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RUTHERFORD,
TAYLOR &
COMPANY, P.C.
Certified Public Accountants

FILED FOR RECORD
at 1:30 o'clock P M

SEP 14 2021

BECKY LANDRUM
County Clerk, Hunt County, Tex.

3500 Joe Ramsey Blvd.

Greenville, Texas 75401

(903) 455-6252

By

Fax (903) 455-6667

County Judge and County Commissioners
Hunt County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hunt County, Texas (County) for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 16, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year except for the effects of the adoption of GASB accounting standards. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the County's financial statements were:

Management's estimate of the collectible fees and fines related to judicial actions is based on the collections over the years including the applicable collections at the various levels of the court. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits liability is based on the actuarial study completed by the outside party. The determination of the liability is based on stated assumptions along with historical data of contributions and payments made. We evaluated the data submitted to the actuary and other relevant information used to develop

the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the pension liability is based on the actuarial study completed by the outside party for the pension trust. The determination of the liability is based on stated assumptions along with historical data of contributions and payments made. We evaluated the data submitted to the actuary and other relevant information provided and used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was :

The disclosure of cash and investment amounts in *Note B – Cash and Investments* to the financial statements. The note describes the types and amounts invested in the name of the County. The County utilizes various local government investment pools to obtain safe yet readily available access to invested amounts. The County also invests with local depositories.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 16, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to County's financial statements or a determination of the type of

auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and Budgetary Comparison Schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the County Judge and Commissioner's Court and management of Hunt County, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.



August 16, 2021
Greenville, Texas

HUNT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2020

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
3500 Joe Ramsey Blvd.
Greenville, Texas 75401
(903) 455-6252

HUNT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2020

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<u>General Information</u>		
Roster of Public Officials	4	
 <u>Financial Section</u>		
Independent Auditor's Report	6	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8	
Independent Auditors Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.....	10	
Schedule of Findings and Questioned Costs	12	
Management's Discussion and Analysis (Required Supplementary Information)	17	
 <u>Basic Financial Statements:</u>		
Statement of Net Assets	28	A-1
Statement of Activities	29	A-2
Balance Sheet – Governmental Funds	30	A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets	31	A-4
Statement of Revenues, Expenditures and Changes in Fund Equity – Governmental Funds	32	A-5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Equity of Governmental Funds to the Statement of Activities	33	A-6
Statement of Net Assets – Fiduciary Funds.....	34	A-7
Notes to the Financial Statements	35	
 <u>Required Supplementary Information:</u>		
Budgetary Comparison Schedule – General Fund	59	B-1
Schedule of Changes in Net Pension Liability and Related Ratios	60	B-2
Schedule of Contributions	61	B-3
Schedule of Changes in OPEB liability and Related Ratios	62	B-4
Notes to Schedule of Contributions	63	
 <u>Federal Financial Section</u>		
Schedule of Federal Expenditures.....	66	C-1
Notes to the Schedule of Federal Expenditures.....	67	C-2

GENERAL INFORMATION

HUNT COUNTY, TEXAS
ROSTER OF PUBLIC OFFICIALS
SEPTEMBER 30, 2020

County Judge..... Bobby Stovall
Commissioner, Precinct 1..... Eric Evans
Commissioner, Precinct 2..... Randy Strait
Commissioner, Precinct 3..... Phillip Martin
Commissioner, Precinct 4..... Steve Harrison
County Auditor Bruce Ballard
County Clerk Jennifer Lindenzweig
County Treasurer..... Brittni Turner
County Tax Assessor Collector Randy Wineinger
County Attorney Joel Littlefield
County Sheriff Randy Meeks
Justice of the Peace, PCT 1, Place 1..... Wayne Money
Justice of the Peace, PCT 1, Place 2..... Sheila Linden
Justice of the Peace, PCT 2..... Kerry Crews
Justice of the Peace, PCT 3..... Christie Roundtree
Justice of the Peace, PCT 4..... David McNabb
District Clerk..... Susan Spradling

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Court -

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hunt County, Texas as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The schedules identified in the table of contents as other supplementary information are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



August 16, 2021
Greenville, Texas

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

Members of the Court -

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hunt County, Texas (County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 16, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control – Continued

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.

Rutherford, Taylor & Company, P.C.

August 16, 2021
Greenville, Texas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal 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 federal programs for the year ended September 30, 2020.

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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Internal Control over Compliance with the Uniform Guidance – Continued

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

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



August 16, 2021
Greenville, Texas

HUNT COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 YEAR ENDED SEPTEMBER 30, 2020

Summary of Auditor's Results

Financial Statements –

Type of auditor's report issued	Unmodified Opinion
Internal Control over Financial Reporting:	
Material Weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to the financial statements noted	None

Federal Awards –

Internal control over major programs:

Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported

Type of Auditor's report issued on compliance for major programs	Unmodified Opinion
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	No
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Identification of major programs	Caronavirus Relief Fund (21.019) Community Development Block Grant (14.228)
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Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
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Entity qualified as a low risk auditee	Yes
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Pass-through Entity	State of Texas
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HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Financial Statement Findings (Section II)

NONE

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Prior Year Findings (Section III)

NONE

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Federal Award Findings and Questioned Costs (Section IV)

NONE

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Corrective Action Plan (Section V)

NONE

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplemental Information)

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

As management of Hunt County, Texas (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2020. This discussion includes comparative data for the prior year. Please read it in conjunction with the basic financial statements and related notes which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

- The County's combined total net position is \$ 45,062,457 on September 30, 2020.
- For the year, the County's expenses were \$ 3,741,795 less than the \$ 50,033,098 generated in local property taxes and other revenues for governmental activities.
- Overall costs for the County were like prior years with little change in the types of services or programs operated this year.
- The General Fund reported a fund balance of \$ 18,109,356 which is an increase of \$ 4,277,671 from the prior year.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The County's annual report includes two government-wide financial statements, the *Statement of Net Assets* and the *Statement of Activities*, both of which present all of the governmental activities of the County, excluding fiduciary activities. Governmental activities of the County include general government, judicial, public safety, corrections and rehabilitation, health and human services, community development, infrastructure, and debt service. These activities are principally supported by local property and sales taxes. The County has no business-type activities.

The *Statement of Net Position* presents all the County's assets and liabilities, with the difference between the two reported as Net Position. Net position is equivalent to the equity section of a private sector balance sheet. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluation of the overall economic health of the County would extend to other nonfinancial factors such as the County's property tax base and the condition of the County's infrastructure in addition to the financial information provided in this report.

The *Statement of Activities* presents information showing how the County's net position changed during the fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

Fund Financial Statements. (Continued)

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how cash resources flow into and out of those funds and the balances remaining at the year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, that requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon afterwards to be used to pay liabilities of the current period.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. This will present readers with a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Equity provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for this fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held by the County in a custodial capacity as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to fund County programs. The fiduciary funds are disclosed in the Statement of Net Assets - Fiduciary Funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements presented in the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets -

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of Hunt County, assets and other deferred outflows exceeded liabilities and other deferred inflows by \$ 45,062,457 at the close of the most recent fiscal year, a decrease from the previous fiscal year due primarily to a combination of increased revenues and expenditures. The largest portion of the County's net position represents investments in capital assets (e.g. road and bridge infrastructure; buildings and other improvements; furniture, machinery and equipment; and land), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending. An additional portion of the net position is restricted for specific and legal purposes. Included as restricted are the funds held for the repayment of debt. The remaining balance of unrestricted net position represents resources available for future operations.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS, (CONTINUED)

The following table provides a summary of the County's Statement of Net Position as of September 30, 2020 and 2019.

	<u>Summary of Statement of Net Position</u>		Total Percentage Change <u>2019-2020</u>
	Governmental Activities		
	<u>2020</u>	<u>2019</u>	
Assets			
Current and Other Assets	\$ 42,746,846	\$ 39,747,720	7.55%
Capital Assets	<u>29,886,378</u>	<u>29,228,939</u>	2.25%
Total Assets	<u>\$ 72,633,224</u>	<u>\$ 68,976,659</u>	5.30%
Deferred Outflows of Resources			
Deferred Outflows	<u>\$ 3,164,007</u>	<u>\$ 6,656,120</u>	-52.46%
Liabilities			
Current and Other Liabilities	\$ 3,044,723	\$ 3,424,057	-11.08%
Non-Current Liabilities	<u>24,317,604</u>	<u>29,116,852</u>	-16.48%
Total Liabilities	<u>\$ 27,362,327</u>	<u>\$ 32,540,909</u>	-15.91%
Deferred Inflows of Resources			
Deferred Inflows	<u>\$ 3,372,447</u>	<u>\$ 1,771,208</u>	90.40%
Net Position			
Net Investment in Capital Assets	\$ 24,610,015	\$ 24,034,316	2.40%
Restricted	2,585,350	10,511,173	-75.40%
Unrestricted	<u>17,867,092</u>	<u>6,775,173</u>	163.71%
Total Net Position	<u>\$ 45,062,457</u>	<u>\$ 41,320,662</u>	9.06%

