

YOAKUM COUNTY, TEXAS

Annual Financial Reports

FOR THE YEAR ENDED DECEMBER 31, 2020



PATTILLO, BROWN & HILL, LLP

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

YOAKUM COUNTY, TEXAS

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YOAKUM COUNTY, TEXAS

Official Roster

December 31, 2020

County Commission

Jim Barron	County Judge
Woodson Lindsey	Commissioner, Precinct 1
Ray Marion	Commissioner, Precinct 2
Tommy Box	Commissioner, Precinct 3
Tim Addison	Commissioner, Precinct 4

Administrative and Elected Officials

Darla Welch	County Treasurer
Darinda McWhirter	County Auditor
David Bryant	Sheriff
Marc Traweek	Justice of the Peace #1
Troy Scott	Justice of the Peace #2
Summer Lovelace	County Clerk
Sandra Roblez	District Clerk
Jan Parrish	Tax Assessor/Collector
Bill Helwig	County District Attorney

FINANCIAL SECTION



Independent Auditor’s Report

To the Honorable County Judge and
Members of the County Commission
Yoakum County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of Yoakum County, Texas (the “County”) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

OFFICE LOCATIONS

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 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 the Budgetary Comparison Schedules – General Fund, Budgetary Comparison Schedules – Farm/Market Lateral Roads, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of County Pension Contributions and the Schedule of Changes in Total OPEB Liability 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 general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions and disclaimers of opinions on the basic financial statements are not affected by this missing information.

Other Information

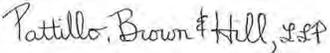
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of State Awards is presented for purposes of additional analysis as required by State of Texas’ *Uniform Grant Management Standards*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The combining and individual non-major fund financial statements and schedules, and the schedule of expenditures of state 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 combining and individual non-major fund financial statements and schedules, and the schedule of expenditures of state awards 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 July 15, 2022 on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
July 15, 2022

FINANCIAL STATEMENTS

**STATE OF TEXAS
YOAKUM COUNTY**

STATEMENT OF NET POSITION

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Current:</i>			
Cash and cash equivalents	\$ 24,731,809	15,242,131	39,973,940
Investments	13,906,388	1,255,687	15,162,075
Taxes receivable, net	14,481,416	-	14,481,416
Due from other governments	342,994	-	342,994
Other receivables, net	77,590	4,283,039	4,360,629
Due to/from other funds	2,039,162	-	2,039,162
Inventory	-	919,663	919,663
Prepaid expenses	143,602	297,723	441,325
<i>Total current assets</i>	<u>55,722,961</u>	<u>21,998,243</u>	<u>77,721,204</u>
<i>Noncurrent assets:</i>			
Investments held in self-insurance trust fund	-	196,709	196,709
Capital assets, net accumulated depreciation	24,517,754	11,500,160	36,017,914
Net pension asset	189,686	284,529	474,215
<i>Total noncurrent assets</i>	<u>24,707,440</u>	<u>11,981,398</u>	<u>36,688,838</u>
<i>Total assets</i>	<u>80,430,401</u>	<u>33,979,641</u>	<u>114,410,042</u>
DEFERRED OUTFLOWS			
Pension related	1,626,679	2,479,264	4,105,943
OPEB related	5,049,353	2,463,566	7,512,919
<i>Total deferred outflows</i>	<u>6,676,032</u>	<u>4,942,830</u>	<u>11,618,862</u>
<i>Total assets and deferred outflows</i>	<u>\$ 87,106,433</u>	<u>38,922,471</u>	<u>126,028,904</u>

**STATE OF TEXAS
YOAKUM COUNTY**

STATEMENT OF NET POSITION

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	\$ 501,318	1,678,170	2,179,488
Accrued expenses	352,541	3,544,112	3,896,653
Bank overdraft	-	4,847	4,847
Other payable	248,671	-	248,671
Accrued interest	20,815	-	20,815
Compensated absences	96,945	-	96,945
Current portion of long-term debt	550,000	-	550,000
<i>Total current liabilities</i>	<u>1,770,290</u>	<u>5,227,129</u>	<u>6,997,419</u>
<i>Noncurrent liabilities:</i>			
Landfill closure and post-closure obligation	56,819	-	56,819
Self-funded malpractice insurance reserve	-	120,000	120,000
Net OPEB liability	39,433,964	19,422,699	58,856,663
Long-term debt due after on year	570,000	-	570,000
<i>Total noncurrent liabilities</i>	<u>40,060,783</u>	<u>19,542,699</u>	<u>59,603,482</u>
<i>Total liabilities</i>	<u>41,831,073</u>	<u>24,769,828</u>	<u>66,600,901</u>
DEFERRED INFLOWS			
Pension related	721,350	1,082,023	1,803,373
OPEB related	7,770,772	3,827,395	11,598,167
Unearned revenue - advance tax collections	5,190,022	-	5,190,022
Unavailable tax revenue	14,172,053	-	14,172,053
<i>Total deferred inflows</i>	<u>27,854,197</u>	<u>4,909,418</u>	<u>32,763,615</u>
NET POSITION			
Net investment in capital assets	23,397,754	11,500,160	34,897,914
Restricted	10,950,554	-	10,950,554
Unrestricted	(16,927,145)	(2,256,935)	(19,184,080)
<i>Total net position</i>	<u>17,421,163</u>	<u>9,243,225</u>	<u>26,664,388</u>
<i>Total liabilities, deferred inflows, and net position</i>	<u>\$ 87,106,433</u>	<u>38,922,471</u>	<u>126,028,904</u>

**STATE OF TEXAS
YOAKUM COUNTY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Functions/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>
Primary government:				
Governmental activities:				
General government	\$ 7,177,855	861,325	412,913	-
Public safety	4,323,771	92,106	254,292	-
Public works	5,096,861	233,427	1,020,762	-
Health and welfare	379,333	-	-	-
Culture and recreation	1,876,791	-	-	-
Interest expense	41,626	-	-	-
Unallocated depreciation	<u>1,175,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 20,071,787</u>	<u>1,186,858</u>	<u>1,687,967</u>	<u>-</u>
Business-type activities				
Hospital funds	27,918,422	30,155,927	-	-
Nursing home fund	<u>4,871,885</u>	<u>3,797,973</u>	<u>-</u>	<u>-</u>
<i>Total business-type activities</i>	<u>\$ 32,790,307</u>	<u>33,953,900</u>	<u>-</u>	<u>-</u>
General Revenues:				
Property taxes:				
General services				
Debt service				
Penalties and interest				
Miscellaneous				
Investment earnings				
Proceeds from insurance claim				
Other revenues and reimbursements				
Loss on disposal of assets				
Transfers, net				
<i>Total general revenues</i>				
Change in net position				
Net position - beginning				
Ending net position				

See Notes to Financial Statements

**Net Program (Expense) Revenue and Changes
in Net Position**

Primary Government		
Government Activities	Business-Type Activities	Total
(5,903,617)	-	(5,903,617)
(3,977,373)	-	(3,977,373)
(3,842,672)	-	(3,842,672)
(379,333)	-	(379,333)
(1,876,791)	-	(1,876,791)
(41,626)	-	(41,626)
<u>(1,175,550)</u>	<u>-</u>	<u>(1,175,550)</u>
<u>(17,196,962)</u>	<u>-</u>	<u>(17,196,962)</u>
-	2,237,505	2,237,505
<u>-</u>	<u>(1,073,912)</u>	<u>(1,073,912)</u>
-	1,163,593	1,163,593
18,811,904	-	18,811,904
568,111	-	568,111
-	(901)	(901)
218,226	-	218,226
344,347	98,065	442,412
11,241	-	11,241
-	592,523	592,523
(61,653)	(6,070)	(67,723)
<u>(1,588,287)</u>	<u>1,588,287</u>	<u>-</u>
<u>18,303,889</u>	<u>2,271,904</u>	<u>20,575,793</u>
1,106,927	3,435,497	4,542,424
<u>16,314,236</u>	<u>5,807,728</u>	<u>22,121,964</u>
<u>\$ 17,421,163</u>	<u>9,243,225</u>	<u>26,664,388</u>

**STATE OF TEXAS
YOAKUM COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund <u>100</u>	Farm/Market Lateral Roads <u>170</u>	Nonmajor Governmental	Total Governmental
ASSETS				
<i>Current:</i>				
Cash and cash equivalents	\$ 17,150,074	1	7,559,874	24,709,949
Investments	10,184,730	-	3,721,658	13,906,388
Taxes receivable, net	10,029,879	2,394,367	2,057,170	14,481,416
Intergovernmental receivables	194,797	-	148,197	342,994
Other receivables	77,590	-	-	77,590
Due from agency and other funds	1,472,871	329,492	680,265	2,482,628
Prepaid expenses	<u>125,361</u>	<u>-</u>	<u>18,241</u>	<u>143,602</u>
<i>Total current assets</i>	<u>\$ 39,235,302</u>	<u>2,723,860</u>	<u>14,185,405</u>	<u>56,144,567</u>
LIABILITIES AND FUND BALANCE				
<i>Current liabilities:</i>				
Accounts payable	\$ 191,438	-	309,880	501,318
Accrued payroll liabilities	280,393	-	72,148	352,541
Other payable	-	-	248,671	248,671
Due to other funds	<u>12,672</u>	<u>329,493</u>	<u>93,802</u>	<u>435,967</u>
<i>Total current liabilities</i>	<u>484,503</u>	<u>329,493</u>	<u>724,501</u>	<u>1,538,497</u>
DEFERRED INFLOWS				
Unavailable tax revenue	9,815,612	2,343,217	2,013,224	14,172,053
Unavailable revenue - advance tax collecti	<u>3,594,627</u>	<u>858,122</u>	<u>737,273</u>	<u>5,190,022</u>
<i>Total deferred inflows</i>	<u>13,410,239</u>	<u>3,201,339</u>	<u>2,750,497</u>	<u>19,362,075</u>
FUND BALANCE (DEFICIT)				
Nonspendable	125,361	-	-	125,361
Restricted	-	-	10,950,554	10,950,554
Unassigned	<u>25,215,199</u>	<u>(806,972)</u>	<u>(240,147)</u>	<u>24,168,080</u>
<i>Total fund balance (deficit)</i>	<u>25,340,560</u>	<u>(806,972)</u>	<u>10,710,407</u>	<u>35,243,995</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 39,235,302</u>	<u>2,723,860</u>	<u>14,185,405</u>	<u>56,144,567</u>

See Notes to Financial Statements

**STATE OF TEXAS
YOAKUM COUNTY**

GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$	35,243,995
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		24,517,754
The internal service fund is used by the County to charge the cost of the fund to their primary users - governmental and enterprise funds. The assets and liabilities of the internal service fund are not included in the statement of net position.		14,360
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.		1,626,679
Defined OPEB plan deferred outflows are not financial resources and, therefore, are not reported in the funds.		5,049,353
Long-term liabilities, are not due in the current period and, therefore, are not reported in the funds		
Landfill closure and post-closure obligation	(56,819)
Net pension asset		189,686
Net OPEB liability	(39,433,964)
Bond and note obligations	(1,120,000)
Accrued Interest	(20,814)
Accrued salaries and vacation	(96,945)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(721,350)
Defined OPEB plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(7,770,772)</u>
Total net position	\$	<u>17,421,163</u>

**STATE OF TEXAS
YOAKUM COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund 100	Farm/Market Lateral Roads 170	Nonmajor Governmental	Total Governmental
<i>Revenues:</i>				
Taxes	\$ 13,235,875	3,154,134	3,170,423	19,560,432
Intergovernmental	412,913	-	1,275,054	1,687,967
Permits and charges for service	861,325	-	325,533	1,186,858
Interest and other	430,254	6,217	137,343	573,814
<i>Total revenues</i>	14,940,367	3,160,351	4,908,353	23,009,071
<i>Expenditures:</i>				
Current				
General government	6,099,679	-	-	6,099,679
Public safety	3,554,083	-	231,719	3,785,802
Public works	1,077,723	-	4,018,133	5,095,856
Health and welfare	379,333	-	-	379,333
Culture and recreation	1,498,221	-	-	1,498,221
Capital outlay	485,781	-	3,372,740	3,858,521
Debt service				
Principal	-	-	586,232	586,232
Interest	-	-	29,507	29,507
<i>Total expenditures</i>	13,094,820	-	8,238,331	21,333,151
<i>Excess (deficiency) of revenues over expenditures</i>	1,845,547	3,160,351	(3,329,978)	1,675,920
<i>Other financing sources (uses):</i>				
Transfers in	-	-	4,064,212	4,064,212
Transfers out	(2,016,455)	(3,206,852)	(429,192)	(5,652,499)
<i>Total other financing sources (uses)</i>	(2,016,455)	(3,206,852)	3,635,020	(1,588,287)
Net change in fund balances	(170,908)	(46,501)	305,042	87,633
Fund balances (deficit)- beginning of year	25,511,468	(760,471)	10,405,365	35,156,362
Fund balances (deficit) - end of year	25,340,560	(806,972)	10,710,407	35,243,995

