Expenditure Classifications – Budget is adopted by department for personnel services, operations and capital outlay. For management purposes, however, accounting records are maintained to match actual expenditures against several more detailed classifications within each of the budget categories.

Lapse of Appropriations – All budget appropriations lapse at the end of each fiscal period. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at the end of each year and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CALDWELL COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
NET PENSION LIABILITY AND RELATED RATIOS  
LAST SIX PLAN YEARS

	Total Pension Liability/(Asset)					
	2014	2015	2016	2017	2018	2019
Service Cost	\$ 661,894	\$ 699,158	\$ 735,926	\$ 709,330	\$ 763,772	\$ 743,510
Interest (on the Total Pension Liability)	1,104,107	1,204,758	1,295,217	1,422,180	1,568,765	1,656,350
Changes of Benefit Terms	-	(123,589)	-	316,503	-	-
Difference between Expected and Actual Experience	14,581	(234,308)	(173,840)	20,818	(323,580)	379,074
Change of Assumptions	-	171,772	-	77,063	-	-
Benefit Payments, Including Refunds of Employee Contributions	(543,659)	(617,525)	(572,411)	(706,990)	(877,643)	(938,325)
Net Change in Total Pension Liability	1,236,923	1,100,266	1,284,892	1,838,904	1,131,314	1,840,609
Total Pension Liability - Beginning	13,572,985	14,809,908	15,910,174	17,195,066	19,033,970	20,165,284
Total Pension Liability - Ending	<u>\$ 14,809,908</u>	<u>\$ 15,910,174</u>	<u>\$ 17,195,066</u>	<u>\$ 19,033,970</u>	<u>\$ 20,165,284</u>	<u>\$ 22,005,893</u>
	Plan Fiduciary Net Position					
	2014	2015	2016	2017	2018	2019
Contributions - Employer	\$ 326,662	\$ 333,197	\$ 337,091	\$ 361,461	\$ 418,322	\$ 446,256
Contributions - Employee	408,329	416,496	421,365	457,059	471,084	515,299
Net Investment Income	990,419	(90,925)	1,174,886	2,502,740	(367,645)	3,179,089
Benefit Payments, Including Refunds of Employee Contributions	(543,659)	(617,525)	(572,411)	(706,990)	(877,643)	(938,325)
Administrative Expense	(11,711)	(11,390)	(12,768)	(13,125)	(15,549)	(17,182)
Other	(17,254)	58,418	(75,001)	1,371	(6,074)	3,936
Net Change in Plan Fiduciary Net Position	1,152,786	88,271	1,273,162	2,602,516	(377,505)	3,189,073
Plan Fiduciary Net Position - Beginning	14,619,645	15,772,431	15,860,702	17,133,864	19,736,380	19,358,875
Net Pension Liability - Ending	<u>\$ 15,772,431</u>	<u>\$ 15,860,702</u>	<u>\$ 17,133,864</u>	<u>\$ 19,736,380</u>	<u>\$ 19,358,875</u>	<u>\$ 22,547,948</u>
Net Pension Liability - Ending	\$ (962,523)	\$ 49,472	\$ 61,202	\$ (702,410)	\$ 806,409	\$ (542,056)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.50%	99.69%	99.64%	103.69%	96.00%	102.46%
Covered Payroll	\$ 8,166,575	\$ 8,329,910	\$ 8,427,292	\$ 9,036,531	\$ 9,421,683	\$ 10,305,979
Net Pension Liability as a Percentage of Covered Payroll	-11.79%	0.59%	0.73%	-7.77%	8.56%	-5.26%

This schedule is presented to illustrate the requirements for 10 years. However, the recalculations of prior years are not required, and if prior years are not reported in accordance with GASB 68 they should not be shown here. Therefore only the years shown have been implemented for the GASB statements.

CALDWELL COUNTY, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
 SCHEDULE OF CONTRIBUTIONS AND RELATED NOTES  
 LAST SEVEN FISCAL YEARS

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 358,350	\$ 326,662	\$ 337,091	\$ 353,533
Contributions in Relation to the Actuarially Determined Contribution	(358,350)	(326,662)	(337,091)	(353,533)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
 Covered Payroll	 \$ 7,673,455	 \$ 8,301,131	 \$ 8,292,576	 \$ 8,835,056
 Contributions as a Percentage of Covered Payroll	 4.7%	 3.9%	 4.1%	 4.0%

This schedule is presented to illustrate the requirements for 10 years. However, the recalculations of prior years are not required, and if prior years are not reported in accordance with GASB 68 they should not be shown here. Therefore only the years shown have been implemented for the GASB statements.



2018	2019	2020
\$ 411,418	\$ 368,541	\$ 409,127
(411,418)	(368,541)	(409,127)
\$ -	\$ -	\$ -
\$ 9,510,392	\$ 9,722,393	\$ 11,003,720
4.3%	3.8%	3.7%

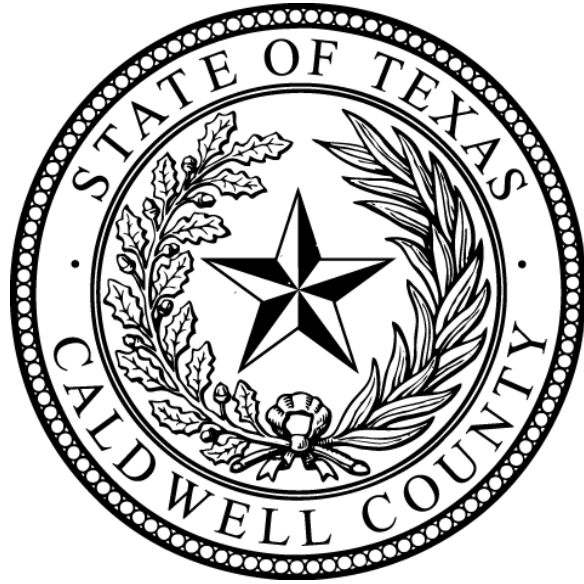
Notes to Schedule of Contributions

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the 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	13.3 years (based on contribution rate calculated in 12/31/19 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Changes in Plan Provisions	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: Employer contributions reflect that the current service matching rate was increased to 175% for future benefits. 2019: No changes in plan provisions were reflected in the Schedule.
Changes in Assumptions and Methods	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.