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities -

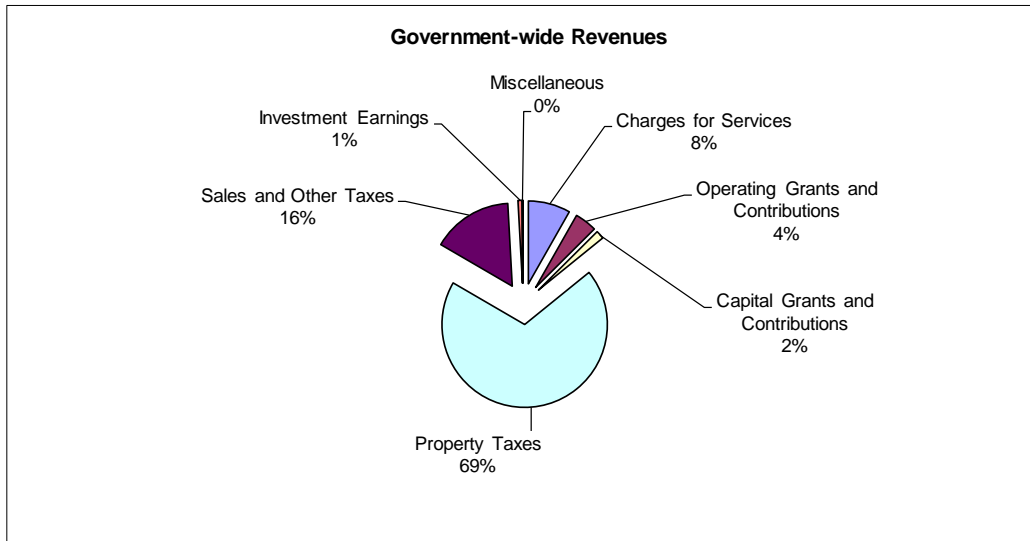
The Statement of Activities presents the revenues and expenses of the County and the resulting change in the net assets. The following table provides a summary of the County's Statement of Activities for the years ended September 30, 2020 and 2019.

<u>Summary of Statement of Activities</u>			
	Governmental Activities		Total Percentage Change
	<u>2020</u>	<u>2019</u>	<u>2019-2020</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 4,121,918	\$ 5,588,582	-26.24%
Operating Grants and Contributions	2,160,734	1,621,545	33.25%
Capital Grants and Contributions	811,556	581,437	39.58%
General Revenues:			
Property Taxes	34,619,764	31,187,703	11.00%
Sales and Other Taxes	7,883,956	7,609,541	3.61%
Investment Earnings	384,484	675,310	-43.07%
Miscellaneous	50,686	376,152	-86.53%
Total Revenues	\$ 50,033,098	\$ 47,640,270	5.02%
Expenses			
Current Expenses:			
General Government	\$ 9,106,763	\$ 8,126,369	12.06%
Judicial	10,718,260	11,934,486	-10.19%
Public Safety	7,975,767	8,465,951	-5.79%
Corrections and Rehabilitation	6,429,103	7,476,073	-14.00%
Health and Human Services	1,219,504	1,441,842	-15.42%
Community Development	615,196	599,721	2.58%
Infrastructure	10,008,590	10,386,817	-3.64%
Debt Service	218,120	326,173	-33.13%
Total Expenses	\$ 46,291,303	\$ 48,757,432	-5.06%
Special Item Increase (Decrease)	\$ -	\$ -	100.00%
Change in Net Position	\$ 3,741,795	\$ (1,117,162)	434.94%
Net Position - Beginning (October 1)	41,320,662	42,437,824	-2.63%
Net Position - Ending (September 30)	\$ 45,062,457	\$ 41,320,662	9.06%

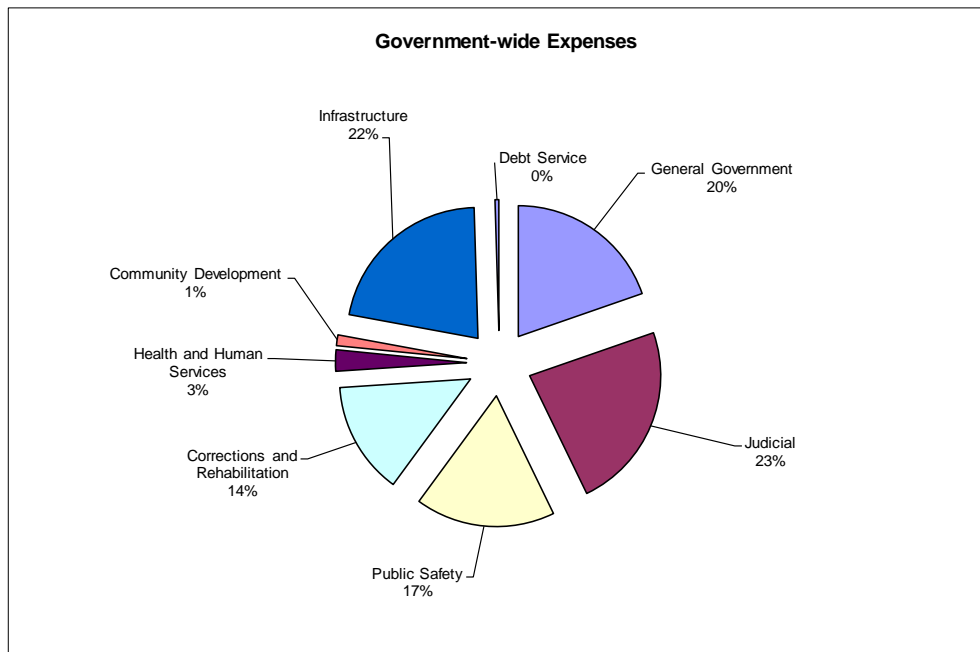
HUNT COUNTY, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED SEPTEMBER 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental activities. Revenues for the County's governmental activities were \$ 50,033,098 up by 5.02% from the prior year while total expenses were \$ 46,291,303, down by 5.02% compared to the prior year. The increase in net position of \$ 3,741,795 reflects an increase of 9.06% for the year, from \$ 41,320,662 at the beginning of the year to \$ 45,062,457 at the end of the year. The following charts graphically display the components of governmental revenues and expenses for the year.



Revenues for the County's governmental activities totaled \$ 50,033,098 for the year ended September 30, 2020. As graphically portrayed above, the County continues to be heavily reliant on ad valorem taxes to support governmental operations. Ad valorem taxes increased slightly at 69% of the County's total governmental revenues. In general, the County's tax revenues are dependent on the property values and local economy of Hunt County, Texas. Sales and other taxes as a percentage of total revenues remained at 16% in the current period. Fees, fines and charges for services provided 12% of the County's total governmental revenues during the fiscal year compared to 13% in the prior year. Other components of total revenues remained relatively stable as compared to the prior year.



HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS, (CONTINUED)

Expenses for the County's governmental activities totaled \$ 46,291,303 for the year ended September 30, 2020. Of this amount, the largest operating services areas were judicial which totaled \$ 10,718,260, for the year compared to \$ 11,934,486 in the prior year, approximately 23% for the current year, and infrastructure which totaled \$ 10,008,590 for the year compared to \$ 10,386,817 for the prior year, decreasing for the public infrastructure bond program currently in progress. Costs related to general government (\$ 9,106,763) and public safety (\$ 7,975,767) continued to absorb significant percentages of the County's total expenditures in the current year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

The County's governmental funds reflect a combined fund balance of \$ 36,356,543 as of year-end, up \$ 2,815,646 as compared to \$ 33,540,897 at the end of the previous fiscal year. Approximately 49% (\$ 18,077,616) of the combined fund balances for the governmental funds constitutes unassigned fund balance, which is available to meet the County's current and future operating needs. The other components of the fund balance are nonspendable (\$ 32,777), restricted (\$ 5,773,702), or committed (\$ 12,472,709).

The General Fund is the principal operating fund of the County and the largest source of day-to-day service delivery. In the General Fund, the County spent \$ 31,484,319 on County services and collected revenues of \$ 37,380,446, netting an increase of revenues over expenditures of \$ 5,896,127 for the fiscal year ended September 30, 2020 as compared to an increase of revenues over expenditures of \$ 4,230,919 during the previous fiscal year. Also, during the current year, General Fund assets amounting to \$ 1,946,824 were transferred to other funds. Additionally, support of \$ 328,368 was received from other funds for support of General Fund activities. Overall, the General Fund's fund balance increased \$ 4,277,671 during the current year. This increase is ultimately combined with a beginning fund balance of \$ 13,831,685 to provide an ending fund balance total of \$ 18,109,356 as of September 30, 2020, an overall increase from the end of the previous fiscal year.

The Capital Projects Fund accounts for the debt proceeds issued for long term road improvements. Bonds totaling \$ 6,084,750 were issued to fund various road projects in the County in previous years. The Commissioners Court committed \$ 10,000,000 of funds from the General Fund for future capital improvements in prior years as well. Expenses totaled \$ 2,196,594 for the year offset by \$ 180,475 of investment and other income resulting in an ending fund balance of \$ 11,167,631. The equity balance is either restricted which can only be used as described in the bond covenants or committed to be spent under the direction of the Commissioner Court.

Other Governmental Funds ended the year with a fund balance of \$ 7,079,556, up 9% from the balance of \$ 6,491,688 at September 30, 2019. 52% or \$ 3,682,702 of the year-end fund balance is restricted for debt service and other outside controlled items. Most of the remaining 48% (\$ 3,395,817) of the fund balance is committed.