See Notes to Financial Statements

**STATE OF TEXAS
YOAKUM COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Net change in fund balances - total governmental funds	\$ 86,603
Change in net position of internal service funds	(22,890)
Net pension and OPEB expense	(1,992,477)

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:

Capital expenditures	3,908,471
Depreciation expense	(1,175,550)
Loss on disposition of capital assets	(61,653)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds:

Change in unearned revenue related to the property taxes receivable	(180,417)
Increase in accrued compensated absences	(28,268)
Change in accrued interest	(12,118)
Change in landfill liability	(1,005)
Principal payments on notes and bonds	<u>586,232</u>
Change in net position	\$ <u>1,106,928</u>

**STATE OF TEXAS
YOAKUM COUNTY**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2020

	Business Type Activities		
	Hospital Funds	Nursing Home Fund	Total Enterprise Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 15,242,131	-	15,242,131
Investments	1,255,687	-	1,255,687
Accounts receivables, net	3,431,787	308,337	3,740,124
Other receivables	542,915	-	542,915
Inventory	919,663	-	919,663
Prepaid expenses	287,660	10,063	297,723
Total current assets	<u>21,679,843</u>	<u>318,400</u>	<u>21,998,243</u>
Noncurrent assets			
Investments held in self-insurance trust fund	196,709	-	196,709
Capital assets, net	6,675,855	4,824,305	11,500,160
Net pension asset	284,529	-	284,529
Total noncurrent assets	<u>7,157,093</u>	<u>4,824,305</u>	<u>11,981,398</u>
Deferred outflows of resources:			
Deferred outflows of resources	4,942,830	-	4,942,830
Total assets and deferred outflows of resources	<u>\$ 33,779,766</u>	<u>5,142,705</u>	<u>38,922,471</u>
LIABILITIES AND NET POSITION			
Current liabilities			
Accounts payable	\$ 1,438,605	239,565	1,678,170
Accrued expenses	3,420,267	123,845	3,544,112
Bank overdraft	-	4,847	4,847
Due to other funds	-	-	-
Total current liabilities	<u>4,858,872</u>	<u>368,257</u>	<u>5,227,129</u>
Noncurrent liabilities			
Self-funded insurance reserve	120,000	-	120,000
Net OPEB liability	19,422,699	-	19,422,699
Total liabilities	<u>24,401,571</u>	<u>368,257</u>	<u>24,769,828</u>
Deferred inflows of resources:			
Deferred inflows of resources	4,909,418	-	4,909,418
Total deferred inflows of resources	<u>4,909,418</u>	<u>-</u>	<u>4,909,418</u>
Net position			
Net investment in capital assets	6,675,855	4,824,305	11,500,160
Unrestricted	(2,207,078)	(49,857)	(2,256,935)
Total net position	<u>4,468,777</u>	<u>4,774,448</u>	<u>9,243,225</u>
Total liabilities, deferred inflows of resources, and net position (deficit)	<u>\$ 33,779,766</u>	<u>5,142,705</u>	<u>38,922,471</u>

Governmental Activities
Internal Service
Fund

21,860
-
-
-
-
21,860

-
-
-
-

-
21,860

-
-
-
7,500
7,500

-
-
-
7,500

-
-

-
14,360
14,360

21,860

**STATE OF TEXAS
YOAKUM COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Business Type Activities		
	Hospital Funds	Nursing Home Fund	Total Enterprise Funds
<i>Operating Revenues</i>			
Charges for services	30,124,779	3,162,099	33,286,878
Other and miscellaneous	31,148	635,874	667,022
<i>Total revenues</i>	<u>30,155,927</u>	<u>3,797,973</u>	<u>33,953,900</u>
<i>Operating Expenses</i>			
Personnel services	14,404,703	1,589,377	15,994,080
Contracted and purchased services	5,150,938	2,515,849	7,666,787
Supplies	7,341,538	605,054	7,946,592
Depreciation	1,021,243	161,605	1,182,848
<i>Total operating expenses</i>	<u>27,918,422</u>	<u>4,871,885</u>	<u>32,790,307</u>
<i>Operating income (loss)</i>	<u>2,237,505</u>	<u>(1,073,912)</u>	<u>1,163,593</u>
<i>Nonoperating revenues (expenses)</i>			
Contributed services	291,436	-	291,436
Gain (Loss) on sale of equipment	(6,070)	-	(6,070)
Noncapital grants and gifts	4,087	297,000	301,087
Interest expense	(223)	(678)	(901)
Interest income	98,065	-	98,065
<i>Total non-operating revenues (expenses)</i>	<u>387,295</u>	<u>296,322</u>	<u>683,617</u>
<i>Income (loss) before contributions and transfers</i>	2,624,800	(777,590)	1,847,210
Transfers in	1,029,502	558,785	1,588,287
<i>Change in net position</i>	3,654,302	(218,805)	3,435,497
Net position - beginning	814,475	4,993,253	5,807,728
<i>Net position - end of year</i>	<u>\$ 4,468,777</u>	<u>4,774,448</u>	<u>9,243,225</u>

Governmental Activities
Internal Service
Fund

-
42,503
42,503

-
43,666
-
-
43,666

(1,163)

-
-
-
-
133
133

(1,030)

-

(1,030)

15,390

14,360

**STATE OF TEXAS
YOAKUM COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Business Type Activities		
	Hospital Funds	Nursing Home Fund	Total Enterprise Funds
<i>Cash flows from operating activities</i>			
Receipts from and on behalf of patients	\$ 25,706,697	3,730,028	29,436,725
Payments to suppliers and contractors	(8,792,699)	(4,066,425)	(12,859,124)
Payments and benefits to and on behalf of employees	(15,963,031)	(577,388)	(16,540,419)
Other receipts and payments, net	<u>4,325,520</u>	<u>-</u>	<u>4,325,520</u>
<i>Net cash provided (used) by operating activities</i>	<u>5,276,487</u>	<u>(913,785)</u>	<u>4,362,702</u>
<i>Cash flows from capital financing activities</i>			
Principal paid on long-term debt and capital leases	(8,205)	-	(8,205)
Interest paid on long-term debt and capital leases	(223)	(678)	(901)
Purchase of capital assets	<u>(1,007,828)</u>	<u>(1)</u>	<u>(1,007,829)</u>
<i>Net cash used by capital financing activities</i>	<u>(1,016,256)</u>	<u>(679)</u>	<u>(1,016,935)</u>
<i>Cash flows from noncapital financing activities</i>			
Non-capital grants and contributions	4,087	297,000	301,087
County transfers	<u>1,029,502</u>	<u>558,785</u>	<u>1,588,287</u>
<i>Net cash provided by noncapital financing activities</i>	<u>1,033,589</u>	<u>855,785</u>	<u>1,889,374</u>
<i>Cash flows from investing activities</i>			
Purchase of investments	(1,255,687)	-	(1,255,687)
Interest income	<u>98,065</u>	<u>-</u>	<u>98,065</u>
<i>Net cash used by investing activities</i>	<u>(1,157,622)</u>	<u>-</u>	<u>(1,157,622)</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	<u>4,136,198</u>	<u>(58,679)</u>	<u>4,077,519</u>
Cash and cash equivalents - beginning of year	<u>11,302,642</u>	<u>58,679</u>	<u>11,361,321</u>
Cash and cash equivalents - end of year	<u>\$ 15,438,840</u>	<u>-</u>	<u>15,438,840</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	2,237,505	(1,073,912)	1,163,593
Noncash items			
Depreciation Expense	1,021,243	161,605	1,182,848
Indigent care contributions	291,436	-	291,436
Provision for uncollectible accounts	2,986,623	117,626	3,104,249
Loss on disposal of fixed assets	-	-	-
Changes in assets and liabilities			
Receivables	(3,442,942)	(67,945)	(3,510,887)
Other receivables	41,173	-	41,173
Inventories	(302,299)	9,489	(292,810)
Prepaid expenses	870,030	(10,063)	859,967
Accounts payable	968,279	(54,153)	914,126
Accrued expenses	(788,715)	28,963	(759,752)
Bank overdraft	-	4,847	4,847
Accrued compensated absences	(23,202)	(30,242)	(53,444)
Other assets and liabilities	<u>1,417,356</u>	<u>-</u>	<u>1,417,356</u>
<i>Net cash provided (used) by operating activities</i>	<u>\$ 5,276,487</u>	<u>(913,785)</u>	<u>4,362,702</u>

See Notes to Financial Statements

**STATE OF TEXAS
YOAKUM COUNTY**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 8,375,462
Receivables	14,439
Due from other funds	<u>2,007,806</u>
<i>Total assets</i>	<u>\$ 10,397,707</u>
LIABILITIES	
Due to other funds	4,046,968
NET POSITION	
Individuals, organizations and other governments	<u>6,350,739</u>
<i>Total liabilities and net position</i>	<u>\$ 10,397,707</u>

See Notes to Financial Statements

**STATE OF TEXAS
YOAKUM COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	Custodial Funds
ADDITIONS	
Contributions:	
Property taxes	\$ 59,496,423
Motor vehicle taxes	964,850
Vehicle sales taxes	882,793
Interest	29,668
Other income	3,233,991
<i>Total contributions</i>	64,607,725
DEDUCTIONS	
Distributions:	
Property taxes distributed	\$ 56,353,163
Motor vehicle taxes distributed	960,933
Vehicle sales taxes distributed	872,145
Other distributions	4,389,218
<i>Total deductions</i>	62,575,459
Net increase (decrease) in fiduciary net position	2,032,266
Net Position, beginning	4,318,473
Net Position, ending	\$ 6,350,739

YOAKUM COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Yoakum County, Texas (County) was created in 1907 under the provisions of the State of Texas. The County functions under the applicable laws and regulations of the State of Texas. The County's powers are exercised through an elected Commissioners Court, which is the governing body of the County. The Commissioners Court consists of the County Judge and four County Commissioners. The County provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to generally accepted accounting principles (GAAP) in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB). The most significant accounting and reporting policies of the County are described in the following notes to the basic financial statements.

In the current year, the County implemented the following:

GASB Statement No. 75 – *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*. The statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

GASB Statement No. 85 – *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post employment benefits (pensions and other post employment benefits (OPEB)).

Reporting Entity - The members of the County's Commissioners Court (the Court) are elected by the public, and the Court has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the County is a financial reporting entity as defined by the GASB accounting principles generally accepted in the United States of America require that these financial statements present the County (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The County has no component units.

Government-Wide and Fund Financial Statements - The Statement of Net Position and the Statement of Activities are government-wide financial statements (GWFS). They report information on all of County's non-fiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the County. Examples include charges for collecting taxes for the surrounding cities/districts and record management services provided by the County Clerk. The "grants and contributions" column includes amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function. Examples include grants for emergency response equipment. If revenues are not considered program revenues, they are considered general revenues used to support all of the County's functions. Taxes are always general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund activities within governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collectible within 60 days after year-end. Revenues not considered available are recorded as uncollectible receivables.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the "susceptible-to-accrual" concept. In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one type, monies are expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures incurred. In the other type, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Property taxes are recognized as revenue in the year for which the taxes are levied if they will be collected within 60 days of the end of the fiscal year. Sales tax, fines and forfeitures, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The proprietary fund types and fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. This basis allows the County to accrue unbilled service revenue in the proprietary funds.

Fund Accounting

Governmental funds are used to account for the County's expendable financial resources and related liabilities (except those accounted for in the proprietary funds). The County reports the following major governmental funds:

General Fund - The general fund is the County's primary operating fund. It accounts for financial resources except those required to be accounted for in another fund. The General Fund presented in the financial statements consists of several individual funds: General, Payroll and Disbursement funds.

Farm/Market Lateral Road Fund - The lateral road fund acts as a clearinghouse fund, which receives and then distributes taxes collected to the individual precincts Road and Bridge Funds for maintenance and construction projects within the precincts.

The County reports the following non-major governmental funds:

Special Revenue Funds - The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in special revenue funds. Some federal and state financial assistance is accounted for in special revenue funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Debt Service Funds - The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in debt service funds.

Capital Projects Funds - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in capital projects funds. The County at this time has the following capital projects fund, the Nursing Home Construction Fund and the Jail Construction Fund.