## **SUPPLEMENTARY INFORMATION**

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statement – General Fund – Balance Sheet
- Comparative Statement – Unit Road Fund – Balance Sheet
- Comparative Statement – Building Construction Fund
- Combining Statement – Nonmajor Governmental Funds
- Combining Statement – Special Revenue Funds
- Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds
- Combining Statement – Agency Funds

CALDWELL COUNTY, TEXAS  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
SEPTEMBER 30, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 16,993,200	\$ 14,802,975
Taxes Receivable	2,179,890	1,792,840
Allowance for Uncollectible Taxes (Credit)	(174,391)	(143,427)
Fines Receivables, net	14,082,848	14,314,023
Allowance for Fines (Credit)	(13,378,706)	(13,598,322)
Sales Tax Receivables	548,855	340,857
Intergovernmental Receivables	195,928	338,826
Accounts Receivables	18,765	27,793
Due from Other Funds	497,793	469,617
Inventories	-	1,649
Prepaid Items	58,136	52,098
	\$ 21,022,318	\$ 18,398,929
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 2,186,569	\$ 1,325,659
Accrued Liabilities and other Payables	326,477	376,874
Due to Other Governments	924,473	935,417
Due to Others	171,072	-
Unearned Grant Revenue	25	20
<i>Total Liabilities</i>	3,608,616	2,637,970
 <i>Deferred Inflows of Resources</i>		
Deferred Tax Revenue	1,893,686	1,541,247
Deferred Fine Revenue	704,142	715,701
<i>Total Deferred Inflows of Resources</i>	2,597,828	2,256,948
 <i>Fund Balances:</i>		
Nonspendable Fund Balance:		
Prepaid Items	58,136	53,747
Restricted Fund Balance	228,234	-
Unassigned Fund Balance	14,529,504	13,450,264
<i>Total Fund Balances</i>	14,815,874	13,504,011
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	\$ 21,022,318	\$ 18,398,929

CALDWELL COUNTY, TEXAS  
UNIT ROAD FUND  
COMPARATIVE BALANCE SHEET  
SEPTEMBER 30, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,572,824	\$ 2,299,262
Intergovernmental Receivables	13,930	-
Due from Other Funds	152,434	-
Inventories	58,899	12,946
Taxes Receivables - Net	488	488
<b>TOTAL ASSETS</b>	<b>\$ 2,798,575</b>	<b>\$ 2,312,696</b>
<b>LIABILITIES, DEFERRED INFLOW AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 783,809	\$ 151,810
<i>Total Liabilities</i>	<b>783,809</b>	<b>151,810</b>
<i>Deferred Inflows of Resources:</i>		
Deferred Tax Revenue	472	470
<i>Total Deferred Inflows of Resources:</i>	<b>472</b>	<b>470</b>
<i>Fund Balances:</i>		
Nonspendable	58,899	12,946
Restricted:		
Capital Acquisition	1,955,395	2,147,470
<i>Total Fund Balances</i>	<b>2,014,294</b>	<b>2,160,416</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW AND FUND BALANCES</b>	<b>\$ 2,798,575</b>	<b>\$ 2,312,696</b>

CALDWELL COUNTY, TEXAS  
 BUILDING CONSTRUCTION FUND  
 COMPARATIVE BALANCE SHEET  
 SEPTEMBER 30, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 3,536,326</u>	<u>\$ 3,145,390</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,536,326</u></u>	<u><u>\$ 3,145,390</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	<u>\$ 100,680</u>	<u>\$ 133,611</u>
<i>Total Liabilities</i>	<u>100,680</u>	<u>133,611</u>
<i>Fund Balances:</i>		
Restricted for Capital Projects	<u>3,435,646</u>	<u>3,011,779</u>
<i>Total Fund Balances</i>	<u>3,435,646</u>	<u>3,011,779</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 3,536,326</u></u>	<u><u>\$ 3,145,390</u></u>

CALDWELL COUNTY, TEXAS  
BUILDING CONSTRUCTION FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE  
SEPTEMBER 30, 2020 AND 2019

	2020 Actual	2019 Actual
<b>REVENUES</b>		
Investment Earnings	\$ 26,585	\$ 125,334
<b>TOTAL REVENUES</b>	<b>26,585</b>	125,334
<b>EXPENDITURES</b>		
<i>Debt Service</i>		
Bond Issuance Cost	52,300	-
<i>Capital Outlay</i>	2,549,445	2,893,586
<b>TOTAL EXPENDITURES</b>	<b>2,601,745</b>	2,893,586
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,575,160)	(2,768,252)
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds of Bond Issuance	2,999,027	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,999,027</b>	-
<b>Net Change in Fund Balance</b>	<b>423,867</b>	(2,768,252)
Fund Balance at Beginning of Year	3,011,779	5,780,031
Fund Balance at End of Year	<b>\$ 3,435,646</b>	\$ 3,011,779

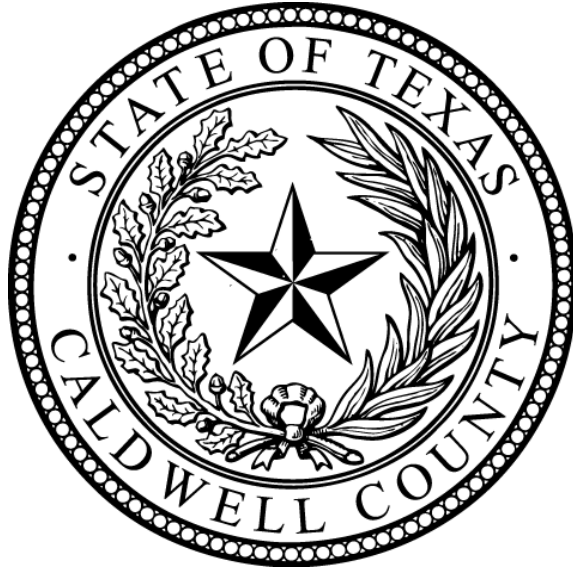
CALDWELL COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2020