General Fund Budgetary Highlights

The General Fund expenditure budget for fiscal year 2020, as amended, was \$ 34,764,251 compared to \$ 33,797,906 for fiscal year 2019. Amendments to the original 2020 budget increased revenues by 2.6% and expenditures by 2.2%. Significant budget amendments approved by the Commissioners Court during the period ended September 30, 2020 are as follows:

- General Government budget increased by \$ 410,430. This line-item budgets for contingency expenses that cannot be anticipated during the budgeting process. The budget increase represents additional amounts that were expected to be needed during the year because of higher-than-normal transfers of budgetary authority to other budget areas to cover unanticipated costs including facility repairs and maintenance and pandemic costs.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

General Fund Budgetary Highlights, (Continued)

- Judicial budget increased by \$ 78,826 due largely to additional costs of court activities related to technology and protective items related to the pandemic.
- Public Safety budget increased by \$ 271,690 mainly due to increased costs related to vehicles, tools, equipment, supplies, and certifications related to law enforcement, along with increased costs related to the pandemic activities.

Actual revenues for the year were \$ 37,380,446 or \$ 1,623,564 greater than expectations primarily due to higher-than-expected revenues from sales taxes and other taxes reduced by reductions in fees collected. In addition, General Fund expenditures amounted to \$ 31,848,319 or \$ 3,279,932 under budget. All functional areas came in within budget.

Further comparison of the County's actual operating results as compared to budget can be found in the required supplementary information section of the report following the notes to the financial statements.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities funds as of September 30, 2020, amounts to \$ 29,886,378 compared to \$ 29,228,939 at September 30, 2019 (net of accumulated depreciation). Capital Assets include land, buildings and improvements, road and bridge infrastructure, and furniture, machinery and equipment which are used by the County in performance of the County's functions. During the year, \$ 2,628,635 was added to buildings, roads, furniture, machinery, and equipment for courthouse renovations, roads, automobiles, and trucks offset by deductions of \$ 200,483 related to disposals of vehicles and heavy equipment. Depreciation provided for the current fiscal period was \$ 1,971,196 as compared to \$ 1,965,111 for the year ended September 30, 2019. Additional information on capital assets can be found in Note C of this report. A schedule of capital assets and the change in values is presented below:

	Capital Assets			Total Percentage Change 2019-2020
	Governmental Activities			
	2020	2019		
Nondepreciable Assets				
Land	\$ 897,896	\$ 897,896		0.00%
Depreciable Assets				
Buildings and Improvements	25,548,466	25,548,466		0.00%
Equipment	46,184,000	45,291,621		1.97%
Vehicles	17,547,401	16,011,628		9.59%
Total Capital Assets	\$ 90,177,763	\$ 87,749,611		2.77%
Less Accumulated Depreciation	(60,291,385)	(58,520,672)		3.03%
Net Capital Assets	<u>\$ 29,886,378</u>	<u>\$ 29,228,939</u>		2.25%

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

Long-term Debt. As of September 30, 2020, the County had total long-term debt outstanding of \$ 8,986,373, of which \$ 5,490,000 was general obligation bonds and \$ 1,260,000 of tax notes. The remainder of the County's long-term debt is primarily amounts due to the state for sales tax overpayments as well as capital leases for equipment purchases. In total, long-term debt decreased \$ 773,480 from the previous year-end balance of \$ 9,759,853. The County believes they are currently in compliance with all significant debt limitations and restrictions. Additional information on the County's long-term debt can be found in Note D of this report.

	Governmental		Total Percentage Change
	Activities		
	2020	2019	2019-2020
General Obligation Bonds	\$ 5,490,000	\$ 5,500,000	-0.18%
Loans	1,260,000	1,875,000	-32.80%
Capital Leases	348,094	753,709	-53.82%
Other Debt Payable	1,888,279	1,631,144	15.76%
Total Long-Term Obligations	\$ 8,986,373	\$ 9,759,853	-7.93%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Hunt County Commissioner's Court considered many factors when setting the fiscal year 2020/2021 budget, tax rates and fees that will be charged for its activities. The key factors that affected the formulation of next year's budget and rates are discussed below.

The County's total population continues on a steady upward trend increasing to approximately 100,000 for 2020, up by 30% from the year 2000 level of 76,596. In recent years, the County has experienced relatively low inflation rates which have closely followed the national trends. In compiling next year's budget, no significant change in the inflation rate was anticipated.

Amounts available for appropriation in the 2020/2021 General Fund budget are \$ 36,784,557, an increase of 8.13% from the prior year budget of \$ 34,019,788. An increase in the County's tax roll allowed the County's tax rate per \$100 of valuation to remain steady for fiscal year 2020/2021 as compared to the prior year. The County will use available revenues to finance services we currently offer and the effect that we expect inflation and other economic factors to have on the cost of performing County functions. Significant factors that affected the 2020/2021 budget include decreased investment earnings along with increases in the County's wages, employee retirement costs, unemployment insurance, health insurance, and worker's compensation insurance. No other major new services or programs were added to the 2020/2021 budget.

There appears to be a potential for structural problems for the County's criminal justice center. As of the report date, the cost of any necessary repairs, if any, has not been determined. No liability is reflected in the County's balance sheet for this contingency at September 30, 2020. The County received funds from plaintiffs in settlement of various actions and claims during prior years. These funds have been committed by the Commissioners Court to provide for future repairs to the center.

The impact of the Coronavirus Pandemic (COVID-19) will continue to impact the economic and financial environment for the county. Additional funds are anticipated from both state and federal sources to address the potential loss of revenues related to the economic disruption of goods and materials. The increased cost of operation including the tracking of COVID-19 cases and the potential impact on the county will also create challenges in the county's budget for the 2020/2021 year.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Hunt County's finances for all of those with an interest in the County's finances. Questions concerning this report or requests for additional financial information should be directed to Bruce Ballard, County Auditor, located on the first floor of the Hunt County Courthouse at 2507 Lee Street, Greenville, TX 75401.

BASIC FINANCIAL STATEMENTS

**HUNT COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 38,236,869
Receivables (Net of Allowance for Uncollectable Amounts)	
Property Taxes	3,076,291
Sales Tax	966,554
Fines, Fees and Court Costs	201,899
Others	221,074
Due from Fiduciary Funds	11,382
Prepaid Items	32,777
Other Assets	
Capital Assets:	
Land	897,896
Buildings and Improvements, net	11,891,759
Infrastructure, net	12,942,438
Furniture and Equipment, net	<u>4,154,285</u>
Total Assets	<u>\$ 72,633,224</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	\$ 1,997,352
Deferred Outflows - OPEB	<u>1,166,655</u>
Total Deferred Outflows of Resources	<u>\$ 3,164,007</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	1,313,531
Wages and Benefits Payable	1,138,542
Due to Others	575,564
Interest Payable	17,086
Long-term Liabilities	
Due within one year	821,166
Due in more than one year	8,165,208
Net Pension Liability	3,245,472
Net OPEB Liability	<u>12,085,758</u>
Total Liabilities	<u>\$ 27,362,327</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue	\$ 244,866
Deferred Inflows - Pensions	2,078,231
Deferred Inflows - OPEB	<u>1,049,350</u>
Total Other Deferred Inflows Resources	<u>\$ 3,372,447</u>
NET POSITION	
Net Investment in Capital Assets	\$ 24,610,015
Restricted for:	
Debt Retirement	494,611
Capital Projects	2,090,739
Unrestricted	<u>17,867,092</u>
Total Net Position	<u>\$ 45,062,457</u>

The accompanying notes are an integral part of this statement.

**HUNT COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

Programs Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
General Government	\$ 9,106,763	\$ 2,029,784	\$ -	\$ -	\$ (7,076,979)
Judicial	10,718,260	867,877	1,115,130		(8,735,253)
Public Safety	7,975,767	160,905	146,973	336,996	(7,330,893)
Corrections and Rehabilitation	6,429,103	426,696			(6,002,407)
Health and Human Services	1,219,504	414,853	898,631		93,980
Community Development	615,196	13,191		319,536	(282,469)
Infrastructure	10,008,590	208,612		155,024	(9,644,954)
Debt Service	218,120				(218,120)
Total Governmental Activities	\$ 46,291,303	\$ 4,121,918	\$ 2,160,734	\$ 811,556	\$ (39,197,095)
Total Primary Government	\$ 46,291,303	\$ 4,121,918	\$ 2,160,734	\$ 811,556	\$ (39,197,095)
General Revenues:					
Property Taxes					\$ 34,619,764
Sales and Other Taxes					7,883,956
Investment Earnings					384,484
Miscellaneous Revenue					50,686
Total General Revenues					\$ 42,938,890
Change in Net Position					\$ 3,741,795
Net Position - Beginning (October 1)					41,320,662
Net Position - Ending (September 30)					\$ 45,062,457