Proprietary funds are those through which most of the costs of providing the services are funded through charges for services. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise Funds - The County's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in enterprise funds. The County has two enterprise funds, the Yoakum County Hospital (the Hospital or hospital fund) and the Shinnery Oaks Community (the Community or nursing home fund), and reports both as major funds.

The Hospital is an organization licensed to operate a 24-bed acute healthcare facility located in Denver City, Texas. It is operated under a six (6) member Board of Directors, which are appointed by the commissioners of the County. The County's General Fund subsidizes the Hospital as needed with a budgeted portion of the ad valorem tax revenue assessed by the County each year.

Under the Indigent Health Care and Treatment Act of the State of Texas, county hospitals are responsible for providing certain levels of health care to county indigents. The Hospital's policies for charity care comply with the Indigent Health Care and Treatment Act.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Community is an organization licensed to operate a 60 bed skilled health care facility located in Denver City, Texas. The Community is organized for providing healthcare and rehabilitation services to the residents of the County and the surrounding area. The Community's primary sources of support are from resident revenues and other ancillary income. The County's General Fund subsidizes the Community as needed with a budgeted portion of the ad valorem tax revenue assessed by the County each year.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County Commissioners. The financial statements of the County may be obtained by writing to the Yoakum County Auditor's Office, P.O. Box 516, Plains, Texas 79355.

Additionally, the County reports the following fund types:

Agency Funds - The County accounts for resources held in custody of the County in custodial funds. This includes amounts received for County operations but not transferred to the governmental funds.

Other Accounting Policies

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

Equity in Pooled Cash and Investments - The County pools the resources of various funds in order to facilitate the management of cash and enhance investment earnings. Records are maintained which reflect each fund's equity in the pooled account. The County's investments are stated at fair value.

Cash Equivalents - Cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less when purchased which present and insignificant risk of changes in value because of changes in interest rates.

Use of Restricted Cash - When the County incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

Property Taxes Receivable - Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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

Proprietary Fund Accounts Receivable - Within the Enterprise Funds, services rendered and billed but not collected as of the close of the fiscal year are accrued and this amount is reflected in the accounts receivable balance. Amounts billed are reflected as accounts receivable net of an allowance for uncollectible accounts.

Inventories - The County reports inventories of supplies at lower of cost, as determined on a first in, first out basis or market including consumable utility maintenance and office items. Supplies are recorded as expenditures when they are consumed, except for certain utility and other supplies.

Capital Assets and Depreciation - Capital assets, including public domain infrastructure (e.g. streets, bridges, sidewalks and other assets that are immovable and of value only to the County) are defined as assets with an initial, individual cost and an estimated useful life in excess of one year. These capital assets are reported in the GWFS and in the proprietary FFS. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair value on the date of donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation is based on the estimated useful lives, and is calculated by use of the straight-line method applied to cost. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the proprietary FFS. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

The County uses the following schedule to determine the useful lives of capital assets:

Infrastructure/Improvements	5-50 Years
Buildings	5-50 Years
Equipment	3-15 Years

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

Compensated Absences - It is the County’s policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. All sick pay and vacation pay is accrued when incurred in the government-wide or proprietary fund financial statements.

Fund Balances/Net Position

Government-Wide Financial Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted balances, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, and then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund classifications can be used.

Fund Financial Statements:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net position of the enterprise funds are classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Risk Management - The County is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For the past several years, the County has obtained coverage from outside sources to insure the County against the risk of loss. There were no significant reductions in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded coverage for the current year or past fiscal years.

Commitments and Contingencies - The County participates in federally assisted programs. In connection with grants under these programs, the County is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management, the County has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the County expects the resulting liability to be immaterial.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category. Unearned Revenue and Unearned Deferred Revenue are reported in the government- wide Statement of Net Position. Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as deferred inflows of resources, unavailable tax revenue – advance collections and unavailable tax revenue, respectively, since the tax revenue has not been earned as of December 31, 2020.

Defined Benefit Pension Plan - The County provides pension benefits to its employees through the County's agent multiple-employer defined benefit pension plan operated by the Texas County & District Retirement System (the Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Patient Service Revenue – Both the Hospital and the Community have agreements with third-party payers that provide for payments at amounts different from their established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods, as adjustments become known.

Charity Care – The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because they do not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net revenue. The costs of charity care provided under the Hospital's charity care policy was approximately \$2,691,494 for 2020. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Budgetary Data - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. In general, annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds. All annual appropriations lapse at fiscal yearend.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County Commissioners' Court, under budgetary laws established by the Texas legislature, is required to adopt an annual budget for all governmental fund types to cover all the proposed expenditures of the County government, and to levy a tax sufficient, when considered with other revenues and available funds, to provide for these expenditures. Once the budget is approved, no expenditures may be made except in strict compliance with the budget.

Emergency expenditures in case of grave public necessity, to meet unusual and unforeseen conditions, which could not, by reasonable thought and diligent attention, have been included in the original budget, may from time to time be authorized by the Court as amendments to the original budget. The Commissioners' Court is the sole agency having discretionary power to determine existence of such facts as would constitute an emergency justifying a budget amendment.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 15, the County Auditor, as the County's Chief Budgetary Officer, will submit to the Commissioners' Court a proposed operating budget for the fiscal year commencing the following January 1.
- b. After the presentation of the proposed budget and prior to December 1, the Commissioners' Court will conduct a series of hearings with the individual department heads to review and analyze their expenditure reports. These meetings are all open to the public to encourage public comment.
- c. Prior to December 15, the Commissioners' Court will finalize the proposed budget and file it with the County Clerk.
- d. Prior to January 1, two public hearings will be held to receive citizen input, adopt the budget, and set the tax rate for the coming budget year.
- e. All budget amendments are approved by the Commissioners' Court. From time to time, during the period covered by these financial statements, supplemental budget amendments were required and approved by the Commissioners' Court, under the provisions outlined above. Budgeted amounts presented in these financial statements are inclusive of any amendments made during the period January 01, 2020 through December 31, 2020.
- f. Budgets for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governments, using the modified accrual basis of accounting.
- g. By law, appropriations for the total County budget cannot exceed the total resources that will be available for the year as forecasted by the County Auditor.
- h. The level of budgetary control (that is the level at which expenditures may not legally exceed appropriations) is established by organization within an individual fund.

Subsequent Events - Accounting standards require reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. Management has evaluated subsequent events through July 15, 2020, the date the financial statements were issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk for Deposits - State statute requires that public funds in the County's depository institution be secured by eligible securities, as defined by Vernon's Texas Statutes and Codes Annotated (VTCA), Local Government Code Chapter 2257, in an amount not less than the amount on deposit plus any accrued interest less any amount provided for by insurance of the United States or an instrumentality thereof.

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the VTCA, Local Government Code, Chapter 116. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. The County's depository agreement provides that as security for the deposits of the County their bank will pledge to the County securities at 100% of the amount of County funds on deposit including interest accrued to date. Value of the securities comprising the pledge will be set at the lower of par value or estimated market value.

The securities pledged must satisfy the requirements of Article 2560 of the Texas Revised Civil Statutes Annotated. Furthermore, the pledged securities are subject to the approval of the Commissioners Court as to type and value. Substitutions of securities or change of total amounts of securities may be made only by and with proper written authorization by the County. A copy of the safekeeping receipts for securities pledged will be issued to the County at the conclusion of each investment transaction.

At December 31, 2020, the carrying amount of the County's deposits (including restricted and agency amounts) was \$48,546,111. The County's cash deposits during the year ended December 31, 2020 were properly secured at all times by a combination of FDIC insurance and by pledged collateral held by the County's agent bank in the County's name.

Compliance with the Public Funds Investment Act - The County's investment policies are governed by State statutes. The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County's investment policies further limit State statutes such that eligible investments include the following:

- a. Obligations, including letters of credit, of the United States and/or its agencies and instrumentalities;
- b. Direct obligations of this state and/or its agencies and instrumentalities;
- c. Collateralized mortgage obligations directly issued by a federal agency and/or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- d. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities;
- e. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
- f. Certificates of deposit if issued by a state or national bank domiciled in this state, savings bank domiciled in this state, or a state or federal credit union domiciled in this state;
- g. Certain repurchase agreements as defined by the policy;
- h. Certain bankers' acceptances as defined by the policy;
- i. Certain no-load money market mutual funds as defined by the policy;
- j. Certain no-load mutual funds as defined by the policy; and
- k. Investment pools.

The County is in substantial compliance with the requirements of the Public Funds Investment Act and local policies.

TexPool - During 1986, the 69th Texas Legislature authorized the State Treasurer to incorporate a special-purpose trust company called the Texas Treasury Safekeeping Trust Company. The Trust has direct access to the services of the Federal Reserve Bank and performs other trust company activities. It is specifically authorized to manage, disburse, transfer safe-keep, and invest public funds and securities more efficiently and

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

economically (sec.404.102 et seq., Texas Government Code). The trust created the Texas Local Government Investment Pool (TexPool) as a public funds investment pool. TexPool is established as a trust fund, segregated from all other trustors, investments and activities of the Trust Company. Only local governments having contracted to participate in TexPool have an investment interest in its pool of assets, and participation in the pool is voluntary.

Credit Risk - To limit the risk that an insurer or other counter-party to an investment will not fulfill its obligations, the County limits investments in commercial paper, corporate bonds, and mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of December 31, 2020, the County’s investments were rated AAA or higher by Standard & Pools.

As of December 31, 2020, the County had the following investments (including restricted and agency amounts):

<u>Investment or Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
DWS Government Cash Institutional Shares (Money Market Funds)	\$ 12,067,052	37 days
TexPool	2,511,491	34 days
Certificate of deposit	583,532	30 days
	<u>\$ 15,162,075</u>	

Investments by the County in investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

Custodial Credit Risk for Investments - To limit the risk that, in the event of the failure of the counter- party to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the County requires counter-parties to register the securities in the name of the County and hand them over to the County or its designated agent. This includes securities in securities lending transactions. All of the securities are in the County’s name and held by the County’s agent.

Concentration of Credit Risk - To limit the risk of loss attributed to the magnitude of a government’s investment in a single issuer, the County limits investments in a single issuer to less than 5% of its total investments. The County further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental activities and individual major funds than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County requires the investment portfolio to have weighted average maturities of one year or less.

NOTE 3 - PROPERTY TAXES

In accordance with state law, all appraisals of County property for tax purposes are made by the countywide appraisal authority, Yoakum County Appraisal District. Assessed values are based upon 100 percent of appraised market value and are reviewed every three years. Taxpayers have the right to challenge the assessed value. The County is subject to a tax rate rollback if the total amount of property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceding year, as defined by statute, by 8%. The County's ad valorem taxes are levied on October 1 but do not become due until January 1 of the following year. Taxes become past due February 1 and become delinquent June 30. The County's taxes become a lien on real property on the due date of January 1.

NOTE 3 - PROPERTY TAXES (CONTINUED)

The tax rates for fiscal per \$1000 assessed value in the County:

	Tax year 2020
Total tax assessed	\$ 19,362,075
General fund operations	.69260
Farm/market lateral M&O	.16534
Debt service	.02963

For financial statement reporting, the net property taxes receivables and advanced collection of taxes are reported as deferred inflow of resources because the collection of the property taxes will fund the operations of the County in the next fiscal year.

Concentration of Risk - During the year, the County collected approximately 53% of its property tax revenue from one oil and gas company operating within the County. This poses a potential risk to the County, which could be adversely affected if a situation arose where this company could or would not pay the assessed taxes.

The amount of property taxes due to the County by fund at December 31, 2020 is as follows:

Fund	Property Tax Receivable Current	Property Tax Receivable Delinquent	Property Taxes Receivable
General fund	\$ 9,815,612	214,267	10,029,879
Road and bridge	312,068	6,812	318,880
Farm/market lateral	2,343,217	51,150	2,394,367
Jury fund	72,303	1,578	73,881
Nursing home debt service	419,944	9,167	429,111
Permanent improvement	1,208,909	26,389	1,235,298
	<u>\$ 14,172,053</u>	<u>309,363</u>	<u>14,481,416</u>

Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Availability only affects the recognition of revenue in governmental funds. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unavailable Revenue and Deferred Revenue in the fund statements and the government-wide statements, respectively. Each of the amounts are listed in the Deferred Inflows section of their respective financial statements.

Deferred Inflows of Resources Unavailable Revenue			
	Advance Tax Collections	Tax Revenue	Total
General fund	\$ 3,594,627	9,815,612	13,410,239
Road and bridge	114,284	312,068	426,352
Farm/market lateral	858,122	2,343,217	3,201,339
Jury fund	26,478	72,303	98,781
Nursing home debt service	153,790	419,944	573,734
Permanent improvement	442,721	1,208,909	1,651,630
	<u>\$ 5,190,022</u>	<u>14,172,053</u>	<u>19,362,075</u>

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Reimbursements from one fund to another for expenditures or expenses already made are recorded as expenditures or expenses in the reimbursing fund. Non-recurring or no- routine transfers of equity

NOTE 4 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)

between funds are treated as residual equity transfers and are reported as residual equity transfers and are reported as additions to or deductions from the fund balance of governmental funds. All other transfers are treated as operating transfers and are included in the results of operations of the governmental funds.