	Debt Fund	Total Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,323,162	\$ 985,149	\$ 2,308,311
Taxes Receivable	215,742	-	215,742
Allowance for Uncollectible Taxes (Credit)	(17,259)	-	(17,259)
Intergovernmental Receivables	-	957,838	957,838
Prepaid Expenses	-	11,872	11,872
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 1,521,645</u>	<u>\$ 1,954,859</u>	<u>\$ 3,476,504</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ -	\$ 46,409	\$ 46,409
Due to Other Funds	-	479,155	479,155
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Liabilities</i>	<u>-</u>	<u>525,564</u>	<u>525,564</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	188,317	-	188,317
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Deferred Inflows of Resources</i>	<u>188,317</u>	<u>-</u>	<u>188,317</u>
 <i>Fund Balance:</i>			
Nonspendable - Prepaids	-	11,872	11,872
Restricted Fund Balance			
Debt Services	1,333,328	-	1,333,328
Contractual Obligations	-	1,470,531	1,470,531
Unrestricted Fund Balance (Deficit)	-	(53,108)	(53,108)
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Total Fund Balance</i>	<u>1,333,328</u>	<u>1,429,295</u>	<u>2,762,623</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>			
	<u>\$ 1,521,645</u>	<u>\$ 1,954,859</u>	<u>\$ 3,476,504</u>



CALDWELL COUNTY, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SEPTEMBER 30, 2020

	Debt Fund	Total Special Revenue Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Property Tax Revenue	\$ 1,657,287	\$ -	\$ 1,657,287
Intergovernmental	-	1,514,356	1,514,356
Fees of Office	-	237,766	237,766
Investment Earnings	13,864	-	13,864
Miscellaneous Revenue	-	59,409	59,409
<b>TOTAL REVENUES</b>	<u>1,671,151</u>	<u>1,811,531</u>	<u>3,482,682</u>
<b>EXPENDITURES</b>			
General Administration	-	563,536	563,536
Judicial Expenses	-	52,262	52,262
Public Safety Expenses	-	39,958	39,958
Public Transportation	-	758,109	758,109
Health and Welfare	-	262,315	262,315
Debt Service:			
Principal	880,000	-	880,000
Interest and Fiscal Charges	525,183	-	525,183
<b>TOTAL EXPENDITURES</b>	<u>1,405,183</u>	<u>1,676,180</u>	<u>3,081,363</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>265,968</u>	<u>135,351</u>	<u>401,319</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	1,151,227	1,151,227
Transfers Out	-	(14,960)	(14,960)
Proceeds on Bonds Issuance	973	-	973
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>973</u>	<u>1,136,267</u>	<u>1,137,240</u>
<b>Net Change in Fund Balance</b>	266,941	1,271,618	1,538,559
Fund Balance at Beginning of Year	1,066,387	157,677	1,224,064
Fund Balance at End of Year	<u>\$ 1,333,328</u>	<u>\$ 1,429,295</u>	<u>\$ 2,762,623</u>



CALDWELL COUNTY, TEXAS  
COMBINING FINANCIAL STATEMENTS  
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for resources which are legally restricted to expenditures for specified current operating purposes, or to the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short – lived fixed assets. The Special Revenue Funds used by the County are as follows:

Grants Fund – A special revenue fund to account for Grant revenue from various sources.

LEOSE Constable Fund – To account for fees collected from the Law Enforcement Officer Standards and Education Fund. These funds must be used to provide continuing education for law enforcement officers.

Justice Court Technology Fund – To account for the fees collected from a defendant convicted of a misdemeanor offense in Justice Court. The expenses may be used to purchase technological enhancements for the Justice Courts.

District Records Management Fee Fund – To account for the fees collected by the County Clerk and District Clerk. These funds must be spent on records management and preservation in line with Local Government Code Section 118.0216 and 118.0546.

Records Preservation Fund – To account for receipts and expenditures for records management.

Law Library Fund – To account for receipts and expenditures for the law library.

Sheriff Forfeiture Fund – To account for federal and state forfeitures restricted to expenditures for law enforcement.

Hot Check Fund – To account for receipts and expenditures for hot checks.

District Attorney Forfeiture Fund – To account for federal and state forfeitures restricted to expenditures for law enforcement.

Records Management Fund – To account for receipts and expenditures for records management.

Courthouse Security Fund – A special revenue fund to account for the fees collected by the County Clerk and District Clerk. These expenses must be spent in accordance with the Code of Criminal Procedures, Section 102.017.

CALDWELL COUNTY, TEXAS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2020

	<u>Grant</u>	<u>LEOSE Constables Fund</u>	<u>Justice Court Technology</u>	<u>DRM Program</u>	<u>Records Preservation Fund</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 232,753	\$ 12,242	\$ -	\$ -	\$ 136,438
Intergovernmental Receivables	957,838	-	-	-	-
Prepaid Expenses	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,190,591</u>	<u>\$ 12,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,438</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ 28,449	\$ -	\$ -	\$ -	\$ 17,370
Due to Other Funds	426,472	-	5,977	629	-
<i>Total Liabilities</i>	<u>454,921</u>	<u>-</u>	<u>5,977</u>	<u>629</u>	<u>17,370</u>
<i>Fund Balance:</i>					
Nonspendable - Prepaids	-	-	-	-	-
Restricted Fund Balance	735,670	12,242	-	-	119,068
Unrestricted Fund Balance (Deficit)	-	-	(5,977)	(629)	-
<i>Total Fund Balance</i>	<u>735,670</u>	<u>12,242</u>	<u>(5,977)</u>	<u>(629)</u>	<u>119,068</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u>\$ 1,190,591</u>	<u>\$ 12,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,438</u>