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 23,271,564	\$ 11,334,457	\$ 7,722,883	\$ 42,328,904
Receivables				
Property Taxes	2,676,364	-	819,421	3,495,785
Allowance for Uncollectible Taxes	(321,164)	-	(98,330)	(419,494)
Sales Tax	966,554	-	-	966,554
Other Receivables	60,230	-	141,567	201,797
Due from Other Funds	10,570	-	812	11,382
Prepaid Items	31,740	-	1,037	32,777
Other Assets	-	-	-	-
Total Assets	<u>\$ 26,695,858</u>	<u>\$ 11,334,457</u>	<u>\$ 8,587,390</u>	<u>\$ 46,617,705</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 700,089	\$ 166,826	\$ 446,616	\$ 1,313,531
Wages and Other Benefits Payable	967,033	-	171,509	1,138,542
Due to Others	386,702	-	449	387,151
Due to Other Funds	4,279,975	-	473	4,280,448
Total Liabilities	<u>\$ 6,333,799</u>	<u>\$ 166,826</u>	<u>\$ 619,047</u>	<u>\$ 7,119,672</u>
DEFERRED INFLOW OF RESOURCES				
Property Taxes and Other	\$ 2,252,703	\$ -	\$ 888,787	\$ 3,141,490
Total Deferred Inflow of Resources	<u>\$ 2,252,703</u>	<u>\$ -</u>	<u>\$ 888,787</u>	<u>\$ 3,141,490</u>
FUND EQUITY				
Nonspendable	\$ 31,740	\$ -	\$ 1,037	\$ 32,777
Restricted		2,090,739	3,682,702	5,773,441
Committed		9,076,892	3,395,817	12,472,709
Assigned		-	-	-
Unassigned	18,077,616	-	-	18,077,616
Total Fund Equity	<u>\$ 18,109,356</u>	<u>\$ 11,167,631</u>	<u>\$ 7,079,556</u>	<u>\$ 36,356,543</u>
Total Liabilities and Fund Equity	<u>\$ 26,695,858</u>	<u>\$ 11,334,457</u>	<u>\$ 8,587,390</u>	<u>\$ 46,617,705</u>

The accompanying notes are an integral part of this statement.

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

Total Fund Equity - Governmental Funds	\$ 36,356,543
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore not reported in the balance sheet	29,886,378
Property taxes receivable are unavailable to pay for current period expenditures and are not recognized as a fund receivable	2,896,624
Fines and fees receivable are unavailable to pay for current period expenditures and are not recognized as a fund receivable	221,175
Interest payable on noncurrent liabilities are not due and payable in the current period and are not reported in the funds	(17,086)
Noncurrent liabilities are not due and payable in the current period and therefore not reported in the funds as follows:	
Bonds and Related Premium	(5,736,277)
Loans	(1,260,000)
Compensated Absences	(621,537)
Comptroller Overpayment	(1,020,465)
Capital Leases	(348,094)
Recognition of the Net Pension Liability not reported in the funds.	(3,245,472)
Deferred Resources Inflows related to Pensions are not reported in the funds.	(2,078,231)
Deferred Resource Outflows related to Pensions are not reported in the funds.	1,997,352
Recognition of the OPEB Liability not reported in the funds.	(12,085,758)
Deferred Resources Inflows related to OPEB are not reported in the funds.	(1,049,350)
Deferred Resource Outflows related to OPEB are not reported in the funds.	1,166,655
Total Net Position - Governmental Activities (Exhibit A-1)	\$ 45,062,457

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes - Property	\$ 26,593,776	\$ -	\$ 7,586,200	\$ 34,179,976
Taxes - Sales and Other	6,228,038			6,228,038
Fees and Fines	2,208,215	-	915,918	3,124,133
Motor Vehicle Fees	340,813	-	1,254,415	1,595,228
Intergovernmental Support	1,016,749	-	1,974,055	2,990,804
Investment Earnings	165,776	180,475	38,231	384,482
Miscellaneous	827,079		453,719	1,280,798
Total Revenues	<u>\$ 37,380,446</u>	<u>\$ 180,475</u>	<u>\$ 12,222,538</u>	<u>\$ 49,783,459</u>
EXPENDITURES				
Current:				
General Government	\$ 7,983,287	\$ 598,453	\$ 76,229	\$ 8,657,969
Judicial	8,959,578	39,483	1,306,245	10,305,306
Public Safety	7,288,941	-	375,164	7,664,105
Corrections and Rehabilitation	6,019,362	-	30,760	6,050,122
Health and Human Services	811,791	-	373,037	1,184,828
Community Development	293,181	-	319,536	612,717
Infrastructure	70,000	1,558,658	9,541,043	11,169,701
Debt Service	58,179	-	1,264,886	1,323,065
Total Expenditures	<u>\$ 31,484,319</u>	<u>\$ 2,196,594</u>	<u>\$ 13,286,900</u>	<u>\$ 46,967,813</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 5,896,127</u>	<u>\$ (2,016,119)</u>	<u>\$ (1,064,362)</u>	<u>\$ 2,815,646</u>
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	\$ -	\$ -	\$ -	\$ -
Transfers In	328,368	-	1,971,107	2,299,475
Transfers Out	(1,946,824)	(33,774)	(318,877)	(2,299,475)
Capital Asset Sale Proceeds	-	-	-	-
Net Other Financing Sources (Uses)	<u>\$ (1,618,456)</u>	<u>\$ (33,774)</u>	<u>\$ 1,652,230</u>	<u>\$ -</u>
Net Change in Fund Equity	\$ 4,277,671	\$ (2,049,893)	\$ 587,868	\$ 2,815,646
Fund Equity - October 1 (Beginning)	<u>13,831,685</u>	<u>13,217,524</u>	<u>6,491,688</u>	<u>33,540,897</u>
Fund Equity - September 30 (Ending)	<u>\$ 18,109,356</u>	<u>\$ 11,167,631</u>	<u>\$ 7,079,556</u>	<u>\$ 36,356,543</u>

The accompanying notes are an integral part of this statement.

**HUNT COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND EQUITY OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

Net Change in Fund Equity - Total Governmental Funds	\$ 2,815,646
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital asset cost is allocated over the estimated useful life and reported as depreciation in the statement of activities	(1,971,196)
Acquisition of capital assets requires the use of current financial resources but has no effect on net assets	2,628,635
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
Change in Property Taxes	439,788
Change in Fines and Court Costs	(28,795)
Repayment of debt principal is an expenditure in the funds but the payments reduce liabilities in the statement of net assets	
Debt principal payments are as follows:	
Bonds	10,000
Loans	615,000
Capital Leases	405,615
Comptroller Overpayment	58,179
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Change in Interest Expense	1,635
Bond Premium Amortization	14,517
Compensated Absence	(139,475)
OPEB Benefits	(655,423)
Issuance of debt proceeds are other resources in the funds but are not reflected in the Statement of Activities.	(190,356)
Net pension expense had to be recorded in the SOA but not the funds increasing net position.	(261,975)
Change in Net Position of Governmental Activities	\$ 3,741,795

The accompanying notes are an integral part of this statement.

**HUNT COUNTY, TEXAS
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
SEPTEMBER 30, 2020**

	Agency Funds	Total
ASSETS		
Cash and Investments	\$ 3,515,459	\$ 3,515,459
Total Assets	\$ 3,515,459	\$ 3,515,459
LIABILITIES		
Due to Other Funds	\$ 27,337	\$ 27,337
Due to Others	3,488,122	3,488,122
Total Liabilities	\$ 3,515,459	\$ 3,515,459
NET POSITION		
Held in Trust	\$ -	\$ -
Total Net Position	\$ -	\$ -

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies

The financial statements of Hunt County, Texas (County) included in the accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's Basic Financial Statements.

Financial Reporting Entity

Hunt County, Texas is a public corporation and political subdivision of the State of Texas. The Commissioner's Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, tax and recording (e.g. tax collection), judicial (courts, juries, County attorney, county attorney, etc), public safety (sheriff, jail, etc), transportation, facilities and public service (e.g. rural fire protection and emergency management).

As defined by accounting principles generally accepted in the United States of America (GAAP) that are established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the Hunt County, Texas (County), the primary government and its component units. The financial data of the component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Component units described below are each legally separate organizations from the County but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of and accountable to the County and blended into the government-wide and fund financial statements. The Hunt County Juvenile Probation Board operates the juvenile probation department and detention center. The County owns and provides the operation and employees of the detention center.

Basic Financial Statements

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

Government-Wide Financial Statements (Statement of Net Position and Statement of Activities) – report on the County and its component units, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies – (Continued)

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

Government-Wide Statement of Net Position – reports all financial and capital resources to the County (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net Investment in capital assets are capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position are those with constraints placed on their use by either: 1) external imposition by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposition by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted, are shown as unrestricted. Generally, the County would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Government-Wide Statement of Activities – demonstrates the degree to which both direct and indirect expenses of the various function and programs of the County are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated among separate functions. Program revenues include: 1) Fees, fines and charges paid by those who benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds are combined in a single column on the fund financial statements.

The County reports the following major governmental funds:

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

Capital Projects Fund – accounts for the activity of funds received from the issuance of bonded debt for capital projects in the County.

There are various other funds which the County uses to account for specific types of funds which are reported as other non-major governmental funds. These funds include various special revenue funds such as road and bridge funds, various records management funds and funds related to the juvenile probation activities. In addition, debt service funds include tax proceeds restricted to debt retirement and capital projects funds such as the right of way fund.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies – (Continued)

The County reports the following fiduciary funds:

Agency Funds – are custodial in nature and represent balances held for others. These agency funds are under the control of the various public officials of the County with all benefits forwarded to the public and others in the County.