The County had the following interfund balances as of the end of the year (intra-fund receivables and payables have been eliminated):

Due from	General Fund	Farm/Market Lateral Roads Fund	Other Governmental Funds	Totals
Nonmajor governmental funds	\$ 93,802	-	-	93,802
Internal service fund	7,500	-	-	7,500
General fund	-	-	12,672	12,672
Farm/Market lateral roads fund			329,492	329,492
Custodial funds	<u>1,371,569</u>	<u>329,492</u>	<u>338,101</u>	<u>2,039,162</u>
	<u>\$ 1,472,871</u>	<u>329,492</u>	<u>680,265</u>	<u>2,482,628</u>

Agency fund reconciliation:

Due from other funds	\$ 2,007,806
Due to other funds	<u>4,046,968</u>

Net due to/from other funds \$ 2,039,162

During the year ended December 31, 2020, the County made the following interfund transfers:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
Governmental funds			
Justice assistance grant	General fund	5,044	
Road and bridge – precinct 1		107,298	Property tax allocation
Road and bridge – precinct 2	Road and bridge	107,298	Property tax allocation
Road and bridge – precinct 3	clearing	107,298	Property tax allocation
Road and bridge – precinct 4		107,298	Property tax allocation
Road and bridge – precinct 1	Farm/market lateral	801,713	Property tax allocation
Road and bridge – precinct 2	roads	801,713	Property tax allocation
Road and bridge – precinct 3		801,713	Property tax allocation
Road and bridge – precinct 4		801,713	Property tax allocation
Yoakum County landfill	General fund	<u>423,124</u>	Subsidize operations
Total governmental fund transfers		<u>\$ 4,064,212</u>	
Proprietary funds			
Nursing home fund	General fund	\$ 558,785	Subsidize operations
Hospital funds		<u>1,029,502</u>	Subsidize operations
Total Proprietary fund transfers		<u>\$ 1,588,287</u>	

NOTE 5 - OTHER RECEIVABLES

The Hospital and Community grant credit without collateral to its patients, most of who are local residents, and are insured under third-party payor agreements. They provides allowances for doubtful receivables equal to the estimated collection losses that will be included in collection of all receivables. These estimated losses are based on historical collection experience, coupled with review of the status of the existing receivables. Patient accounts receivables are reported as current assets by the County at December 31, 2020.

The Hospital and Community have agreements with third-party payers that provide for payments at amounts different from its established rates. These payment arrangements include:

Medicare. The Hospital is certified as a Critical Access Hospital (CAH) by Medicare. As a CAH, the Hospital is reimbursed for substantially all inpatient and outpatient services to Medicare beneficiaries based on a reasonable cost methodology. Additionally, as a CAH, the Hospital’s licensed beds are limited to 25, and the Hospital’s acute average length of stay may not exceed 96 hours. The Hospital is reimbursed for substantially all services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor. The Medicare administrative contractor through December 31, 2020 has audited the Hospital’s Medicare cost reports. The Community is also an approved Medicare provider and is paid at contractually established rates.

Medicaid. The state of Texas has converted the Medicaid program to managed care agreements, which are managed by private insurance companies. The Hospital and Community are reimbursed at contractually established rates. A small portion of the Medicaid population is still covered by traditional Medicaid which is cost reimbursed.

Approximately 56% of the Hospital and 74% of the Community net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended December 31, 2020. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital and Community have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

	Governmental Activities	Business-type Activities	Total
Fees and refunds receivable	\$ 77,590	305,548	383,138
Patient accounts receivable			
Medicare	-	1,389,198	1,389,198
Medicaid	-	1,373,660	1,373,660
Other third-party payors	-	2,515,749	2,515,749
Self pay	-	3,372,121	3,372,121
Total patient accounts receivable	-	8,650,728	8,650,728
Less allowance for uncollectibles	-	(5,216,152)	(5,216,152)
Estimated amounts due from third parties	-	542,915	542,915
	<u>\$ 77,590</u>	<u>4,283,039</u>	<u>4,360,629</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the County for the year ended December 31, 2020 is disclosed below. Governmental activities depreciation of \$1,175,550 is reported as a separate line item on the Statement Activities and is not allocated to the County's governmental functions.

	Adjusted Balance 12/31/19	Additions	Deletions	Ending Balance 12/31/20
Governmental activities:				
Assets not depreciated:				
Land and land improvements	\$ 851,126	-	-	851,126
Construction in progress	<u>150,914</u>	<u>1,731,787</u>	<u>(59,595)</u>	<u>1,823,106</u>
Total assets not depreciated	<u>1,002,040</u>	<u>1,731,787</u>	<u>(59,595)</u>	<u>2,674,232</u>
Depreciable assets:				
Buildings and improvements	17,363,490	141,009	(7,350)	17,497,149
Land improvements	1,599,192	-	-	1,599,192
Furniture and equipment	<u>17,378,586</u>	<u>2,035,675</u>	<u>(311,787)</u>	<u>19,102,474</u>
Total depreciable assets	36,341,268	2,176,684	(319,137)	38,198,815
Less accumulated depreciation	<u>(15,496,822)</u>	<u>(1,175,550)</u>	<u>317,079</u>	<u>(16,355,293)</u>
Net depreciable assets	<u>20,844,446</u>	<u>1,001,134</u>	<u>(2,058)</u>	<u>21,843,522</u>
Net governmental capital assets	\$ <u>21,846,486</u>	<u>2,732,921</u>	<u>(61,653)</u>	<u>24,517,754</u>

	Adjusted Balance 12/31/19	Additions	Deletions	Ending Balance 12/31/20
Business-type activities:				
Assets not depreciated:				
Land	\$ 150,463	-	-	150,463
Construction in progress	<u>-</u>	<u>224,366</u>	<u>-</u>	<u>224,366</u>
Total assets not depreciated	<u>150,463</u>	<u>224,366</u>	<u>-</u>	<u>374,829</u>
Depreciable assets:				
Buildings and improvements	20,313,066	42,558	-	20,355,624
Major moveable equipment	<u>11,942,810</u>	<u>740,905</u>	<u>(302,923)</u>	<u>12,380,792</u>
Total depreciable assets	32,255,876	783,463	(302,923)	32,736,416
Less accumulated depreciation	<u>(20,725,090)</u>	<u>(1,182,848)</u>	<u>296,853</u>	<u>(21,611,085)</u>
Net depreciable assets	<u>11,530,786</u>	<u>(399,385)</u>	<u>(6070)</u>	<u>11,125,331</u>
Net business-type capital assets	\$ <u>11,681,249</u>	<u>(175,019)</u>	<u>(6,070)</u>	<u>11,500,160</u>

Long-Lived Asset Impairment

The County evaluates the recoverability of the carrying value of long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets. No asset impairment was recognized during the year ended December 31, 2020.

NOTE 7 - BONDS AND NOTES PAYABLE

Governmental Activities

The County has entered into a line of credit with a local financial institution to cover the closure and post closure costs associated with the county landfill. The County did not draw on this line of credit in 2020.

Bond indebtedness of the County is reflected in the Government-Wide Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. In 2006 Certificates of Obligation (COO) were issued to finance construction of the jail and in 2012 General Obligation Bonds (GOB) were issued for the construction of a nursing home. Debt service on the bonds consists of semi-annual interest payments and annual principal payments. Interest rates range from 1% to 4% and are secured by the property tax collections of the County.

In 2017 the County entered into a capital lease of \$244,846 to purchase one Caterpillar 963K (Track Loader) for the landfill. This lease is for a period of five years with annual payments of \$52,551 at an interest rate of 2.5% and is collateralized by the asset. The caterpillar cost \$211,000 and has a current book value of \$195,761.

A summary of activity in general long-term debt for the year ended December 31, 2020 in the governmental funds is as follows:

	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Bank of New York - GOB	\$ 1,655,000	-	535,000	1,120,000
Sun Trust – capital lease	51,232	-	51,232	-
Compensated absences	68,677	140,516	112,248	96,945
	<u>\$ 1,774,909</u>	<u>140,516</u>	<u>698,480</u>	<u>1,216,945</u>

	Interest Rate	Original Amount	Maturity	Due Within One Year
Bank of New York - GOB	1% to 2%	\$ 5,000,000	February 2022	550,000
Compensated absences				96,945
				<u>\$ 646,945</u>

Debt Service Requirements- Debt service requirements for bonds and capital leases are funded through Debt Service Fund, General Fund or Precinct 3 Fund. Below is the maturity schedule for the governmental funds notes and capital lease obligations.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2021	\$ 550,000	16,900	566,900
2022	570,000	5,700	575,700
	<u>\$ 1,120,000</u>	<u>22,600</u>	<u>1,142,600</u>

Business-type Activities

The Hospital is obligated under two leases for equipment that is accounted for as capital leases. Assets under capital leases at December 31, 2020, had a cost of \$52,700, with accumulated depreciation of \$52,700. The lease matured in October 2020.

	Interest Rate	Original Amount	Maturity
Capital Lease	Imputed 5.9%	52,700	Oct. 2020

NOTE 7 - BONDS AND NOTES PAYABLE (CONTINUED)

	2020				
	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Obligations under capital leases	\$ 8,205	-	(8,205)	-	-

Debt Service Requirements - Debt service requirements for capital leases are funded through the Hospital Funds. The capital lease was paid off during the year ending December 31, 2020.

NOTE 8 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on its landfill location when it stops accepting waste and to perform certain maintenance and monitoring functions at the location for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as operating expenses and increases the corresponding long term liability in each period based on landfill County used as each balance sheet date.

The \$56,819 included in the landfill closure and post closure care liability at December 31, 2019 represents the cumulative amount expensed by the County to date for its landfill that is registered under Texas Commission on Environmental Quality, less any amounts previously paid. Approximately 10% of the estimated capacity has been used, with \$56,819 of the estimated \$568,191 closing costs to be recognized over the remaining closure period. The volume amount of used capacity and estimated remaining life of the landfill is evaluated annually. Post closure care costs are based on prior estimates and have been adjusted for inflation. Actual costs may differ due to inflation, deflation, changes in technology, or other regulatory changes.

The County is required by state and federal laws and regulations to provide assurance that financial resources will be available for landfill closure, post closure care, and remediation or containment of environmental hazards. The County is in compliance with these requirements by securing a designated line of credit with a local financial institution as a mechanism for providing assurance. The County expects to finance costs through normal operations.

		Balance 12/31/19	Additions	Reductions	Balance 12/31/20
Landfill closure costs	\$	<u>55,814</u>	<u>1,005</u>	<u>-</u>	<u>56,819</u>

NOTE 9 - RESTRICTED NET POSITION

The County established a debt service fund and a capital project fund to account for the transactions affecting the jail and nursing home construction and the related bond’s debt service. The amounts in these funds cannot be used for any other purpose than debt service and construction, and accordingly, their fund balances were restricted and the corresponding net assets under full accrual have been restricted.

The construction of the jail and nursing home have both been completed and the corresponding funds have been closed. There were no restricted funds at December 31, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Plan Description

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Yoakum County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
- The plan provides retirement, disability and survivor benefits.
- TCDRS is a savings-based plan. For the county’s plan, 7% of each employee’s pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
- There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation. One is not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the County may elect an ad-hoc COLA for its retirees.
- Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

c. Membership information is shown in the chart below.

d. The county’s contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Yoakum County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2018 are shown in the Schedule of Employer Contributions.

e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Employees covered by benefit terms.

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

Beneficiaries currently receiving benefits	207
Inactive employees entitled to but not yet receiving benefits	289
Active employees	<u>337</u>
	<u>833</u>

The employer has elected the annually determined rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed the actuarially determined rate of 8.31% for the year ended December 31, 2020. The County has elected to contribute 12%. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the option available in the TCDRS Act.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the County reported a net pension asset of \$474,215. The net pension asset was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date. The County’s net pension asset was based on the County’s long-term contributions to the pension plan relative to the projected contributions of all participating entities of the TCDRS, actuarially determined.