<u>Law Library</u>	<u>Sheriff's Forfeiture</u>	<u>Hot Check</u>	<u>DA Forfeiture Fund</u>	<u>Records Management</u>	<u>Courthouse Security</u>	<u>Special Revenue Subtotals</u>
\$ -	\$ 70,799	\$ 62,293	\$ 37,828	\$ 53,441	\$ 379,355	\$ 985,149
-	-	-	-	-	-	957,838
-	-	-	-	11,872	-	11,872
<u>\$ -</u>	<u>\$ 70,799</u>	<u>\$ 62,293</u>	<u>\$ 37,828</u>	<u>\$ 65,313</u>	<u>\$ 379,355</u>	<u>\$ 1,954,859</u>
\$ 425	\$ -	\$ 140	\$ -	\$ 23	\$ 2	\$ 46,409
46,077	-	-	-	-	-	479,155
<u>46,502</u>	<u>-</u>	<u>140</u>	<u>-</u>	<u>23</u>	<u>2</u>	<u>525,564</u>
-	-	-	-	11,872	-	11,872
-	70,799	62,153	37,828	53,418	379,353	1,470,531
(46,502)	-	-	-	-	-	(53,108)
<u>(46,502)</u>	<u>70,799</u>	<u>62,153</u>	<u>37,828</u>	<u>65,290</u>	<u>379,353</u>	<u>1,429,295</u>
<u>\$ -</u>	<u>\$ 70,799</u>	<u>\$ 62,293</u>	<u>\$ 37,828</u>	<u>\$ 65,313</u>	<u>\$ 379,355</u>	<u>\$ 1,954,859</u>

CALDWELL COUNTY, TEXAS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Grant	LEOSE Constables Fund	Justice Court Technology	DRM Program	Records Preservation Fund
<b>REVENUES</b>					
Intergovernmental	\$ 1,511,498	\$ 2,858	\$ -	\$ -	\$ -
Fees of Office	-	-	10,788	2,535	163,124
Miscellaneous Revenue	92	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,511,590</u>	<u>2,858</u>	<u>10,788</u>	<u>2,535</u>	<u>163,124</u>
<b>EXPENDITURES</b>					
General Administration	25,000	-	-	-	105,311
Judicial	6,806	-	37,846	2,590	-
Public Safety	38,638	1,320	-	-	-
Public Transportation	758,109	-	-	-	-
Health and Welfare	262,315	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,090,868</u>	<u>1,320</u>	<u>37,846</u>	<u>2,590</u>	<u>105,311</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>420,722</u>	<u>1,538</u>	<u>(27,058)</u>	<u>(55)</u>	<u>57,813</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	740,538	-	6,686	-	27,816
Transfers Out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>740,538</u>	<u>-</u>	<u>6,686</u>	<u>-</u>	<u>27,816</u>
<b>Net Change in Fund Balance</b>	1,161,260	1,538	(20,372)	(55)	85,629
Fund Balance at Beginning of Year	(425,590)	10,704	14,395	(574)	33,439
Fund Balance at End of Year	<u>\$ 735,670</u>	<u>\$ 12,242</u>	<u>\$ (5,977)</u>	<u>\$ (629)</u>	<u>\$ 119,068</u>

<u>Law Library</u>	<u>Sheriff's Forfeiture</u>	<u>Hot Check</u>	<u>DA Forfeiture Fund</u>	<u>Records Management</u>	<u>Courthouse Security</u>	<u>Special Revenue Subtotals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 1,514,356</b>
17,084	-	960	-	10,280	32,995	<b>237,766</b>
-	42,635	628	16,054	-	-	<b>59,409</b>
<u>17,084</u>	<u>42,635</u>	<u>1,588</u>	<u>16,054</u>	<u>10,280</u>	<u>32,995</u>	<b><u>1,811,531</u></b>
5,060	-	2,756	9,517	-	415,892	<b>563,536</b>
-	-	-	-	5,020	-	<b>52,262</b>
-	-	-	-	-	-	<b>39,958</b>
-	-	-	-	-	-	<b>758,109</b>
-	-	-	-	-	-	<b>262,315</b>
<u>5,060</u>	<u>-</u>	<u>2,756</u>	<u>9,517</u>	<u>5,020</u>	<u>415,892</u>	<b><u>1,676,180</u></b>
<u>12,024</u>	<u>42,635</u>	<u>(1,168)</u>	<u>6,537</u>	<u>5,260</u>	<u>(382,897)</u>	<b><u>135,351</u></b>
-	-	-	-	915	375,272	<b>1,151,227</b>
<u>(14,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(14,960)</u></b>
<u>(14,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>915</u>	<u>375,272</u>	<b><u>1,136,267</u></b>
(2,936)	42,635	(1,168)	6,537	6,175	(7,625)	<b>1,271,618</b>
<u>(43,566)</u>	<u>28,164</u>	<u>63,321</u>	<u>31,291</u>	<u>59,115</u>	<u>386,978</u>	<b><u>157,677</u></b>
<u>\$ (46,502)</u>	<u>\$ 70,799</u>	<u>\$ 62,153</u>	<u>\$ 37,828</u>	<u>\$ 65,290</u>	<u>\$ 379,353</u>	<b><u>\$ 1,429,295</u></b>

CALDWELL COUNTY, TEXAS  
SPECIAL REVENUE FUNDS - GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	Budgeted Amounts		2020 Actual	Variance With Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
<b>REVENUES</b>					
Intergovernmental Revenue	\$ 327,818	\$ 1,652,943	<b>\$ 1,511,498</b>	\$ (141,445)	\$ 154,124
Miscellaneous Revenue	-	-	<b>92</b>	92	-
<b>TOTAL REVENUES</b>	<u>327,818</u>	<u>1,652,943</u>	<u><b>1,511,590</b></u>	<u>(141,353)</u>	<u>154,124</u>
<b>EXPENDITURES</b>					
General Administration	-	25,000	<b>25,000</b>	-	21,270
Judicial	88,353	88,353	<b>6,806</b>	81,547	17,413
Public Safety	110,800	110,800	<b>38,638</b>	72,162	88,232
Public Transportation	-	864,695	<b>758,109</b>	106,586	-
Health and Welfare	128,665	432,524	<b>262,315</b>	170,209	96,616
<b>TOTAL EXPENDITURES</b>	<u>327,818</u>	<u>1,521,372</u>	<u><b>1,090,868</b></u>	<u>430,504</u>	<u>223,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	131,571	<b>420,722</b>	289,151	(69,407)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	18,750	<b>740,538</b>	721,788	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>18,750</u>	<u><b>740,538</b></u>	<u>721,788</u>	<u>-</u>
Net Change in Fund Balance	-	150,321	<b>1,161,260</b>	1,010,939	(69,407)
Fund Balances at Beginning of Year	(425,590)	(425,590)	<b>(425,590)</b>	-	(356,183)
Fund Balances at End of Year	<u>\$ (425,590)</u>	<u>\$ (275,269)</u>	<u><b>\$ 735,670</b></u>	<u>\$ 1,010,939</u>	<u>\$ (425,590)</u>