Measurement Focus and Basis of Accounting

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

1. Revenue is recorded when it becomes both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
2. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
3. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the County's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The fiduciary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. The fiduciary funds are not included in the government-wide financial statements.

Cash and Investments

The County pools available cash from all funds for the purpose of increasing income through investment activities. Investments in U.S. government and agency securities are carried at fair value based on market prices.

For purposes of the basic financial statements, the County considers cash equivalents to be highly liquid short-term investments that are readily convertible to known amounts of cash and mature within ninety days of the date they are acquired. Cash and cash equivalents are included in the financial statement classification cash and investments.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies – (Continued)

Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements. General infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets and that normally are stationary in nature, including roads, bridges, drainage systems and street lighting systems.

Capital assets, including general infrastructure assets are defined as assets with an initial, individual cost of more than \$ 10,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds.

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

Building, structures, and improvements	27.5 to 40 years
Equipment, including vehicles	3 to 20 years
Infrastructure	15 to 40 years

Pension Plan

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

Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to services already rendered.
2. Leave or compensation is not contingent on specific event (such as illness).

Per GASB Interpretation No. 6 liabilities for compensated absences are recognized in the fund statements to extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued as long-term debt in the government-wide statements.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies – (Continued)

Upon termination from the County employment, an employee that has completed six months of employment shall be entitled to payment for total accrued but unused days of vacation. Comp time earned, but not taken, is paid at termination, but cannot accumulate beyond County specified limits. Once the maximum number of compensatory hours has been accumulated, employees are paid immediately for any additional compensatory hours earned. Sick leave accrues at a rate of 10 hours per month or 120 hours per year up to a maximum of 480 hours, but compensation is paid only for an illness-related absence. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp time is the only accrued compensation liabilities recorded.

Fund Balances

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

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

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the County's highest level of decision-making authority, the Commissioners Court. Committed resources cannot be used for any other purpose unless the Commissioners Court removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the County intends to use for specific purposes as expressed by the Commissioners Court or an official delegated the authority. The Commissioner's Court has delegated the authority to assign fund balances to the County Judge and County Auditor acting jointly.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The policy includes minimum fund balance targets for the General Fund and Debt Service Fund. The General Fund unassigned fund balance is targeted to be 13% to 15% of budgeted expenditures for the year which will serve to provide for unexpected events and unanticipated needs. The debt service fund restricted fund balance is targeted as 10% - 20% of the following years debt service requirements.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies – (Continued)

The following schedule provides information about the specific fund balance classification by fund:

	General	Capital Projects	Other Governmental	Totals
Nonspendable				
Prepaid Items	\$ 31,740	\$ -	\$ 1,037	\$ 32,777
Restricted				
Retirement of Long Term Debt	-	-	377,161	377,161
Capital Projects	-	2,090,739		2,090,739
Public Health	-	-	(253)	(253)
Records Management	-	-	1,897,809	1,897,809
Law Enforcement Training	-	-	65,041	65,041
Court Security	-	-	170,081	170,081
Court Technology	-	-	47,166	47,166
Jail Commissary	-	-	802,791	802,791
Law Enforcement Activities	-	-	287,015	287,015
Attorney Activities	-	-	10,915	10,915
Historical Commission	-	-	17,099	17,099
Tax Assessor Activities	-	-	7,877	7,877
Committed				
Capital Improvements	-	9,076,892		9,076,892
Law Library	-	-	13,101	13,101
Public Roads	-	-	2,569,751	2,569,751
Public Health	-	-	9,268	9,268
Justice Courts	-	-	132,299	132,299
Elections Administration	-	-	86,564	86,564
DWI Enforcement	-	-	14,084	14,084
Pretrial Intervention	-	-	48,934	48,934
Juvenile Detention/Probation	-	-	521,287	521,287
Law Enforcement Activities	-	-	529	529
Unassigned	18,077,616	-		18,077,616
Totals	<u>\$ 18,109,356</u>	<u>\$ 11,167,631</u>	<u>\$ 7,079,556</u>	<u>\$ 36,356,543</u>

Budgetary Principles

The County is required by law to adopt an annual budget on or before the 1st day of its fiscal year. The County Judge and the County Auditor submit an annual budget to the Commissioner's Court in accordance with the laws of the State of Texas. The General and Debt Service governmental fund types have legally adopted budgets. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various County departments. Throughout the fiscal year the budget was amended to add supplemental appropriations. All amendments to the budget which change the total appropriation amount for any department require County Commissioner's Court approval.

Each fund's approved budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level. Within this control level, management may transfer appropriations between line items. Budget revisions and the line-item transfers are subject to final review by the Commissioners Court. Revisions to the budget were made throughout the year. Unexpected appropriations for annually budgeted funds lapse at fiscal year-end.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Significant Accounting Policies – (Continued)

GASB Statement No. 34 requires that budgetary comparison statements for the General Fund and other major special revenue funds with legally adopted budgets be presented in the basic financial statements. The statements are identified as required supplementary information. These statements must display original budget, amended budget and actual results (on a budgetary basis).

Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the October 1 levy date. 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 when collected within the current period or expected to be collected soon enough thereafter (60 days) to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the County to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting these criteria may not be canceled if litigation concerning these taxes is pending.

The County levied taxes on property within the County at \$ 0.496016 to fund general operations including road and bridge activities and \$ 0.012496 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 6,693,543,925.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

B. Cash and Investments

The County's funds are deposited and invested under the terms of a depository agreement. The agreement requires the depository to pledge approved securities in an amount significant to protect the County's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. On September 30, 2020, all County cash deposits were covered by FDIC insurance or by pledged collateral held by the County or by the depository in the County's name. The County's deposits appear to have been properly secured throughout the fiscal year.

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

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

HUNT COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

B. Cash and Investments – (Continued)

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchasing agreements, bankers' acceptance, mutual funds, investment pools, guaranteed investment contracts and common trust funds.

The County's investments at year end are shown below:

Investment or Investment Type	Interest Rate	Credit Rating	Fair Value
TexSTAR	0.1339%	AAAm	\$ 2,875,902
TexPool	0.1458%	AAAm	4,840,806
LOGIC	0.2565%	AAAm	18,691,610
Certificates of Deposit	1.9000%	n/a	1,138,913
Total Investments			<u>\$ 27,547,231</u>

The County has investments with the following public funds investment pools as of year end:

Texas Local Government Investment Pool (TexPool) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The Comptroller of Public Accounts (Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, (Trust Company), which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. (Federated), under an agreement with the Comptroller, acting on behalf of the Trust Company.

The Comptroller maintains oversight of the services provided to TexPool by Federated. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

The fund is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's. This rating as well as the operational policies and procedures allow the fund to comply with the requirements of the Public Funds Investment Act.

Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities (Participants) to invest their public funds and funds under their control through the investment pools.

J. P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Asset Management, Inc. (FSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (Board). JPMIM provides investment services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co.

The Board may establish separate Funds within TexSTAR from time to time. Participants choose the Funds in which their deposits are invested. Participants' assets in the Funds are represented by units of beneficial interest (units). The Board may issue an unlimited number of units in each Fund.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

B. Cash and Investments – (Continued)

TexSTAR is rated AAAM by Standard & Poor's rating agency. This rating and the fund's operational settings allow the fund to comply with the requirement of the Public Funds Investment Act.

Local Government Investment Cooperative (LOGIC) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Public Funds Investment Act allows eligible local governments, state agencies, and nonprofit corporations of the State of Texas to jointly invest their funds in permitted investments.

The Cooperative's governing body is a six-member Board of Directors (Board) comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of LOGIC.

Day to day administration of LOGIC will be performed by First Southwest, a division of Hilltop Securities Inc. and JPMorgan Chase Investment Management, Inc. First Southwest will provide administrative, participant support and marketing services. JPMorgan Chase will provide investment management, custody, fund accounting and transfer agency services.

Portfolios will maintain a AAA or equivalent rating from at least one nationally recognized rating agency in compliance with the requirements of the Public Funds Investment Act. Class A Units of LOGIC I are currently rated AAAM by Standard & Poor's.