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended December 31, 2020, the County recognized pension expense of approximately \$1,327,585. At December 31, 2020, the County reported deferred outflows and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ 111,878	266,555
Net difference between expected and actual earnings		
Investment (gain) or loss	-	1,536,818
Change in assumptions	106,199	-
Contributions made subsequent to measurement date	<u>3,887,866</u>	<u>-</u>
 Total	 <u>\$ 4,105,943</u>	 <u>1,803,373</u>

An amount of \$3,887,866 is reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30:</u>	<u>Amount</u>
2020	\$ (343,034)
2021	(555,007)
2022	239,608
2023	(926,863)
2024	-
Thereafter	<u>-</u>
	<u>\$ (1,585,296)</u>

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2019</u>
Inflation	2.75%
Salary increases (average)	4.9%
Long-term assumed investment rate of return	8.0%

The annual salary increases rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component currently 3.25% and a merit, promotion, and longevity component that varies based on age and longevity.

Mortality rates were based on the RP-2000 Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA. For service retirees, beneficiaries, and non-depositing members, the mortality rates were based on the RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females. For disabled retirees the mortality rates were based on the RP- 2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

The actuarial cost method was Entry Age Normal, as required by GASB 68. Straight-line amortization over Expected Working Life with a 5 year smoothing period, and a non-asymptotic recognition method with no corridor were utilized in the actuarial calculations.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January I, 2013 - December 31, 2016, except where required to be different by GASB 68.

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 assumption and information shown in the table below are provided by TCDRS' investment consultant, Cliffwater LLC. The

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

numbers shown are based on April 2020 information for a 10 year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of ever four years, and is set based on a 30-year time horizon. The most recent analysis was performed in 2017.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	14.5%	5.20%
Private equity	20.0	8.20
Global equities	2.5	5.50
International equities - developed	7.0	5.20
International equities - emerging	7.0	5.70
Investment – grade bonds	3.0	-.20
Strategic credit	12.0	3.14
Direct lending	11.0	7.16
Distressed debt	4.0	6.90
REIT equities	3.0	4.50
Master limited partnerships	2.0	8.40
Private real estate partnerships	6.0	5.50
Hedge funds	8.0	2.30
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension asset was 8.1% at December 31, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, 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.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate

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

	<u>1% Decrease (7.1%)</u>	<u>Current Discount Rate (8.1%)</u>	<u>1% Increase (9.1%)</u>
Net pension liability (asset) \$	7,277,421	(474,215)	(7,029,752)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension (Asset) Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/18	\$ 61,582,596	55,762,927	5,819,669
Changes of the year:			
Service cost	1,647,444	-	1,647,444
Interest	4,974,727	-	4,974,727
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	93,537	-	93,537
Changes of assumptions	-	-	-
Refund of contributions	(275,930)	(275,930)	-
Benefit payments, including refunds of member contributions	(3,423,420)	(3,423,420)	-
Contributions - employer	-	2,823,096	(2,823,096)
Contributions - employee	-	1,063,473	(1,063,473)
Net investment income	-	9,157,194	(9,157,194)
Administrative expense	-	(49,588)	49,588
Other	-	15,417	(15,417)
Net changes	3,016,358	9,310,242	(6,293,884)
Balances at 12/31/19	\$ 64,598,954	65,073,169	(474,215)

NOTE 11 - EMPLOYEE HEALTH CARE COVERAGE

The County has a self-funded plan for benefits of comprehensive major medical, dental, and vision care. The Texas Association of Counties Pool (Blue Cross Blue Shield of Texas) serves as the third party insurance carrier and administrator. The fund services all claims for risk of loss of group health to which the County is exposed. All departments, with the exception of the Adult Probation department, which is required to use the State's health insurance plan, participate in the fund. The fund allocates the cost of providing claims servicing, claims payments, and reinsurance costs by charging a premium to each department based on number and level of employees participating in the program. The County contributes a set amount per pay period per employee as agreed upon by the County Commissioners. This charge considers recent trends in actual claims experience of the County and makes provisions for catastrophic losses. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The fund's liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The contract between Yoakum County and the third party administrator is renewable annually and terms of coverage and contribution costs are included in the contractual provisions.

In accordance with state statute, Yoakum County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Blue Cross/Blue Shield of Texas, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$40,000. Other counties and/or their employees contributed to the self-insurance pool which was operated under contractual provisions of Article 4413(32c),

NOTE 12 – OTHER POST RETIREMENT BENEFITS

Plan Participants

Full-time employees of the County who meet the County’s requirements eligible to participate in the retiree health care plan.

Normal Retirement Benefits

Employees of Yoakum County that are hired, elected, or appointed prior to January 1, 2003 will retain health insurance benefits upon retirement (pursuant to pension service requirements for retirement) for both employee or official and his/her spouse with the premiums being paid by Yoakum County.

An employee or official hired, elected, or appointed after December 31, 2002 who chooses to retire before the age of 60 must elect to retain and pay for his/her and the spouse’s health insurance premiums until the retiree reaches the age of 60; the County will pay the premiums after the age of 60 for both the retiree and spouse if the insurance is retained upon retirement. An employee retiring with dependent children will have the option to pay at their own expense, the difference in premium for family health coverage versus employee/spouse coverage. When the employee turns 65, the dependent health coverage ceases.

Vested Termination Benefit

Members terminating before normal retirement conditions are not eligible for retiree health care.

Death-in-Service Retirement Benefits

The County does not provide death-in-service benefits to a surviving spouse of a TCDRS Employee.

Dental Coverage

The County does not provide dental coverage to retirees.

Life Insurance Coverage

The County provides a \$5,000 life insurance policy to all county retirees.

Benefits for Spouses of Retired Employees

The spouse of a retiree hired prior to January 1, 2003 will be provided health insurance at a cost of \$50 per month. The spouse of a retiree hired after December 31, 2002 will be provided health insurance at a cost of \$50 per month if the retiree is over the age of 60, or if the health insurance was retained by the employee and his/her spouse until the retiree reached the age of 60.

The following table provides a summary of the number of County participants in the plan as of December 31, 2020:

Inactive plan members or beneficiaries currently receiving benefits	126
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	278
	404

The County is not required to make contributions to the plan on behalf for retirees and funds the plan on a projected pay-as-you-go financing method.

Total OPEB Liability

The County’s total OPEB liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2019.

NOTE 12 – OTHER POST RETIREMENT BENEFITS (CONTINUED)

Actuarial assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Inflation	2.5% per year
Healthcare cost trend rate	Pre-65: Initial rate of 7.0% declining to an ultimate rate of 4.15% after 15 years; Post-65: Initial rate of 5.50% to an ultimate rate of 4.15% after 14 years.
Discount rate	2.75% as of December 31, 2019
Salary increases	0.50% to 5.00%, not including wage inflation of 3.25%

The gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with rates for males multiplied by 130% and rates for females multiplied by 110%. For healthy retirees, the valuation employs fully generational mortality projections based on 110% of the ultimate rates of Scale MP-2014.

The rates of post retirement mortality for disabled retirees:

The gender-distinct RP-2014 Disabled Retiree Mortality Tables are used with rates for males multiplied by 130% and rates for females multiplied by 115%. For disabled retirees, the valuation employs fully generational mortality projections based on 110% of the ultimate rates of Scale MP-2014.

The rates of mortality for active members:

The gender-distinct RP-2014 Employee Mortality Tables are used with rates for males and females multiplied by 90%. For active members, the valuation employs fully generational mortality projections based on 110% of the ultimate rates of Scale MP-2014.

Discount rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For purposes of the most recent OPEB valuation, the municipal bond rate is 2.75% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.71% as of the prior measurement date.

Changes in the OPEB liability	Total OPEB Liability
Balance at December 31, 2018	\$ 61,097,586
Changes for the year	
Service cost	3,283,398
Interest	2,299,848
Changes on benefit terms	-
Difference between expected and actual experience	(10,600,023)
Changes of assumptions	4,273,409
Benefit payments	(1,497,555)
Net changes	(2,240,923)
Balance at December 31, 2019	\$ 58,856,663

The following represents the total OPEB liability of the County, calculated using the discount rate of 3.71%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

NOTE 12 – OTHER POST RETIREMENT BENEFITS (CONTINUED)

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
County's Total OPEB Liability	\$ 69,409,452	58,856,663	50,509,612

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rate

The following represents the total OPEB liability of the County, calculated using the assumed healthcare cost trend rate, as well as what the County's total OPEB liability would be if it were using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
County's Total OPEB Liability	\$ 49,524,839	58,856,663	70,986,933

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

For the year ended December 31, 2020 the County recognized total OPEB expense of \$4,637,264.

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ -	8,893,136
Change in assumptions	6,003,823	2,705,031
Contributions made subsequent to measurement date	1,509,096	-
Total	\$ <u>7,512,919</u>	<u>11,598,167</u>

\$1,509,096 reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability as of December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	Amount
2021	\$ (945,982)
2022	(945,982)
2023	(945,982)
2024	(1,423,898)
2025	(1,259,332)
Thereafter	(73,168)
	\$ <u>(5,594,344)</u>

NOTE 13 – MEDICAL MALPRACTICE CLAIMS

The Hospital and the Community are units of government covered by the Texas Tort Claims Act which, by statute, limits its liability to \$100,000 per individual and \$300,000 aggregate per claim. The Hospital is self-insured for amounts not covered under statute. Losses from asserted and unasserted claims incorporate the Hospital's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the Hospital's estimate of losses will change by a material amount in the near term.

NOTE 13 – MEDICAL MALPRACTICE CLAIMS (CONTINUED)

Activity in the Hospital’s accrued medical malpractice claims liability during 2020 is summarized as follows:

Balance at beginning of the year	\$	120,000
Current year change in estimates for claims incurred in prior years		-
Balance at end of year	\$	<u>120,000</u>

NOTE 14 - AGREEMENTS FOR MANAGEMENT SERVICES

In September 2018, the County entered into a contract with 24 Karat Ventures, LLC to manage the operation of the Community. The contract effective November 1, 2018 is for 3 years and 24 Karat Ventures receives a management fee of 5% of resident collections, with a minimum monthly management fee of \$13,000. Total management fees expense recorded as of December 31, 2020 is \$181,231.

NOTE 15 - MEDICAID SUPPLEMENTAL PAYMENT PROGRAMS

During fiscal year 2010, the Hospital entered into an affiliation agreement with the Service Organization of West Texas (SOWT), a group established to improve the level of health care provided to the indigent population of the Hospital by strategically allocating the available community health care resources and the burden of providing services. This agreement is intended to increase funding for the Medicaid population and to access federal funding for the indigent population through the Texas Medicaid supplemental payment programs. Under these programs, the Hospital contributes certain government funds to the state of Texas. SOWT funds certain costs of care to the Medicaid and Non-Medicaid indigent in the County and surrounding areas. These services were valued at approximately \$713,519 for the year ended December 31, 2020.

On December 12, 2011, the United States Department of Health and Human Services approved a Medicaid Section 1115(a) demonstration project entitled “Texas Health Transformation Quality Improvement Program” (the Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The revenue from the two funding pools is recognized as earned throughout the related demonstration year. Total revenue recognized from these programs was approximately \$1,989,248 for the years ended December 31, 2020 and is included as supplemental Medicaid funding in the accompanying statements of revenues, expenses and changes in net position.

The Waiver is effective from December 12, 2011 to December 31, 2017. On May 2, 2017, the Texas Health and Human Services Commission (HHSC) announced CMS has agreed to extend the Waiver through December 2022 at current funding levels. During the extension period, HHSC and CMS will continue negotiating a longer term extension.

The programs described above are subject to review and scrutiny by both the Texas Legislature and the CMS and the programs could be modified or terminated based on new legislation or regulation in future periods.

NOTE 16 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain Statements by one year including:

Statement No. 83, Certain Asset Retirement Obligations, Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90, Majority Equity Interests, Statement No. 91, Conduit Debt Obligations, Statement No. 92, Omnibus 2020, and Statement No. 93, Replacement of Interbank Offered Rates.

The statement further postponed the effective date for Statement No. 87, *Leases*, by 18 months.

NOTE 17 – NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at December 31, 2020.

GASB Statement No. 87, Leases. Effective for fiscal years beginning after December 15, 2019 (June 15, 2021 by Statement No 95).

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2019 (December 15, 2020 by Statement No. 95).

GASB Statement No. 91, Conduit Debt Obligations. Effective for reporting periods beginning after December 15, 2020 (December 15, 2021 by Statement No. 95)

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date.

NOTE 18 – COVID-19

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have had an adverse affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and County residents (including social distancing and working from home).

The County has received financial assistance from both the State of Texas and the Federal government through various grant programs designed to limit the spread of the virus and to provide vaccines for county residents.