CALDWELL COUNTY, TEXAS  
SPECIAL REVENUE FUNDS – JUSTICE COURT TECHNOLOGY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	Budgeted Amounts		2020 Actual	Variance With Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
<b>REVENUES</b>					
Fees of Office	\$ 29,450	\$ 29,450	\$ 10,788	\$ (18,662)	\$ 26,066
<b>TOTAL REVENUES</b>	<u>29,450</u>	<u>29,450</u>	<u>10,788</u>	<u>(18,662)</u>	<u>26,066</u>
<b>EXPENDITURES</b>					
Judicial	36,136	36,136	37,846	(1,710)	36,136
<b>TOTAL EXPENDITURES</b>	<u>36,136</u>	<u>36,136</u>	<u>37,846</u>	<u>(1,710)</u>	<u>36,136</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,686)	(6,686)	(27,058)	(20,372)	(10,070)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	6,686	6,686	6,686	-	8,046
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>6,686</u>	<u>6,686</u>	<u>6,686</u>	<u>-</u>	<u>8,046</u>
Net Change in Fund Balance	-	-	(20,372)	(20,372)	(2,024)
Fund Balances at Beginning of Year	14,395	14,395	14,395	-	16,419
Fund Balances at End of Year	<u>\$ 14,395</u>	<u>\$ 14,395</u>	<u>\$ (5,977)</u>	<u>\$ (20,372)</u>	<u>\$ 14,395</u>

CALDWELL COUNTY, TEXAS  
SPECIAL REVENUE FUNDS – RECORDS PRESERVATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Budgeted Amounts</u>		<b>2020 Actual</b>	Variance With	2019 Actual
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Fees of Office	\$ 153,000	\$ 153,000	\$ <b>163,124</b>	\$ 10,124	\$ 150,152
<b>TOTAL REVENUES</b>	<u>153,000</u>	<u>153,000</u>	<u><b>163,124</b></u>	<u>10,124</u>	<u>150,152</u>
<b>EXPENDITURES</b>					
General Administration	180,816	180,816	<b>105,311</b>	75,505	171,405
<b>TOTAL EXPENDITURES</b>	<u>180,816</u>	<u>180,816</u>	<u><b>105,311</b></u>	<u>75,505</u>	<u>171,405</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,816)	(27,816)	<b>57,813</b>	85,629	(21,253)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	27,816	27,816	<b>27,816</b>	-	20,770
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>27,816</u>	<u>27,816</u>	<u><b>27,816</b></u>	<u>-</u>	<u>20,770</u>
Net Change in Fund Balance	-	-	<b>85,629</b>	85,629	(483)
Fund Balances at Beginning of Year	33,439	33,439	<b>33,439</b>	-	33,922
Fund Balances at End of Year	<u>\$ 33,439</u>	<u>\$ 33,439</u>	<u>\$ <b>119,068</b></u>	<u>\$ 85,629</u>	<u>\$ 33,439</u>

CALDWELL COUNTY, TEXAS  
SPECIAL REVENUE FUNDS – LAW LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	Budgeted Amounts		2020 Actual	Variance With Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
<b>REVENUES</b>					
Fees of Office	\$ 20,000	\$ 20,000	\$ 17,084	\$ (2,916)	\$ 21,814
<b>TOTAL REVENUES</b>	20,000	20,000	17,084	(2,916)	21,814
<b>EXPENDITURES</b>					
General Administration	5,040	5,040	5,060	(20)	5,040
<b>TOTAL EXPENDITURES</b>	5,040	5,040	5,060	(20)	5,040
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,960	14,960	12,024	(2,936)	16,774
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out	(14,960)	(14,960)	(14,960)	-	(8,024)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(14,960)	(14,960)	(14,960)	-	(8,024)
Net Change in Fund Balance	-	-	(2,936)	(2,936)	8,750
Fund Balances at Beginning of Year	(43,566)	(43,566)	(43,566)	-	(52,316)
Fund Balances at End of Year	\$ (43,566)	\$ (43,566)	\$ (46,502)	\$ (2,936)	\$ (43,566)

CALDWELL COUNTY, TEXAS  
SPECIAL REVENUE FUNDS – HOT CHECK FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	Budgeted Amounts		2020 Actual	Variance With Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
<b>REVENUES</b>					
Fees of Office	\$ 6,250	\$ 6,250	\$ 960	\$ (5,290)	\$ 1,810
Miscellaneous Revenue	-	-	628	628	542
<b>TOTAL REVENUES</b>	6,250	6,250	1,588	(4,662)	2,352
<b>EXPENDITURES</b>					
General Administration	6,250	6,250	2,756	3,494	3,840
<b>TOTAL EXPENDITURES</b>	6,250	6,250	2,756	3,494	3,840
Net Change in Fund Balance	-	-	(1,168)	1,168	(1,488)
Fund Balances at Beginning of Year	63,321	63,321	63,321	-	64,809
Fund Balances at End of Year	\$ 63,321	\$ 63,321	\$ 62,153	\$ 1,168	\$ 63,321

CALDWELL COUNTY, TEXAS  
SPECIAL REVENUE FUNDS – RECORDS MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Budgeted Amounts</u>		<b>2020 Actual</b>	Variance With Final Budget -	2019 Actual
	<u>Original</u>	<u>Final</u>		Positive (Negative)	
<b>REVENUES</b>					
Fees of Office	\$ 16,000	\$ 16,000	\$ 10,280	\$ (5,720)	\$ 14,975
<b>TOTAL REVENUES</b>	<u>16,000</u>	<u>16,000</u>	<u>10,280</u>	<u>(5,720)</u>	<u>14,975</u>
<b>EXPENDITURES</b>					
Judicial	16,915	16,915	5,020	11,895	15,815
<b>TOTAL EXPENDITURES</b>	<u>16,915</u>	<u>16,915</u>	<u>5,020</u>	<u>11,895</u>	<u>15,815</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(915)	(915)	5,260	6,175	(840)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	915	915	915	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>915</u>	<u>915</u>	<u>915</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	6,175	6,175	(840)
Fund Balances at Beginning of Year	59,115	59,115	59,115	-	59,955
Fund Balances at End of Year	<u>\$ 59,115</u>	<u>\$ 59,115</u>	<u>\$ 65,290</u>	<u>\$ 6,175</u>	<u>\$ 59,115</u>