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

C. Capital Assets

Capital asset activities during the fiscal year were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Assets:				
Land	\$ 897,896	\$ -	\$ -	\$ 897,896
Total	\$ 897,896	\$ -	\$ -	\$ 897,896
Depreciable Assets:				
Buildings and Improvements	\$ 25,548,466	\$ -	\$ -	\$ 25,548,466
Roads and Infrastructure	45,291,620	892,380		46,184,000
Furniture, Machinery and Equipment	16,011,629	1,736,255	200,483	17,547,401
Total	\$ 86,851,715	\$ 2,628,635	\$ 200,483	\$ 89,279,867
Less Accumulated Depreciation				
Buildings and Improvements	\$ 13,006,640	\$ 650,067	\$ -	\$ 13,656,707
Roads and Infrastructure	32,577,311	664,251		33,241,562
Furniture, Machinery and Equipment	12,936,721	656,878	200,483	13,393,116
Total	\$ 58,520,672	\$ 1,971,196	\$ 200,483	\$ 60,291,385
Total Capital Assets being Depreciated, net	\$ 28,331,043	\$ 657,439	\$ -	\$ 28,988,482
Total Governmental Activities Capital Assets	\$ 29,228,939	\$ 657,439	\$ -	\$ 29,886,378

Depreciation was charged to governmental activities functions as follows:

Governmental Activities:	
General Government	\$ 237,384
Judicial	161,322
Public Safety	340,089
Corrections and Rehabilitation	258,995
Health and Human Services	5,745
Infrastructure	967,661
Total	\$ 1,971,196

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

D. Long-Term Obligations

Changes in Long Term Obligations

The following is a summary of changes in long-term obligations reported in the government-wide financial statements for the fiscal year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	\$ 5,500,000	\$ -	\$ 10,000	\$ 5,490,000	\$ 15,000
Capital Leases	753,709		405,615	348,094	181,166
Loans	1,875,000		615,000	1,260,000	625,000
Unmortized Premium	260,794		14,517	246,277	
Comptroller	888,288	190,356	58,179	1,020,465	
Compensated Absences	482,062	535,660	396,185	621,537	
Total	\$ 9,759,853	\$ 726,016	\$ 1,499,496	\$ 8,986,373	\$ 821,166

Bonds

At year end, the County has the following obligation bonds originally issued for acquisition and construction of capital improvements in the County outstanding. General obligation debt has been issued for general government activities.

Bonds are direct obligations and pledge the full faith and credit of the County. Bonds outstanding at year end are as follows:

	Interest Rate	Date of Maturity	Original Issue	Balance Outstanding
Permanent Improvement Bonds, Series 2017	2.49%	2037	\$ 5,795,000	\$ 5,490,000
Totals				\$ 5,490,000

Maturity requirements on the outstanding bonded debt listed above are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2020	\$ 15,000	\$ 178,975	\$ 193,975
2021	15,000	178,525	193,525
2022	290,000	172,500	462,500
2023	300,000	160,700	460,700
2024	310,000	148,112	458,112
2025-2029	1,675,000	563,738	2,238,738
2030-2034	1,980,000	288,450	2,268,450
2035-2039	905,000	27,375	932,375
Totals	\$ 5,490,000	\$ 1,718,375	\$ 7,208,375

HUNT COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

D. Long-Term Obligations - (Continued)

Authorized but Unissued Bonds

The voters in the County authorized the following bonded debt. Amounts unissued at year end are as follows:

Purpose	Election Date	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Road Projects	11/8/2016	\$ 24,420,000	\$ 6,000,000	-	\$ 18,420,000

Compliance with Debt Covenants

There are various limitations and restrictions contained in the County's bonded debt obligations. The County believes they are in compliance with all significant limitations and restrictions.

Loans

The County issued various agreements identified here as loans. These loans include financing arrangements including maintenance tax notes. The Notes mature annually along with interest paid semi-annually. The interest rate is 2.05% and the Notes will fully mature March 1, 2022.

The following schedule lists the outstanding loans at year end:

Description	Interest Rate	Original Amount	Outstanding Balance
Hunt County, Texas, Tax Notes, Series 2015	2.05%	\$ 2,035,000	\$ 1,260,000

Maturity requirements on outstanding loans are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2021	625,000	19,423	644,423
2022	635,000	6,508	641,508
Totals	\$ 1,260,000	\$ 25,931	\$ 1,285,931

Comptroller Overpayment

In prior years, the County received notification from the State of Texas of chargebacks on sales tax collections remitted to the County. The notice identifies chargebacks from March 2002 through September 2011. The total chargebacks, \$ 924,847 will be reduced by \$ 18,487 for service fees retained by the County leaving a net balance to be refunded to the State of \$ 906,360. The State agreed to a 40-year payback period beginning April 2015 in the amount of \$ 1,888.23 monthly with no interest or penalty charged the County.

HUNT COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

D. Long-Term Obligations - (Continued)

The County received notification from the State of additional sales tax chargebacks totaling \$ 213,111 during the 2015 year. The State has allowed a 6-year repayment term beginning in the 2019 fiscal year. No interest is to be incurred on this repayment schedule. The repayment terms require 72 monthly payments of \$ 2,960 with the final payment to be made September 2022. An additional overclaim of \$190,356 was identified in 2020. The payments required for the 2019 repayment will continue until this additional balance is liquidated.

Capital Leases

The County is obligated under certain leases accounted for as capital leases. The leases recorded here meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following schedule lists personal property leased:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
BB&T Financing - Motor Grader	2.96%	\$ 245,950	\$ 25,405
BCI Capital - Part 2 Equipment	3.59%	226,650	148,881
BCI Capital - Part 4 Equipment	2.71%	230,026	151,098
Signature Public Finance - Motor Grader/Truck	1.71%	351,968	<u>22,710</u>
Total			<u>\$ 348,094</u>

The lease terms are for monthly payments over less than 48 months and ending prior to each commissioner's term of office. The terms call for monthly payments over the life of the leases.

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of yearend are as follows:

<u>Year Ending September 30</u>	<u>Total Requirements</u>
2021	\$ 189,049
2022	140,745
2023	<u>29,815</u>
Total Minimum Lease Payment	\$ 359,609
Less Amount Representing Interest	<u>11,515</u>
Present Value of Minimum Lease Payments	<u>\$ 348,094</u>

Compensated Absences

Compensated absences are paid from the fund responsible for the employee's compensation with significant liabilities payable from the General Fund.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

E. Commitments and Contingencies

Litigation – The County's outside counsel has indicated that there are various lawsuits filed and pending against the County, the majority of which should not result in an unfavorable outcome or have a material effect on the County's financial position. As such no contingent liability has been estimated.

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

Other – There appears to be a potential for structural problems for the County's criminal justice center. As of the report date, the cost of any necessary repairs, if any, has not been determined. No liability is reflected in the County's balance sheet for this contingency as of September 30, 2020. The County received funds from plaintiffs in settlement of various actions and claims. These funds have been set aside by the Commissioners Court to provide for future repairs to the center.

COVID-19 - The global outbreak of coronavirus disease 2019 ("COVID-19") presents various global risks. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management of the Corporation is actively monitoring the global situation on its financial condition, liquidity, operations, supplies, vendors, and industry. Given the evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects, if any, of the COVID-19 outbreak on its results of operations and financial condition.

F. Pension Plan

Plan Description – The County provides pension, disability, and death benefits for all of its full-time employees through a statewide, multiple-employer, public-employee retirement system through the Texas County and District Retirement System (the TCDRS). The system serves 677 actively participating counties and districts throughout Texas. Each employer has its own defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan. The TCDRS issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions – The County has elected the annually determined contribution rate (ADCR) plan provisions if the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

F. Pension Plan (Continued)

Employees of the County were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.93% and 10.86% in calendar years 2019 and 2020 respectively. The County's contributions to TCDRS for the year ended September 30, 2020, were \$ 1,930,002 and were equal to the required contributions.

Discount Rate – The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. 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.

The long-term rate of return on pension plan investment is 8.1%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus Inflation) (2)
US Equities	Dow Jones US Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%
Total		100.00%	

(1) Target asset allocation adopted at the June 2020 TCDRS board meeting.
(2) Geometric real rates of return in addition to assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions
(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs
(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs
(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

F. Pension Plan (Continued)

Changes in the Net Pension Liability – At December 31, 2019, the County reported a net pension liability/(asset) of \$ 3,245,472. The changes in net pension liability (asset) were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/18	\$ 74,280,862	\$ 65,957,811	\$ 8,323,051
Changes for the year:			
Service cost	2,102,866	-	2,102,866
Interest	6,041,388	-	6,041,388
Change in benefit terms	-	-	-
Diff between expected/actual experience	466,096	-	466,096
Changes of assumptions	-	-	-
Contributions - employer	-	1,717,516	(1,717,516)
Contributions - employee	-	1,210,740	(1,210,740)
Net investment income	-	10,832,340	(10,832,340)
Benefit payments, including refunds of employee contributions	(3,668,821)	(3,668,821)	-
Administrative expenses	-	(57,897)	57,897
Other charges	-	(14,771)	14,771
Net changes	\$ 4,941,529	10,019,107	(5,077,578)
Balance at 12/31/19	\$ 79,222,391	\$ 75,976,918	\$ 3,245,473

The net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and for the year then ended.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Discount Rate Sensitivity Analysis – The following presents the net pension liability of the County, calculating the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	Discount Rate (7.1%)	Discount Rate (8.1%)	Increase in Discount Rate (9.1%)
County's net pension liability	\$ 14,013,962	\$ 3,245,472	\$ (5,722,171)

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

For the year ended September 30, 2020, the County recognized pension expense of \$ 2,191,977

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 106,209	\$ 1,138,988
Changes in actuarial assumptions	398,667	74,415
Contributions subsequent to the measurement date	429,445	-
Total	\$ 934,321	\$ 1,213,403

HUNT COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

F. Pension Plan (Continued)

\$ 1,448,339 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending September 30	Amount
2021	\$ (351,366)
2022	(428,451)
2023	355,011
2024	(1,104,412)
2025	-
Thereafter	-

Actuarial Methods and Assumptions

All Actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2019 funding valuation, except as noted below and throughout this report. Please see Hunt County December 31, 2019 Summary Valuation Report for further details.