The County's evaluation of the effects of these events is ongoing as of the date the accompanying financial statements were issued. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
YOAKUM COUNTY**

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 13,391,176	13,391,176	13,228,526	(162,650)
Intergovernmental:	243,477	243,477	362,340	118,863
Charges for services	440,850	440,850	711,419	270,569
Licenses, fees and permits	15,350	15,350	11,737	(3,613)
Fines and forfeitures	121,250	121,250	133,828	12,578
Interest	500,000	500,000	248,818	(251,182)
Other	99,263	99,263	243,699	144,436
<i>Total revenues</i>	14,811,366	14,811,366	14,940,367	129,001
Expenditures				
Current				
County judge	249,230	249,230	261,365	(12,135)
Commissioners' court	35,270	35,270	11,180	24,090
County clerk	393,098	393,098	366,332	26,766
Human resources	99,485	99,485	88,392	11,093
Veteran services	11,418	11,418	-	11,418
Administrative and general	3,584,381	3,584,381	3,427,589	156,792
Judicial	155,794	155,794	27,318	128,476
District judge	131,021	131,021	117,718	13,303
District clerk	301,195	301,195	286,366	14,829
Justice of the peace #1	210,222	210,222	192,430	17,792
Justice of the peace #2	288,620	288,620	269,213	19,407
Criminal district attorney	449,866	449,866	411,637	38,229
County auditor	323,738	323,738	292,793	30,945
County treasurer	281,812	281,812	253,149	28,663
Tax assessor/collector	509,730	509,730	488,206	21,524
Maintenance	1,115,783	1,115,783	993,603	122,180
County sheriff	2,253,629	2,253,629	2,095,053	158,576
Juvenile probation	197,000	197,000	164,632	32,368
Health and sanitation	454,305	454,305	411,138	43,167
Welfare	15,000	15,000	-	15,000
Plains library	197,418	197,418	187,651	9,767
Denver city library	286,499	286,499	287,871	(1,372)
Parks and recreation	1,320,187	1,320,187	1,031,136	289,051
County agricultural agent	119,012	119,012	84,120	34,892
Elections	49,449	49,449	43,404	6,045
Non departmental	2,844,834	2,844,834	883,106	1,961,728
Capital outlay	895,910	895,910	419,418	476,492
<i>Total expenditures</i>	16,773,906	16,773,906	13,094,820	3,679,086
<i>Excess (deficiency) of revenues over expenditures</i>	(1,962,540)	(1,962,540)	1,845,547	3,808,087
Other financing sources (uses):				
Transfers	(5,033,612)	(5,033,612)	(2,016,455)	3,017,157
<i>Total other financing sources (uses)</i>	(5,033,612)	(5,033,612)	(2,016,455)	3,017,157
Net changes in fund balances	(6,996,152)	(6,996,152)	(170,908)	6,825,244
Fund balance - beginning of year	25,511,468	25,511,468	25,511,468	
Fund balance, end of year	\$ 18,515,316	18,515,316	25,340,560	

**STATE OF NEW MEXICO
YOAKUM COUNTY**

FARM/MARKET LATERAL ROADS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	3,178,168	3,178,168	3,154,134	(24,034)
Interest and other	<u>15,000</u>	<u>15,000</u>	<u>6,217</u>	<u>(8,783)</u>
<i>Total revenues</i>	<u>3,193,168</u>	<u>3,193,168</u>	<u>3,160,351</u>	<u>(32,817)</u>
Expenditures				
Current				
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,193,168</u>	<u>3,193,168</u>	<u>3,160,351</u>	<u>(32,817)</u>
Other financing sources (uses):				
Transfers	<u>(3,193,168)</u>	<u>(3,193,168)</u>	<u>(3,206,852)</u>	<u>(13,684)</u>
<i>Total other financing sources (uses)</i>	<u>(3,193,168)</u>	<u>(3,193,168)</u>	<u>(3,206,852)</u>	<u>(13,684)</u>
Net changes in fund balances	-	-	(46,501)	<u>(46,501)</u>
Fund balance - beginning of year	<u>(760,471)</u>	<u>(760,471)</u>	<u>(760,471)</u>	
Fund balance, end of year	<u>\$(760,471)</u>	<u>(760,471)</u>	<u>(806,972)</u>	

**STATE OF TEXAS
YOAKUM COUNTY**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, 2020

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,647,444	1,666,019	1,664,232	1,794,323	1,651,217	1,625,361
Interest (on total pension liability)	4,974,727	4,787,726	4,510,469	4,262,067	4,034,107	3,781,757
Effects of plan change	93,537	-	-	-	(313,979)	-
Difference between expected and actual experience		(533,111)	166,903	(573,007)	(151,993)	169,636
Change in assumptions		-	424,799	-	710,538	-
Benefit payments, including refunds of employee contributions	(3,699,350)	(3,491,515)	(3,204,611)	(3,197,976)	(2,792,530)	(2,549,057)
Net change in total pension liability	3,016,358	2,429,119	3,561,792	2,285,407	3,137,360	3,027,697
Total pension liability - beginning	61,582,596	59,153,477	55,591,685	53,306,278	50,168,918	47,141,221
Total pension liability - ending (a)	\$ 64,598,954	61,582,596	59,153,477	55,591,685	53,306,278	50,168,918
Plan fiduciary net position						
Contributions - employer	\$ 2,823,096	1,773,491	1,730,230	1,766,707	1,619,006	1,652,615
Contributions - employee	1,063,473	1,034,539	1,009,304	997,056	977,555	983,241
Net investment income	9,157,194	(1,080,454)	7,393,364	3,523,998	170,612	3,050,649
Benefit payments, including refunds of employee contributions	(3,699,350)	(3,491,515)	(3,204,611)	(3,197,976)	(2,792,530)	(2,549,057)
Administrative expense	(49,588)	(44,789)	(38,297)	(38,410)	(34,320)	(35,472)
Other	15,417	(14,577)	(6,594)	(78,548)	148,913	55,837
Net change in plan fiduciary net position	9,310,242	(1,823,305)	6,883,396	2,972,827	89,236	3,157,813
Plan fiduciary net position - beginning	55,762,927	57,586,232	50,702,836	47,730,009	47,640,773	44,482,960
Plan fiduciary net positions - ending (b)	\$ 65,073,169	55,762,927	57,586,232	50,702,836	47,730,009	47,640,773
Net pension liability/(asset), ending (a)-(b)	(474,215)	5,819,669	1,567,245	4,888,849	5,576,269	2,528,145
Plan fiduciary net position as a percentage of total pension liability	100.73%	90.55%	97.35%	91.21%	89.54%	94.96%
Covered employee payroll	\$ 15,192,471	14,779,131	14,418,630	14,243,659	13,965,075	13,471,245
County's net pension liability as a percentage of covered employee payroll	-3.12%	39.38%	10.87%	34.32%	39.93%	18.77%

NOTE: The County implemented GASB Statement No. 68 in fiscal year 2015. Information in this table has been determined as of the measurement date (December 31, 2017) of the net pension liability and will ultimately contain information for ten years. However, until a full ten-year trend is available, only the years available will be included.

**STATE OF TEXAS
YOAKUM COUNTY**

SCHEDULE OF CONTRIBUTIONS

YEAR ENDED DECEMBER 31, 2020

	Actuarially Determined Contribution	Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
12/31/2019	\$ 1,212,359	2,823,096	(1,610,737)	15,192,471	18.6%
12/31/2018	1,228,146	1,773,491	(545)	14,779,131	12.0%
12/31/2017	1,216,932	1,730,230	(513,298)	14,418,630	12.0%
12/31/2016	1,297,597	1,766,707	(469,110)	14,243,659	12.4%
12/31/2015	1,294,562	1,673,230	(324,444)	13,965,075	11.6%
12/31/2014	1,289,198	1,652,615	(363,417)	13,471,245	12.3%
12/31/2013	1,238,519	1,561,177	(322,658)	12,996,006	12.0%
12/31/2012	1,160,243	1,492,272	(332,029)	12,435,612	12.0%
12/31/2011	1,115,819	1,455,415	(339,596)	12,128,470	12.0%
12/31/2010	1,079,202	1,230,710	(151,508)	11,654,447	10.6%
12/31/2009	1,086,429	1,205,114	(118,685)	11,412,067	10.6%
12/31/2008	1,038,566	1,079,590	(41,024)	10,795,903	10.0%
12/31/2007	918,030	948,378	(30,348)	9,483,785	10.0%

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 contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	2.1 years
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: new inflation, mortality and other assumptions were reflected. 2017: new mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule*	2015: no changes in plan provisions were reflected in the schedule. 2016: no changes in plan provisions were reflected in the schedule. 2017: new annuity purchase rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the schedule. 2019: No changes in plan provisions were reflected in the schedule

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

**STATE OF TEXAS
YOAKUM COUNTY**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 3,283,398	3,562,556	3,079,139
Interest (on the total OPEB liability)	2,299,848	2,053,331	2,038,550
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(10,600,023)	(57,472)	-
Change of assumptions	4,273,409	(3,950,557)	4,618,658
Benefit payments	<u>(1,497,555)</u>	<u>(1,526,334)</u>	<u>(1,371,926)</u>
Net change in total OPEB liability	(2,240,923)	81,524	8,364,421
Total OPEB liability - beginning	<u>61,097,586</u>	<u>61,016,062</u>	<u>52,651,641</u>
Total OPEB liability - ending (a)	<u>\$ 58,856,663</u>	<u>61,097,586</u>	<u>61,016,062</u>
Covered payroll	14,206,155	12,149,445	13,052,157
County's total OPEB liability as a percentage	414.30%	502.88%	467.48%

Note: The County implemented GASB Statement No. 75 in FY 2018. Information in this table has been determined as of the measurement date (December 31) of the total OPEB liability and will ultimately contain information for ten years.

Changes in assumptions: reflect a change in the discount rate from 3.71% as of December 31, 2018 to 1.75% as of December 31, 2019, and updates to the healthcare trend assumption to reflect the repeal of the "Cadillac Tax" and to better reflect the plan's anticipated experience.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OTHER SUPPLEMENTARY INFORMATION

**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	Road and Bridge Precinct 1	Road and Bridge Precinct 2	Road and Bridge Precinct 3	Road and Bridge Precinct 4
	151	152	153	154
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 1,742,129	1,494,441	1,216,651	463,555
Investments	745,517	1,213,924	184,282	915,105
Taxes receivable, net	-	-	-	-
Intergovernmental receivables	1,735	-	77,800	62,471
Due from agency and other funds	93,795	93,796	93,796	93,796
Prepaid expenses	4,765	4,707	3,712	3,912
<i>Total current assets</i>	\$ 2,587,941	2,806,868	1,576,241	1,538,839
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ 2,000	1,291	3,563	9,770
Accrued payroll liabilities	15,732	15,694	13,350	16,041
Other payable	-	-	-	-
Due to other funds	-	-	-	-
<i>Total current liabilities</i>	17,732	16,985	16,913	25,811
<i>Deferred inflows:</i>				
Unavailable revenue - tax revenue	-	-	-	-
Unavailable revenue - advance tax collections	-	-	-	-
<i>Total deferred inflows</i>	-	-	-	-
<i>Fund balances (deficit)</i>				
Restricted	2,570,209	2,789,883	1,559,328	1,513,028
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	2,570,209	2,789,883	1,559,328	1,513,028
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	\$ 2,587,941	2,806,868	1,576,241	1,538,839

<u>City Streets</u>	<u>Road and Bridge</u>	<u>Lateral Road</u>	<u>Jury</u>	<u>County Clerk Records Management</u>	<u>County Clerk Records Archives</u>
<u>155</u>	<u>160</u>	<u>180</u>	<u>200</u>	<u>210</u>	<u>211</u>
151,136	1	1	430,638	177,963	283,823
-	-	-	603,752	58,023	-
-	318,880	-	73,881	-	-
-	-	-	5,383	-	-
-	43,999	-	10,269	1,790	1,771
-	-	-	-	-	-
<u>151,136</u>	<u>362,880</u>	<u>1</u>	<u>1,123,923</u>	<u>237,776</u>	<u>285,594</u>
-	-	-	82	-	-
-	-	-	3,776	-	-
-	-	-	-	-	-
-	<u>44,001</u>	-	-	-	-
-	<u>44,001</u>	-	<u>3,858</u>	-	-
-	312,068	-	72,303	-	-
-	<u>114,284</u>	-	<u>26,478</u>	-	-
-	<u>426,352</u>	-	<u>98,781</u>	-	-
151,136	-	1	1,021,284	237,776	285,594
-	(107,473)	-	-	-	-
<u>151,136</u>	<u>(107,473)</u>	<u>1</u>	<u>1,021,284</u>	<u>237,776</u>	<u>285,594</u>
<u>151,136</u>	<u>362,880</u>	<u>1</u>	<u>1,123,923</u>	<u>237,776</u>	<u>285,594</u>