CALDWELL COUNTY, TEXAS  
SPECIAL REVENUE FUNDS – COURTHOUSE SECURITY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	Budgeted Amounts		2020 Actual	Variance With Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
<b>REVENUES</b>					
Fees of Office	\$ 39,600	\$ 39,600	\$ 32,995	\$ (6,605)	\$ 41,814
<b>TOTAL REVENUES</b>	<u>39,600</u>	<u>39,600</u>	<u>32,995</u>	<u>(6,605)</u>	<u>41,814</u>
<b>EXPENDITURES</b>					
General Administration	437,254	437,254	415,892	21,362	347,202
<b>TOTAL EXPENDITURES</b>	<u>437,254</u>	<u>437,254</u>	<u>415,892</u>	<u>21,362</u>	<u>347,202</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(397,654)	(397,654)	(382,897)	14,757	(305,388)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	397,654	397,654	375,272	(22,382)	435,470
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>397,654</u>	<u>397,654</u>	<u>375,272</u>	<u>(22,382)</u>	<u>435,470</u>
Net Change in Fund Balance	-	-	(7,625)	(7,625)	130,082
Fund Balances at Beginning of Year	386,978	386,978	386,978	-	256,896
Fund Balances at End of Year	<u>\$ 386,978</u>	<u>\$ 386,978</u>	<u>\$ 379,353</u>	<u>\$ (7,625)</u>	<u>\$ 386,978</u>

CALDWELL COUNTY, TEXAS  
DEBT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Budgeted Amounts</u>		<b>2020 Actual</b>	Variance With Final Budget - Positive	2019 Actual
	<u>Original</u>	<u>Final</u>		(Negative)	
<b>REVENUES</b>					
Taxes	\$ 1,486,000	\$ 1,486,000	\$ 1,657,287	171,287	\$ 1,489,773
Investment earnings	21,000	21,000	13,864	(7,136)	23,316
<b>TOTAL REVENUES</b>	<u>1,507,000</u>	<u>1,507,000</u>	<u>1,671,151</u>	<u>164,151</u>	<u>1,513,089</u>
<b>EXPENDITURES</b>					
Debt Service:					
Principal	880,000	880,000	880,000	-	4,400,000
Interest and Fiscal Charges	524,684	525,184	525,183	1	674,918
<b>TOTAL EXPENDITURES</b>	<u>1,404,684</u>	<u>1,405,184</u>	<u>1,405,183</u>	<u>1</u>	<u>5,074,918</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	102,316	101,816	265,968	(164,152)	(3,561,829)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds on Bonds Sold	-	973	973	-	3,670,747
Transfers Out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>973</u>	<u>973</u>	<u>-</u>	<u>3,670,747</u>
Net Change in Fund Balance	102,316	102,789	266,941	164,152	108,918
Fund Balances at Beginning of Year	1,066,387	1,066,387	1,066,387	-	957,469
Fund Balances at End of Year	<u>\$ 1,168,703</u>	<u>\$ 1,169,176</u>	<u>\$ 1,333,328</u>	<u>\$ 164,152</u>	<u>\$ 1,066,387</u>

CALDWELL COUNTY, TEXAS  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 SEPTEMBER 30, 2020

	Beginning Balance <u>9/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<b>Ending Balance</b> <u>9/30/20</u>
<b>DISTRICT OF ATTORNEY</b>				
Assets:				
Cash and Cash Equivalents	\$ 85,137	\$ 65,437	\$ (117,615)	\$ 32,959
Liabilities:				
Due to Others	\$ 85,137	\$ 65,437	\$ (117,615)	\$ 32,959
<b>DISTRICT CLERK</b>				
Assets:				
Cash and Cash Equivalents	\$ 386,548	\$ 577,892	\$ (68,001)	\$ 896,439
Liabilities:				
Due to Others	\$ 386,548	\$ 577,892	\$ (68,001)	\$ 896,439
<b>COUNTY CLERK</b>				
Assets:				
Cash and Cash Equivalents	\$ 1,179,709	\$ 4,464,155	\$ (1,748,968)	\$ 3,894,896
Liabilities:				
Due to Others	\$ 1,179,709	\$ 4,464,155	\$ (1,748,968)	\$ 3,894,896
<b>COUNTY SHERIFF</b>				
Assets:				
Cash and Cash Equivalents	\$ 318,576	\$ 1,156,212	\$ (1,180,938)	\$ 293,850
Liabilities:				
Due to Others	\$ 318,576	\$ 1,156,212	\$ (1,180,938)	\$ 293,850
<b>ELECTIONS</b>				
Assets:				
Cash and Cash Equivalents	\$ 6,569	\$ 13,491	\$ (8,889)	\$ 11,171
Liabilities:				
Due to Others	\$ 6,569	\$ 13,491	\$ (8,889)	\$ 11,171