The following are key assumptions and methods used in this GASB analysis:

Valuation Timing	Actuarially determined contribution rates are calculated year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Amorization Method	Straight-Line Amortization over Expected Working Life
Recognition of economic/demographic gains or losses	Straight-Line Amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line Amortization over Expected Working Life
Asset Valuation	5 years
Smoothing period	Non-asymptotic
Recognition method	Non
Corridor	Same as funding Valuation
Inflation	Same as funding Valuation
Salary Increases	8.10 % (Gross of administrative expenses)
Investment Rate of Return	Cost-of-Living Adjustments for Hunt County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumptions for future cost-of-living adjustments is included in the funding valuation.
Cost-of-Living Adjustments	Same as funding valuation
Retirement Age	Same as funding valuation
Turnover	Same as funding valuation
Mortality	Same as funding valuation

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

G. Risk Management

The County is exposed to various risks of loss related to auto liability, unemployment, and workers' compensation. The County has obtained liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Association of Counties Self Insurance Funds (TAC). TAC is a self-funded plan operating as a common risk management and insurance program. The County pays an annual premium to TAC for its above insurance coverage. The agreement for the formation of TAC provides that TAC will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than acceptable risk levels; however, each category of coverage has its own level of reinsurance. The County continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

H. Receivables

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities
Receivables	
Property Taxes	\$ 3,495,785
Sales Taxes	966,554
Grants and Other	201,899
Fines, Fees and Court Costs	4,423,520
Total Gross Receivables	\$ 9,087,758
Less: Allowance for Uncollectibles	
Taxes	419,494
Fines, Fees and Court Costs	4,202,344
Net Total Receivables	\$ 4,465,920

I. Post-Employment Benefits Other than Pension Benefits

From an accrual accounting perspective, the cost of post-employment benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 75 during the year ended September 30, 2020, the County recognizes the cost of postemployment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the County's future cash flows.

Plan Description

The County provides post-employment benefits for certain employees for current and future health, dental and life insurance benefit expenses through a single employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made December 31, 2018. The post-employment plan does not issue stand-alone financial reports.

Plan Participants

Full-time employees of the County who retire after October 1, 2004 are eligible to participate in the retiree health care plan effective the first day of the next month and will receive a county paid insurance subsidy. Full-time employees of the County who retired prior to October 1, 2004 were not eligible to receive a county paid insurance.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. Post-Employment Benefits Other Than Pension Benefits - (Continued)

Normal Retiree Benefits

Health Care Benefit Eligibility Conditions

Active full-time Employees must be eligible for retirement under the Texas County and County Retirement System (TCDRS). Such covered employee must meet the County's "rule of 75" requirement of combined years of service and years of age in addition to current guidelines for being vested and qualified to retire from the County. The guidelines to qualify for retirement in force at the time of the covered employee's retirement shall apply.

- Age 60 with 8 years of service;
- Any age with 30 years of service;
- Rule of 75 (age plus years of service equals 75).

Once a retiree reaches Medicare eligibility, they are no longer eligible to purchase the County's health insurance.

Health Care Benefit Provided by Plan

- Member:** Under age 65, 100% covered by the County for retirees who retired after October 1, 2004
- Spouse:** Under age 65, 100% paid by retiree
- Dependent:** Until age 23 if full-time student, 100% paid by retiree

Early Retirement Benefits

Early retirement benefits are available only if conditions for retirement have been met according to the TCERS plan – vested and age 60, service time plus age equals 75, or completed 30 years' service time at any age. Eight years of service credit in the TCERS system are required to vest for retirement and qualify for the County's contribution.

Deferred Retirement Benefits

NONE

Death in Service Retirement Benefits

Spouse and Dependent coverage is available prior to age 65. Retiree, Spouse or Dependent pays 100% of retiree premium.

Disability Retirement Benefits

Same as Normal Retirement

Dental Coverage

Members and spouses retiring with retiree health care benefits are eligible for dental benefits.

Life Insurance

Coverage offered of \$ 2,500 of life insurance. Retirees pay \$ 0.92 per month.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. Post-Employment Benefits Other Than Pension Benefits - (Continued)

Funding Policy and Annual OPEB Cost

The County's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 75. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB liability for the fiscal year ended September 30, 2020, is as follows:

Total OPEB Liability			
Service Cost		\$	838,264
Interest on the total OPEB liability			414,665
Changes of benefit terms			-
Difference between expected and actual experience of the total OPEB liability			33,514
Change of assumptions			317,608
Benefit Payments			<u>(552,241)</u>
Net change in total OPEB liability		\$	1,051,810
Total OPEB liability - Beginning			<u>11,033,948</u>
Total OPEB liability - Ending		\$	<u><u>12,085,758</u></u>
Covered-employee payroll		\$	16,468,597
Total OPEB liability as a percentage of covered-employee payroll			73.39%

The ending Total OPEB Liability was as of December 31, 2019.

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% As of December 31, 2019 and updated health care trend rates to reflect the repeal of the excise tax on high cost employer health plans.

The Benefit payments during the measurement period were determined as follows:

a. Explicit benefit payments	\$ 377,214	(date provided by the County)
b. Implicit benefit payments	<u>175,027</u>	(explicit benefit payments *1.464)
c. Total benefit payments	\$ 552,241	

The 0.464 factor equals the ratio of the expected implicit subsidy to the expected costs.

Statement of OPEB Expense under GASB Statement No. 75

Service Cost			\$ 838,264
Interest on the Total OPEB liability			414,665
Current-Period Changes			-
OPEB Plan Administrative Expense			-
Recognition of Current Year Outflows (Inflows) due to liabilities			41,818
Amortization of Prior Year Outflows (Inflows) due to liabilities			<u>(96,699)</u>
Total OPEB Expense		\$	<u><u>1,198,048</u></u>

HUNT COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2020

I. Post-Employment Benefits Other Than Pension Benefits - (Continued)

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree benefit plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computer to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

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

Valuation Date:	December 31, 2018
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	3.71% as of December 31, 2018
Inflation rate	2.50%
Salary Increase	0.50% to 5.00%, not including wage inflation of 3.25%
Dempgraphic Assumptions	Based on the experience study covering the four-year period ending December 31, 2016 as conducted for the Texas County and District Retirement System (TCDRS)
Mortality	For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Table are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014
Healthcare Trend Rates	Initial rate of 7.10% declining to an ultimate rate of 5.50% after 9 years; Ultimate trend rate includes a 1.25% adjustment for the excise tax.
Participant Rates	It was assumed that 100% of retirees who are eligible for County paid coverage would choose to maintain their coverage after retirement.
Salary growth	3.0% per annum
Healthcare cost trend rate	Initial rate of 7.50% declining to an ultimate rate of 5.50% after 9 years

The discount rate changed from 3.31% as of December 31, 2017, to 3.71% as of December 31, 2019. Additionally, the health care trend rates were updated to reflect the plan's anticipated experience.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. Post-Employment Benefits Other Than Pension Benefits - (Continued)

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.71% , as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 1.75%	Current Discount Rate Assumption 2.75%	1% Increase 3.75%
County's Net OPEB Liability	\$ 13,139,800	\$ 12,085,758	\$ 11,111,020

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher.

	1% Decrease	Current Healthcare Trend Rate Assumption	1% Increase
County's Net OPEB Liability	\$ 10,656,420	\$ 12,085,758	\$ 13,801,565

After September 30, 2020, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB's from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$ 121,563	\$ 984,996
Changes in actuarial assumptions	625,263	64,354
Contributions subsequent to the measurement date	419,829	-
Total	<u>\$ 1,166,655</u>	<u>\$ 1,049,350</u>

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB Liability (December 31, 2019) and prior to the end of the employer's financial reporting period (September 30, 2020) should be reported by the employer as a deferred outflow related to OPEB.

The deferred outflow related to benefit payments made subsequent to the measurement date was \$ 419,829 (\$293,337 of explicit premium subsidies and \$136,108 of implicit subsidies). The implicit subsidy was estimated by multiplying the explicit costs by 0.464 factor equals the ratio of the expected implicit subsidy to the expected costs.

Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized as OPEB expense as follows:

Year Ending September 30	Amount
2021	\$ (54,881)
2022	(54,881)
2023	(54,881)
2024	(54,881)
2025	(54,881)
Thereafter	(28,119)
Total	\$ (302,524)

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

I. Post-Employment Benefits Other Than Pension Benefits - (Continued)

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rates.

J. Subsequent Events

The County's management has evaluated subsequent events through August 16, 2021, the date which the financial statements were available for issue.

The Commissioner's Court approved an order calling for a bond election to be held on November 2, 2021. The amount of the bond is \$75,000,000 to be used for Hunt County Law Enforcement Facilities.