**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	District Clerk Records Management 212	Family Protection 213	Child Abuse Prevention 214	District Clerk Records Archives 215
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 6,631	1,805	347	6,095
Investments	-	-	-	-
Taxes receivable, net	-	-	-	-
Intergovernmental receivables	-	-	-	-
Due from agency and other funds	14	15	-	15
Prepaid expenses	-	-	-	-
<i>Total current assets</i>	\$ 6,645	1,820	347	6,110
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Other payable	-	-	-	-
Due to other funds	-	-	-	-
<i>Total current liabilities</i>	-	-	-	-
<i>Deferred inflows:</i>				
Unavailable revenue - tax revenue	-	-	-	-
Unavailable revenue - advance tax collections	-	-	-	-
<i>Total deferred inflows</i>	-	-	-	-
<i>Fund balances (deficit)</i>				
Restricted	6,645	1,820	347	6,110
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	6,645	1,820	347	6,110
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	\$ 6,645	1,820	347	6,110

County and District Court Technology 216	Justice Court Technology JP1 217	Justice Court Technology JP2 218	Special Funds Pooled Cash 219	Courthouse Security 220	Justice Court Building Security 221
3,102	25,604	7,057	248,671	43,518	3,543
-	-	-	-	-	-
-	-	-	-	-	-
2	3,907	1,174	-	2,837	939
-	-	-	-	-	-
<u>3,104</u>	<u>29,511</u>	<u>8,231</u>	<u>248,671</u>	<u>46,355</u>	<u>4,482</u>
-	900	900	-	-	1,317
-	-	-	-	-	-
-	-	-	248,671	-	-
-	-	-	-	-	-
-	<u>900</u>	<u>900</u>	<u>248,671</u>	-	<u>1,317</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,104	28,611	7,331	-	46,355	3,165
-	-	-	-	-	-
<u>3,104</u>	<u>28,611</u>	<u>7,331</u>	-	<u>46,355</u>	<u>3,165</u>
<u>3,104</u>	<u>29,511</u>	<u>8,231</u>	<u>248,671</u>	<u>46,355</u>	<u>4,482</u>

**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	Specialty Court Fund 225	Criminal District Attorney 230	Pretrial Diversion 232	Truancy Prevention and Diversion 233
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 151	7,329	18,648	-
Investments	-	-	-	-
Taxes receivable, net	-	-	-	-
Intergovernmental receivables	-	-	-	-
Due from agency and other funds	-	-	-	3,808
Prepaid expenses	-	-	-	-
<i>Total current assets</i>	\$ 151	7,329	18,648	3,808
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Other payable	-	-	-	-
Due to other funds	-	-	-	-
<i>Total current liabilities</i>	-	-	-	-
<i>Deferred inflows:</i>				
Unavailable revenue - tax revenue	-	-	-	-
Unavailable revenue - advance tax collections	-	-	-	-
<i>Total deferred inflows</i>	-	-	-	-
<i>Fund balances (deficit)</i>				
Restricted	151	7,329	18,648	3,808
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	151	7,329	18,648	3,808
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	\$ 151	7,329	18,648	3,808

Jail Commissary 235	Law Library 260	Probate Education 270	Abandoned Vehicles 277	Special Video 280	TAC Special Inventory 295
33,707	4,855	1,107	333	7,581	1,466
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,664	225	30	-	-	27
-	-	-	-	-	-
<u>37,371</u>	<u>5,080</u>	<u>1,137</u>	<u>333</u>	<u>7,581</u>	<u>1,493</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
37,371	5,080	1,137	333	7,581	1,493
-	-	-	-	-	-
<u>37,371</u>	<u>5,080</u>	<u>1,137</u>	<u>333</u>	<u>7,581</u>	<u>1,493</u>
<u>37,371</u>	<u>5,080</u>	<u>1,137</u>	<u>333</u>	<u>7,581</u>	<u>1,493</u>

**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	Yoakum County Forfeiture 300	Sheriff's Office Seizure Fund 304	Sheriff's Office Forfeiture Fund 305	CDA Forfeiture Fund 306
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 8	2,887	4,613	4,603
Investments	-	-	-	-
Taxes receivable, net	-	-	-	-
Intergovernmental receivables	-	-	-	-
Due from agency and other funds	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total current assets</i>	\$ 8	2,887	4,613	4,603
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Other payable	-	-	-	-
Due to other funds	-	-	-	-
<i>Total current liabilities</i>	-	-	-	-
<i>Deferred inflows:</i>				
Unavailable revenue - tax revenue	-	-	-	-
Unavailable revenue - advance tax collections	-	-	-	-
<i>Total deferred inflows</i>	-	-	-	-
<i>Fund balances (deficit)</i>				
Restricted	8	2,887	4,613	4,603
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	8	2,887	4,613	4,603
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	\$ 8	2,887	4,613	4,603

CDA Seizure Fund	YC Records Management	Court Records Preservation	Yoakum County Airport	Yoakum County Landfill	HAVA Grant Fund
<u>307</u>	<u>320</u>	<u>321</u>	<u>340</u>	<u>360</u>	<u>380</u>
317	13,897	5,344	383	722,402	61,454
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	808	-	-
-	60	15	-	-	-
-	-	-	-	1,145	-
<u>317</u>	<u>13,957</u>	<u>5,359</u>	<u>1,191</u>	<u>723,547</u>	<u>61,454</u>
-	-	-	584	283,960	5,513
-	-	-	-	7,555	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	584	291,515	5,513
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
317	13,957	5,359	607	432,032	55,941
-	-	-	-	-	-
<u>317</u>	<u>13,957</u>	<u>5,359</u>	<u>607</u>	<u>432,032</u>	<u>55,941</u>
<u>317</u>	<u>13,957</u>	<u>5,359</u>	<u>1,191</u>	<u>723,547</u>	<u>61,454</u>

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**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	Justice Assistance Grant 384	Library Grants 390	Nursing Home Debt 620	Permanent Improvement 700	Total Non-Major Funds
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 871	4,823	806	355,578	7,559,874
Investments	-	-	-	1,055	3,721,658
Taxes receivable, net	-	-	429,111	1,235,298	2,057,170
Intergovernmental receivables	-	-	-	-	148,197
Due from agency and other funds	-	-	60,074	170,447	680,265
Prepaid expenses	-	-	-	-	18,241
<i>Total current assets</i>	<u>\$ 871</u>	<u>4,823</u>	<u>489,991</u>	<u>1,762,378</u>	<u>14,185,405</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
<i>Current liabilities:</i>					
Accounts payable	\$ -	-	-	-	309,880
Accrued payroll liabilities	-	-	-	-	72,148
Other payable	-	-	-	-	248,671
Due to other funds	<u>870</u>	<u>-</u>	<u>48,931</u>	<u>-</u>	<u>93,802</u>
<i>Total current liabilities</i>	<u>870</u>	<u>-</u>	<u>48,931</u>	<u>-</u>	<u>724,501</u>
<i>Deferred inflows:</i>					
Unavailable revenue - tax revenue	-	-	419,944	1,208,909	2,013,224
Unavailable revenue - advance tax collections	<u>-</u>	<u>-</u>	<u>153,790</u>	<u>442,721</u>	<u>737,273</u>
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>573,734</u>	<u>1,651,630</u>	<u>2,750,497</u>
<i>Fund balances (deficit)</i>					
Restricted	1	4,823	-	110,748	10,950,553
Unassigned	<u>-</u>	<u>-</u>	<u>(132,674)</u>	<u>-</u>	<u>(240,146)</u>
<i>Total fund balance (deficit)</i>	<u>1</u>	<u>4,823</u>	<u>(132,674)</u>	<u>110,748</u>	<u>10,710,407</u>
<i>Total liabilities, deferred inflows, and fund balance (deficit)</i>	<u>\$ 871</u>	<u>4,823</u>	<u>489,991</u>	<u>1,762,378</u>	<u>14,185,405</u>

**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Road and Bridge Precinct 1 <u>151</u>	Road and Bridge Precinct 2 <u>152</u>	Road and Bridge Precinct 3 <u>153</u>	Road and Bridge Precinct 4 <u>154</u>
Revenues				
Taxes	\$ 111,571	111,572	111,573	111,573
Intergovernmental	259,158	156,983	340,677	244,931
Permits and charges for service	6,967	9,967	8,967	6,467
Interest and other	<u>18,181</u>	<u>17,070</u>	<u>21,194</u>	<u>8,898</u>
<i>Total revenues</i>	<u>395,877</u>	<u>295,592</u>	<u>482,411</u>	<u>371,869</u>
Expenditures				
Current				
Public safety	-	-	-	-
Public works	947,310	903,008	966,279	796,542
Capital outlay	291,560	35,260	122,813	283,638
Debt service				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total expenditures</i>	<u>1,238,870</u>	<u>938,268</u>	<u>1,089,092</u>	<u>1,080,180</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(<u>842,993</u>)	(<u>642,676</u>)	(<u>606,681</u>)	(<u>708,311</u>)
Other financing sources (uses):				
Transfers in	909,011	909,011	909,011	909,011
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>909,011</u>	<u>909,011</u>	<u>909,011</u>	<u>909,011</u>
Net changes in fund balances	66,018	266,335	302,330	200,700
Fund balances (deficit) - beginning of year	<u>2,504,191</u>	<u>2,523,548</u>	<u>1,256,998</u>	<u>1,312,328</u>
Fund balances (deficit) - end of year	<u>\$ 2,570,209</u>	<u>\$ 2,789,883</u>	<u>\$ 1,559,328</u>	<u>\$ 1,513,028</u>

City Streets 155	Road and Bridge 160	Lateral Road 180	Jury 200	County Clerk Records Management 210	County Clerk Records Archives 211
-	422,430	-	97,871	-	-
-	-	16,229	67,115	-	-
-	-	-	92	25,643	25,527
<u>1,050</u>	<u>967</u>	<u>3</u>	<u>27,120</u>	<u>1,596</u>	<u>2,101</u>
<u>1,050</u>	<u>423,397</u>	<u>16,232</u>	<u>192,198</u>	<u>27,239</u>	<u>27,628</u>
-	-	-	112,137	17,785	-
-	-	16,231	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>16,231</u>	<u>112,137</u>	<u>17,785</u>	<u>-</u>
<u>1,050</u>	<u>423,397</u>	<u>1</u>	<u>80,061</u>	<u>9,454</u>	<u>27,628</u>
-	-	-	-	-	-
<u>-</u>	<u>(429,192)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(429,192)	-	-	-	-
<u>1,050</u>	<u>(5,795)</u>	<u>1</u>	<u>80,061</u>	<u>9,454</u>	<u>27,628</u>
<u>150,086</u>	<u>(101,678)</u>	<u>-</u>	<u>941,223</u>	<u>228,322</u>	<u>257,966</u>
<u>\$ 151,136</u>	<u>\$(107,473)</u>	<u>\$ 1</u>	<u>\$ 1,021,284</u>	<u>\$ 237,776</u>	<u>\$ 285,594</u>

**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	District Clerk Records Management 212	Family Protection 213	Child Abuse Prevention 214	District Clerk Records Archives 215
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Permits and charges for service	494	349	3	395
Interest and other	49	13	3	45
<i>Total revenues</i>	543	362	6	440
Expenditures				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	543	362	6	440
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net changes in fund balances	543	362	6	440
Fund balances (deficit) - beginning of year	6,102	1,458	341	5,670
Fund balances (deficit) - end of year	\$ 6,645	1,820	347	6,110

County and District Court Technology 216	Justice Court Technology JP1 217	Justice Court Technology JP2 218	Special Funds Pooled Cash 219	Courthouse Security 220	Justice Court Building Security 221
-	-	-	-	-	-
-	-	-	-	-	-
117	4,457	1,506	-	3,786	1,159
24	210	75	-	337	27
<u>141</u>	<u>4,667</u>	<u>1,581</u>	<u>-</u>	<u>4,123</u>	<u>1,186</u>
-	4,721	5,389	-	-	1,316
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>4,721</u>	<u>5,389</u>	<u>-</u>	<u>-</u>	<u>1,316</u>
<u>141</u>	<u>(54)</u>	<u>(3,808)</u>	<u>-</u>	<u>4,123</u>	<u>(130)</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
141	(54)	(3,808)	-	4,123	(130)
<u>2,963</u>	<u>28,665</u>	<u>11,139</u>	<u>-</u>	<u>42,232</u>	<u>3,295</u>
<u>3,104</u>	<u>28,611</u>	<u>7,331</u>	<u>-</u>	<u>46,355</u>	<u>3,165</u>