CALDWELL COUNTY, TEXAS  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS (CONTINUED)  
 SEPTEMBER 30, 2020

	Beginning Balance 9/30/19	Additions	Deductions	Ending Balance 9/30/20
<b>UNCLAIMED MONEYS</b>				
Assets:				
Cash and Cash Equivalents	\$ 609	\$ 7	\$ -	\$ 616
Liabilities:				
Due to Governmental Funds	\$ 172	\$ 7	\$ -	\$ 179
Due to Others	437	-	-	437
Total Liabilities	<u>\$ 609</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 616</u>
<b>JUVENILE PROBATION</b>				
Assets:				
Cash and Cash Equivalents	\$ 470,103	\$ 396,124	\$ (192,598)	\$ 673,629
Other Receivables	351	-	(351)	-
Intergovernmental	118,746	34,740	(118,746)	34,740
Total Assets	<u>\$ 589,200</u>	<u>\$ 430,864</u>	<u>\$ (311,695)</u>	<u>\$ 708,369</u>
Liabilities:				
Accounts Payable	\$ 49,906	\$ 4,534	\$ (49,906)	\$ 4,534
Due to Governmental Funds	452,741	693,418	(452,741)	693,418
Due to Other Governments	86,553	10,417	(86,553)	10,417
Total Liabilities	<u>\$ 589,200</u>	<u>\$ 708,369</u>	<u>\$ (589,200)</u>	<u>\$ 708,369</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 2,447,251	\$ 6,673,318	\$ (3,317,009)	\$ 5,803,560
Other Receivables	351	-	(351)	-
Intergovernmental	118,746	34,740	(118,746)	34,740
Total Assets	<u>\$ 2,566,348</u>	<u>\$ 6,708,058</u>	<u>\$ (3,436,106)</u>	<u>\$ 5,838,300</u>
Liabilities:				
Accounts Payable	\$ 49,906	\$ 4,534	\$ (49,906)	\$ 4,534
Due to Governmental Funds	452,913	693,425	(452,741)	693,597
Due to Other Governments	86,553	10,417	(86,553)	10,417
Due to Others	1,976,976	6,277,187	(3,124,411)	5,129,752
Total Liabilities	<u>\$ 2,566,348</u>	<u>\$ 6,985,563</u>	<u>\$ (3,713,611)</u>	<u>\$ 5,838,300</u>

## COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and  
Members of the Commissioners' Court  
Caldwell County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell County as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Caldwell County's basic financial statements, and have issued our report thereon dated April 13, 2021.

***Internal Control over Financial Reporting***

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020-001, 2020-002 and 2020-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020-004, 2020-005 and 2020-006 to be significant deficiencies.

### ***Compliance and Other Matters***

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

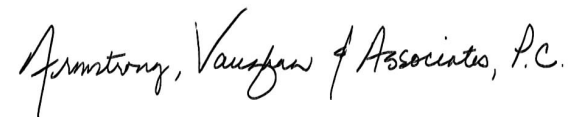
We noted certain matters that we have reported to management of the County in a separate letter dated April 13, 2021.

### ***Caldwell County's Response to Findings***

Caldwell County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Caldwell County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion about it.

### **Purpose of this Report**

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



Armstrong, Vaughan & Associates, P.C.

April 13, 2021

CALDWELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND RESPONSE ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

We consider the following deficiencies to be material weaknesses:

2020-001 Cash and Cash Equivalents

As part of our audit, we reviewed the County's procedures for controls over cash. One of the primary controls is the timely and accurate reconciliation of all cash accounts. The County was unable to maintain timely reconciliations of the County's cash accounts. An outside accountant was brought in after the end of year to complete the several months of reconciliations on the main operating account. Therefore, they are not able to find county errors, bank errors or fraudulent activity on a timely basis. Generally, the bank only gives you a few months to identify and report fraudulent activities if you expect reimbursement. Additionally, the primary cash accounts as reconciled did not agree to the general ledger balances for those accounts (Texas Local Government Code, Sec. 113.008, Reconciliation of Depository Accounts). This was due to transactions being posted after completion of the reconciliation. Lastly, the County Auditor's office continues to assist in the reconciliations which is the responsibility of the County Treasurer, not the County Auditor. The responsibility of the County Auditor is to audit the reconciliations. These issues demonstrate that the County is not in compliance with standard control practices related to cash. The County Treasurer and assistant should receive additional training in reconciling bank accounts (with continued support from outside professionals, if necessary), until all bank accounts are reconciled on a timely basis and tie to the general ledger.

2020-002 Revenue Coding

We noted that the coding of revenue is complicated and involves multiple manual journal entries. The Treasurer's Deputy Clerk posts the deposits to a general receivable account. The audit department then allocates the revenue to the appropriate account manually. In this scenario, the auditor is auditing their own work and the manual process creates additional opportunities for errors to enter the system. We recommend that revenue is posted directly to the appropriate revenue account when entered into the accounting software. Segregation of duties should be improved and staff should be appropriately trained to avoid excessive journal entries. The auditor's office should be auditing these transactions not performing them.

2020-003 Federal and State Grant Management

The County Grant Manager and County Auditor's Office were not able to provide an accurate Schedule of Federal Expenditures (SEFA) and Schedule of State Expenditures (SESA) for the fiscal year. All grants should be tracked correctly in the financials so that timing and accruals are taken into account. A complete and accurate SEFA and SESA should be maintained and reconciled to the financials on a monthly basis. In addition, correct timing should be taken into account and accruals recorded correctly on the financial statements. We recommend that this report be prepared by the grants manager and then reviewed by the auditor's office. We also recommend Single Audit training for both the grant department and the auditor's office staff. During our audit testing we were able to determine that based on grant expenditures, Single Audit was required for fiscal year 2020.

CALDWELL COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND RESPONSE ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING (CONT.)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

We consider the following deficiencies to be significant deficiencies:

2020-004 Agency Funds and Special Revenue Accounts

Various elected officials have bank accounts for such things as commissary funds, trust accounts, hot check funds, etc. Each elected official is currently monitoring those accounts and not sending this information to the auditor to record in the centralized accounting system. The County was able to provide a summarized schedule of Agency Funds at year end. In addition, there are two Special Revenue Accounts that are not included in the financial accounting software and current year activity was unrecorded. A complete and accurate schedule of Agency Funds and Special Revenue Funds should be maintained. In addition, all special revenue activity should be recorded. There has been significant improvement in the past year in this area.

2020-005 General Ledger Accounts not Reconciled to Underlying Subsidiary Accounts and Records

The County Auditor is charged with maintaining the records of the County's financial transactions including the general ledger. We noted numerous balance sheet accounts are not being reconciled to the supporting subsidiary ledgers and accounts. This includes accruals such as receivables and liabilities, as well as, interfund transactions including due to/from and transfers. Supporting subsidiary ledgers and accounts should be prepared by the appropriate department/personnel, such as the elected official, purchasing agent or grant coordinator and then audited and reconciled to the general ledger by the County Auditor's office. There has been improvement in this area in the past year.

2020-006 Function of the County Auditor's Office

Texas Local Government Code, Chapter 115, Audit of County Finances, requires that at least once each quarter, the County Auditor shall check the books and shall examine in detail the reports of the county tax assessor-collector, the county treasurer, and all other officers. As noted in several of our findings and by the previous auditor, the County Auditor's office is involved with preparing much of the financial documentation that they should be auditing. This means that they are auditing their own work. In addition, they do not have time to audit as required as they are doing work in other areas. We recommend the County carefully segregate the financial tasks to the appropriate department and personnel and that departments/personnel are properly trained on the financial tasks that are required of them. The County Auditor's office should audit the office of elected and appointed officials as required. In areas, where it is determined that they are auditing their own work changes should be made. There have been significant improvements in this area in the past year.



**BARBARA A. GONZALES  
CALDWELL COUNTY AUDITOR  
CALDWELL COUNTY, TEXAS**

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**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Management concurs with the audit findings and has adopted a corrective action plan as summarized below:

*2020-001 Cash and Cash Equivalents*

An action plan included hiring an outside consultant that reconciled the money market account and completed a standard operating procedure on reconciling bank statements. Caldwell County will either hold the Treasurer accountable or consider hiring an additional accountant and/or maintain an outside consultant to resolve this matter.

*2020-002 Revenue Coding*

An action plan includes the County Auditor's office/System Administrator streamlining the revenue coding and creating a template for a more user friendly format and cross training purposes. The County Auditor's office/System Administrator is working with the software company to interface the system into the main software to have less data entry by the County Treasurer's office, thus preventing errors. Scheduling for cross training from the County Auditor's office to the County Treasurer's office has been requested. We plan to accomplish this during the Summer of 2021.

*2020-003 Federal and State Grant Management*

An action plan includes the Grant Administrator and staff attending Single Audit training as well as the County Auditor staff, to ensure the SEFA and SESA are adequately maintained and reviewed on a monthly basis.

*2020-004 Agency Funds and Special Revenue Accounts*

The County Auditor's office receives and reviews the fifteen (15) agency bank accounts on a monthly basis from various departments. An action plan includes identifying the fund and/or department/division these agency accounts will be appropriated and/or allocated.

CORRECTIVE ACTION PLAN (CONT.)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

2020-005 General Ledger Accounts not Reconciled to Underlying Subsidiary Accounts and Records

An action plan is for the County Auditor's office to continue scheduling the quarterly assessments and reconciliations. The County Auditor's office addressed taking several liabilities to Commissioner's Court for disbursement after year end.

2020-006 Function of the County Auditor's Office

An action plan is for the County Auditor's office to schedule the audits in an elected official offices as well as training the offices to complete their required duties. An additional assistant auditor/accountant is needed to train new elected officials/departments heads and new personnel on the various financial responsibilities (i.e. payable, payroll, budget, etc.)





REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and  
Members of the Commissioners' Court  
Caldwell County

**Report on Compliance for Each Major Federal Program**

We have audited Caldwell County's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Caldwell County's major federal programs for the year ended September 30, 2020. Caldwell County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Caldwell County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Caldwell County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Caldwell County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Caldwell County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

## Report on Internal Control over Compliance

Management of Caldwell County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Caldwell County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Caldwell County's internal control over compliance.

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

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

We noted certain matters that we have reported to management of the Caldwell County in a separate letter dated April 13, 2021.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Armstrong, Vaughan & Associates, P.C.

April 13, 2021

CALDWELL COUNTY, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Any material weaknesses identified?	Yes
Any significant deficiencies identified?	Yes
Noncompliance material to the financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Any material weaknesses identified?	No
Any significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund (CRF)
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. Prior Year Findings

N/A - No Single Audit in prior year

CALDWELL COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>Explanation Finding/Recommendation</u>	<u>Current Status</u>	Management's Explanation <u>If Not Implemented</u>
Not Applicable		

CALDWELL COUNTY, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through Texas Department of Public Safety Emergency Management Performance Harwood Road Culvert Project	97.036	4332DRTXP0000001	13,931
<b>U.S. DEPARTMENT OF TREASURY</b>			
Passed Through Texas Department of Emergency Management Coronavirus Relief Fund	21.019	N/A	1,172,435
<b>HOUSING OF URBAN DEVELOPMENT</b>			
Passed Through Texas Department of Agriculture Community Development Block Grants	14.228	7214025/7217045	107,279
<b>ELECTION ASSISTANCE COMMISSION</b>			
Passed Through Texas Office of the Secretary of State Help America Vote Act	90.401	N/A	<u>44,418</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u><u>\$ 1,338,063</u></u>

CALDWELL COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONT)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

State Grantor/Pass-through Grantor/Program Title	Pass-Through Entity Number	Federal Expenditures
<b>TEXAS INDIGENT DEFENSE COMMISSION</b>		
Indigent Defense Formula Grant	212-21-028	\$ 22,772
<b>TEXAS DEPARTMENT OF TRANSPORTATION</b>		
Rolling Ridge/Black Ankle/Hommannville Projects	CSJ-0914-22-073	758,109
<b>TEXAS TOBACCO ENFORCEMENT PROGRAM</b>		
Texas School Safety Center	TXST-1A-2020-5071-TSSC	11,153
<b>TEXAS DEPARTMENT OF EMERGENCY MANAGEMENT</b>		
Texas Infrastructure Resiliency Fund	4272-009	67,982
Hazard Mitigation Grant Program	4272-009	38,850
<b>TEXAS VETERAN'S COMMISSION</b>		
Veteran's Assistance Grant	GT VS020-003	173
<b>TEXAS DEPARTMENT OF AGRICULTURE</b>		
Feral Hog Grant Program		19,889
<b>TEXAS OFFICE OF THE ATTORNEY GENERAL</b>		
Co-Morbidity Phase 3 Grant	359102.000	54,639
Texas Victim Information and Notification Everyday Program	2002913.000	18,619
<b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>		
Capital Area Council of Governments Emergency Response	S764701	<u>5,756</u>
<b>TOTAL STATE AWARDS EXPENDED</b>		<u>\$ 997,942</u>

CALDWELL COUNTY, TEXAS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 -- BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Caldwell County and is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 -- INDIRECT COSTS

Caldwell County has elected to use the 10% de minimus cost rate; however, they have not charged indirect costs to any of its federal grants for the year ending September 30, 2020.