**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Specialty Court Fund <u>225</u>	Criminal District Attorney <u>230</u>	Pretrial Diversion <u>232</u>	Truancy Prevention and Diversion <u>233</u>
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Permits and charges for service	151	-	2,085	3,808
Interest and other	-	58	149	-
	<u>151</u>	<u>58</u>	<u>2,234</u>	<u>3,808</u>
<i>Total revenues</i>				
	<u>151</u>	<u>58</u>	<u>2,234</u>	<u>3,808</u>
Expenditures				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total expenditures</i>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>				
	<u>151</u>	<u>58</u>	<u>2,234</u>	<u>3,808</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	151	58	2,234	3,808
Fund balances (deficit) - beginning of year	<u>-</u>	<u>7,271</u>	<u>16,414</u>	<u>-</u>
Fund balances (deficit) - end of year	<u>\$ 151</u>	<u>7,329</u>	<u>18,648</u>	<u>3,808</u>

Jail Commissary 235	Law Library 260	Probate Education 270	Abandoned Vehicles 277	Special Video 280	TAC Special Inventory 295
-	-	-	-	-	-
-	-	-	-	-	-
18,784	2,293	130	-	97	-
<u>229</u>	<u>31</u>	<u>8</u>	<u>3</u>	<u>59</u>	<u>38</u>
<u>19,013</u>	<u>2,324</u>	<u>138</u>	<u>3</u>	<u>156</u>	<u>38</u>
9,589	1,135	-	346	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,589</u>	<u>1,135</u>	<u>-</u>	<u>346</u>	<u>-</u>	<u>-</u>
<u>9,424</u>	<u>1,189</u>	<u>138</u>	<u>(343)</u>	<u>156</u>	<u>38</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
9,424	1,189	138	(343)	156	38
<u>27,947</u>	<u>3,891</u>	<u>999</u>	<u>676</u>	<u>7,425</u>	<u>1,455</u>
<u>37,371</u>	<u>5,080</u>	<u>1,137</u>	<u>333</u>	<u>7,581</u>	<u>1,493</u>

**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Yoakum County Forfeiture <u>300</u>	Sheriff's Office Seizure Fund <u>304</u>	Sheriff's Office Forfeiture Fund <u>305</u>	CDA Forfeiture Fund <u>306</u>
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Permits and charges for service	-	-	-	-
Interest and other	-	24	35	36
	-	24	35	36
<i>Total revenues</i>	-	24	35	36
Expenditures				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	24	35	36
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net changes in fund balances	-	24	35	36
Fund balances (deficit) - beginning of year	8	2,863	4,578	4,567
Fund balances (deficit) - end of year	\$ 8	2,887	4,613	4,603

CDA Seizure Fund <u>307</u>	YC Records Management <u>320</u>	Court Records Preservation <u>321</u>	Yoakum County Airport <u>340</u>	Yoakum County Landfill <u>360</u>	HAVA Grant Fund <u>380</u>
-	-	-	-	-	-
-	-	-	2,784	-	127,247
-	949	281	6,000	195,059	-
<u>2</u>	<u>152</u>	<u>40</u>	<u>62</u>	<u>23,064</u>	<u>164</u>
<u>2</u>	<u>1,101</u>	<u>321</u>	<u>8,846</u>	<u>218,123</u>	<u>127,411</u>
-	7,400	-	-	-	71,470
-	-	-	9,345	379,418	-
-	-	-	-	787,694	-
-	-	-	-	51,232	-
-	-	-	-	<u>1,318</u>	-
-	<u>7,400</u>	-	<u>9,345</u>	<u>1,219,662</u>	<u>71,470</u>
<u>2</u>	<u>(6,299)</u>	<u>321</u>	<u>(499)</u>	<u>(1,001,539)</u>	<u>55,941</u>
-	-	-	-	423,124	-
-	-	-	-	-	-
-	-	-	-	423,124	-
2	(6,299)	321	(499)	(578,415)	55,941
<u>315</u>	<u>20,256</u>	<u>5,038</u>	<u>1,106</u>	<u>1,010,447</u>	-
<u>317</u>	<u>13,957</u>	<u>5,359</u>	<u>607</u>	<u>432,032</u>	<u>55,941</u>

**STATE OF TEXAS
YOAKUM COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Justice Assistance Grant 384	Library Grants 390	Nursing Home Debt 620	Permanent Improvement 700	Total Non-Major Funds
Revenues					
Taxes	\$ -	-	568,111	1,635,722	3,170,423
Intergovernmental	59,930	-	-	-	1,275,054
Permits and charges for service	-	-	-	-	325,533
Interest and other	-	-	1,045	13,181	137,343
	<u>59,930</u>	<u>-</u>	<u>569,156</u>	<u>1,648,903</u>	<u>4,908,353</u>
Total revenues					
Expenditures					
Current					
Public safety	431	-	-	-	231,719
Public works	-	-	-	-	4,018,133
Capital outlay	64,844	-	-	1,786,931	3,372,740
Debt service					
Principal	-	-	535,000	-	586,232
Interest	-	-	28,189	-	29,507
	<u>65,275</u>	<u>-</u>	<u>563,189</u>	<u>1,786,931</u>	<u>8,238,331</u>
Total expenditures					
<i>Excess (deficiency) of revenues over expenditures</i>	(5,345)	-	5,967	(138,028)	(3,329,978)
Other financing sources (uses):					
Transfers in	5,044	-	-	-	4,064,212
Transfers out	-	-	-	-	(429,192)
	<u>5,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,635,020</u>
Total other financing sources (uses)					
Net changes in fund balances	(301)	-	5,967	(138,028)	305,042
Fund balances (deficit) - beginning of year	<u>302</u>	<u>4,823</u>	<u>(138,641)</u>	<u>248,776</u>	<u>10,405,365</u>
Fund balances (deficit) - end of year	\$ <u>1</u>	<u>4,823</u>	<u>(132,674)</u>	<u>110,748</u>	<u>10,710,407</u>

COMPLIANCE

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

To the Honorable County Judge and
Members of the County Commission
Yoakum County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities, business-type activities, each major fund, and the aggregate remaining fund information of Yoakum County, Texas (the "County") as of and for the year ended December 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 15, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for determining 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County'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 questions costs as items 2020-01 to be a material weakness.

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 questions costs as items 2020-02 to be a significant deficiency.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The

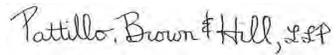
OFFICE LOCATIONS

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

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
July 15, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE STATE OF TEXAS
UNIFORM GRANT MANAGEMENT STANDARDS**

To the Honorable County Judge and
Members of the County Commission
Yoakum County, Texas

Report on Compliance for Each Major State Program

We have audited the compliance of Yoakum County, Texas (the "County") with the types of compliance requirements described in the State of Texas' *Uniform Grant Management Standards* ("UGMS") that could have a direct and material effect on each of the County's major state programs for the year ended December 31, 2020. The County's major state 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 state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state 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 the audit requirements of *UGMS*. Those standards 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Program

In our opinion, the 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 state programs for the year ended December 31, 2020.

OFFICE LOCATIONS

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Report on Internal Control over Compliance

Management of the 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 the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state 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 state program and to test and report on internal control over compliance in accordance with *UGMS*, 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 the 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 state 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 state 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 state 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.

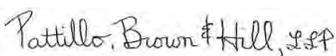
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Report on Schedule of Expenditures of State Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 15, 2022, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the audit requirements of *UGMS* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 *UGMS*. Accordingly, this report is not suitable for any other purpose.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
July 15, 2022

**STATE OF TEXAS
YOAKUM COUNTY**

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>State Grantor/Program Title</u>	<u>State Grantors Number</u>	<u>Total State Expenditures</u>
<u>Office of Court Administration</u>		
Formula Grant Program	212-20-250	\$ 20,569
Total Office of Court Administration		<u>20,569</u>
<u>Texas Department of Agriculture</u>		
Home-Delivered Meal Program	HDM-20-5066	1,611
Total Texas Department of Agriculture		<u>1,611</u>
<u>Texas Transportation Commission</u>		
County Transportation Infrastructure Program (CTIF)	CTIF 02-	1,001,749
Routine Airport Maintenance Program	M2005PLAI	2,784
Total Texas Transportation Commission		<u>1,004,533</u>
<u>Texas Office of the Governor</u>		
NB-National Incident-Based Reporting System (NIBRS)		42,730
Total Texas Office of the Governor		<u>42,730</u>
Total Expenditures of State Awards		\$ <u><u>1,069,443</u></u>

The accompanying notes are an integral part of this schedule.

**STATE OF TEXAS
YOAKUM COUNTY**

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of State Awards (the "Schedule") includes the state grant activity of the County under programs of the State of Texas for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of the State of Texas Single Audit Circular. Because the schedule presents only a selected portion of the operations of the County, it is not intended and does not present the financial position, changes in net position/fund balance or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

Yoakum County, Texas, accounts for state funding using the modified accrual method of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences, claims and judgements, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Equipment purchases for grant purposes are treated as expenditures in the Schedule of Expenditures of State Awards. State grant funds are considered to be earned to the extent of qualifying expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenue until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

**YOAKUM COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting: Material Weakness reported?	Yes
Significant deficiencies reported not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

State Awards

Internal control over major programs: Material weaknesses reported?	No
Significant deficiencies reported not considered to be material weaknesses?	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 Uniform Guidance?	No
Identification of major programs:	
<u>State Grant Number</u> CTIF	<u>Name of State Program</u> County Transportation Infrastructure Program
Dollar threshold used to distinguish Between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001 (2019-001) Lack of Reconciliation of Significant Accounts (Material Weakness) (Repeated)

CONDITION: During the performance of the audit, it was noted that there was a lack of reconciliation of significant accounts for Shinnery Oaks Community. Accounts noted were Accounts Payable, Accounts Receivable, and Cash.

CRITERIA: Proper and timely reconciliations are necessary internal controls to determine the accuracy and completeness of financial records. This detective control is necessary to catch errors in the financial records whether due to human error or fraudulent activity.

CAUSE: Shinnery Oaks Community does not have adequate controls over recording and reconciling detail activity to account balances for certain asset and liability accounts.

YOAKUM COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020

EFFECT: Lack of timely and proper reconciliations of Cash accounts can lead to over or under valuation of cash on financial records, opportunity for fraudulent activity, and opportunity for financial statement errors. Lack of timely and proper reconciliations of account receivables can lead to over or under- statement of revenues, accounts receivables, or allowances for doubtful accounts. Lack of reconciliation may lead to financial statement errors due to nonexistent customers, overdue balances requiring allowance or write off, incorrect balances due to improper crediting of payments received, and other items. Lack of timely and proper reconciliation of account payable can lead to over or under-statement of expenses, opportunity for fraudulent activity, and opportunity for financial statement errors due to improper payable balances, invalid or fictitious vendors, and other items.

MANAGEMENT RESPONSE: 24 Karat Ventures, LLC, the management company for Shinnery Oaks Community, will ensure the proper and timely reconciliation of accounts payable, accounts receivable, and cash. 24 Karat Ventures, LLC will also provide documentation of such to commissioners' court monthly.

TIMELINE OF CORRECTIVE ACTION PLAN: Fiscal year 2023

RESPONSIBLE OFFICIAL: 24 Karat Ventures, LLC, management company for Shinnery Oaks Community.

2020-002 (2019-002) Lack of Depreciation Schedule (Significant Deficiency) (Repeated)

CONDITION: During the performance of the audit, it was noted that there was no depreciation schedule being maintained by management for Shinnery Oaks Community. Capital assets recorded were not adequately maintained; detailed reports have not been properly updated and adjusted during the year.

CRITERIA: Maintenance of Capital Asset records are required for effective internal controls. Maintenance of capital assets records and review of records are detective controls that are necessary to catch errors in the financial records whether due to human error or fraudulent activity.

CAUSE: Shinnery Oaks Community does not have adequate controls over capital asset records and reconciling of capital assets to account balances.

EFFECT: Failure to maintain accurate and up to date records can lead to misstatements in financial records due to overstatement of expenses that should be capitalized per policy, improper depreciation of capital assets, failure to dispose of impaired or sold assets and recognition of associated gain/loss on disposal.

MANAGEMENT RESPONSE: 24 Karat Ventures, LLC, the management company for Shinnery Oaks Community, will ensure the establishment and maintenance of capital assets records and a capital asset depreciation schedule and provide documentation of such to commissioners' court monthly.

TIMELINE OF CORRECTIVE ACTION PLAN: Fiscal year 2023

RESPONSIBLE OFFICIAL: 24 Karat Ventures, LLC, management company for Shinnery Oaks Community.

**YOAKUM COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020**

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

<u>Description</u>	<u>Status</u>
2019-001 Lack of Reconciliation of Significant Accounts (Significant Deficiency)	Repeat
2019-002 Lack of Depreciation Schedule (Significant Deficiency)	Repeat