REQUIRED SUPPLEMENTARY INFORMATION

HUNT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Amended		Final Budget
				Positive (Negative)
REVENUES				
Taxes - Property	\$ 26,279,742	\$ 26,279,742	\$ 26,593,776	\$ 314,034
Taxes - Sales Tax and Other	4,405,500	4,405,500	6,228,038	1,822,538
Fees	2,139,996	2,203,152	2,208,215	5,063
Motor Vehicle Fees	1,078,000	1,078,000	340,813	(737,187)
Intergovernmental Support	500,571	1,242,794	1,016,749	(226,045)
Investment Earnings	175,000	175,000	165,776	(9,224)
Miscellaneous	281,610	372,694	827,079	454,385
Total Revenues	\$ 34,860,419	\$ 35,756,882	\$ 37,380,446	\$ 1,623,564
EXPENDITURES				
Current:				
General Government	\$ 7,947,905	\$ 8,358,335	\$ 7,983,287	\$ 375,048
Judicial	9,866,833	9,945,659	8,959,578	986,081
Public Safety	7,691,578	7,963,268	7,288,941	674,327
Corrections and Rehabilitation	6,998,367	6,910,626	6,019,362	891,264
Health and Human Services	968,011	979,269	811,791	167,478
Community Development	478,916	478,916	293,181	185,735
Infrastructure	10,000	70,000	70,000	-
Debt Service	58,178	58,178	58,179	(1)
Total Expenditures	\$ 34,019,788	\$ 34,764,251	\$ 31,484,319	\$ 3,279,932
Excess (Deficiency) of Revenues over Expenditures	\$ 840,631	\$ 992,631	\$ 5,896,127	\$ 4,903,496
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 448,039	\$ 578,039	\$ 328,368	\$ (249,671)
Transfers Out	(750,000)	(2,032,000)	(1,946,824)	85,176
Net Other Financing Sources (Uses)	\$ (301,961)	\$ (1,453,961)	\$ (1,618,456)	\$ (164,495)
Net Change in Fund Equity	\$ 538,670	\$ (461,330)	\$ 4,277,671	\$ 4,739,001
Fund Equity - October 1 (Beginning)	13,831,685	13,831,685	13,831,685	-
Fund Equity - September 30 (Ending)	\$ 14,370,355	\$ 13,370,355	\$ 18,109,356	\$ 4,739,001

HUNT COUNTY, TEXAS
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	\$ 2,102,866	\$ 2,158,848	\$ 2,235,523	\$ 2,420,713	\$ 2,176,453	\$ 2,098,215
Interest (on the total pension liability)	6,041,388	5,676,173	5,339,592	4,938,827	4,635,362	4,346,201
Changes of benefit terms	-	-	-	-	(434,675)	-
Difference between expected and actual experience	466,096	129,703	(559,889)	(508,761)	(554,351)	(359,552)
Change of assumptions	-	-	336,478	-	653,694	-
Benefit payments, including refunds of employee contributions	(262,807)	(293,928)	(464,103)	(315,502)	(333,264)	(416,579)
Net Change in Total Pension Liability	8,347,543	7,670,796	\$ 6,887,601	\$ 6,535,277	\$ 6,143,219	\$ 5,668,285
Total Pension Liability - Beginning	74,280,862	69,457,430	65,204,673	61,164,157	57,364,752	53,924,848
Total Pension Liability - Ending (a)	82,628,405	77,128,226	\$ 72,092,274	\$ 67,699,434	\$ 63,507,971	\$ 59,593,133
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,717,516	\$ 1,756,979	\$ 1,633,665	\$ 1,591,206	\$ 1,660,857	\$ 1,600,226
Contributions - Employee	1,210,740	1,180,104	1,143,560	1,130,807	1,149,951	1,075,007
Net investment income	10,832,340	(1,259,301)	8,637,102	4,085,843	(334,002)	3,515,409
Benefit payments, including refunds of employee contributions	1,717,516	1,756,979	1,633,665	1,591,206	1,660,857	1,600,226
Administrative expense	(14,771)	694	(4,735)	(21,850)	29,749	(23,263)
Other	75,976,918	65,957,811	67,473,604	59,207,834	55,276,550	55,486,925
Net Change in Plan Fiduciary Net Position	91,440,259	69,393,266	\$ 80,516,861	\$ 67,585,046	\$ 59,443,962	\$ 63,254,530
Plan Fiduciary Net Position - Beginning	65,957,811	67,473,605	59,207,833	55,276,549	55,486,925	52,005,914
Plan Fiduciary Net Position - Ending (b)	157,398,070	136,866,871	\$ 139,724,694	\$ 122,861,595	\$ 114,930,887	\$ 115,260,444
Net Pension Liability - Ending (a) - (b)	(74,769,665)	(59,738,645)	\$ (67,632,420)	\$ (55,162,161)	\$ (51,422,916)	\$ (55,667,311)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.90%	88.80%	97.14%	90.80%	90.37%	96.73%
Covered Employee Payroll	\$ 16,974,737	\$ 16,747,752	\$ 16,336,568	\$ 16,154,392	\$ 16,427,865	\$ 15,357,244
Net Pension Liability as a Percentage of Covered Employee Payroll	19.12%	49.70%	12.14%	37.12%	35.84%	12.23%

Note: Only seven years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 10 month delay for financial reporting in accordance with GASB 68.

HUNT COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2020

	Fiscal Year Ended September 30					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,930,002	\$ 1,756,979	\$ 1,619,194	\$ 1,509,903	\$ 1,507,954	\$ 1,604,822
Contributions in relation to actuarially determined contribution	<u>(1,930,002)</u>	<u>(1,756,979)</u>	<u>(1,619,194)</u>	<u>(1,509,903)</u>	<u>(1,507,954)</u>	<u>(1,604,822)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 18,187,036	\$ 16,747,752	\$ 15,633,646	\$ 15,160,277	\$ 15,191,059	\$ 15,761,313
Contributions as a percentage of covered employee payroll	10.61%	10.49%	10.36%	9.96%	9.93%	10.18%

Note: Only six years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

HUNT COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 838,264	\$ 910,840	\$ 779,335
Interest (on the total OPEB liability)	414,665	391,351	399,662
Changes of benefit terms	-	-	-
Difference between expected and actual experience	33,514	(1,292,980)	134,547
Change of assumptions	317,608	(84,476)	505,037
Benefit payments	(552,241)	(517,331)	(584,357)
Net Change in Total OPEB Liability	\$ 1,051,810	\$ (592,596)	\$ 1,234,224
Total OPEB Liability - Beginning	11,033,948	11,626,544	10,392,320
Total OPEB Liability - Ending	\$ 12,085,758	\$ 11,033,948	\$ 11,626,544
Covered Employee Payroll	\$ 16,468,597	\$ 12,353,122	\$ 11,075,027
Net OPEB Liability as a Percentage of Covered Employee Payroll	73.39%	89.32%	104.98%

Note: FYE20 - The health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.
FYE19- The healthcare trend assumption was modified to better reflect anticipated experience. Changes of assumptions reflect the effects of changes in the discount rate each period.

Changes of assumptions reflects of changes in the discount raate each period.

The following are the discount rates used in each period:

2020	2.75%
2019	3.71%
2018	3.31%
2017	3.81%

**HUNT COUNTY, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2020**

A. TCDRS Retirement Plan

The following information is supplied to provide additional data for review of the County's pension information.

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
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	1.8 years
Asset Valuation Method	5-yr smoothed market
Inflation	3.00%
Salary Increases	Varies by age and service, 4.9% average over career including inflation
Investment Rate of Return	8.0%, net 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	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Other Information: There were no benefit changes during the year.

B. OPEB Benefit Plan

Plan Participants

Fulltime employees of Hunt County who retire after October 1, 2004 may be eligible to participate in the retiree health care plan, effective the first day of the next month, and will receive a County paid insurance subsidy.

Full Time employees of Hunt County who retire prior to October 1, 2004 were not eligible to receive a County-paid insurance subsidy.

Normal Retirement Benefits

Health Care Benefit Eligibility Conditions

Active full-time employees must be eligible for retirement under the Texas County and County Retirement System (TCDRS). The guideline to qualify for retirement in force at the time of the covered employee's retirement shall apply:

- Age 60 with 8 years of continuous service with Hunt County;
- Any age with 30 years of service, including 8 years of continuous service with Hunt County or
- Age plus years of TCDRS Service equals 75 (rule of 75), including 8 years of service with Hunt County

**HUNT COUNTY, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2020**

B. OPEB Benefit Plan (Continued)

To be eligible for the County's retiree medical subsidy, a retiree must have at least eight years of continuous service with Hunt County immediately prior to retirement.

Once a retiree reaches Medicare eligibility, the retiree is no longer eligible for the County's health insurance.

Health Care Benefit Provided by the Plan

Member: Under age 65, 100% covered for by the County for retirees who retired after October 1, 2004

Spouse: Under age 65, 100% paid by the retiree

Dependent: Until age 26 if dependent, 100% paid by the retiree

Death in Service Retirement Benefits

Spouse and dependent coverage is available prior to age 65. Spouse or dependent pays 100% of the premium.

Disability Retirement Benefits

Same as Normal Retirement

Dental Coverage

Members and spouses retiring with retiree health care benefits are eligible for dental benefits. However, retirees are responsible for 100% of the premium

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry – Age Normal
Discount Rate	2.75% as of December 31, 2019
Inflation	3.00%
Salary Increases	0.50% to 5.00%. not including wage inflation of 3.25%
Mortality	For healthy retirees, the gender distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scales MP-2014.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 14 years
Participation Rates	It was assumed that 100% of retirees who are eligible for county paid coverage would choose to maintain their coverage after retirement.

Other Information:

Notes
The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.

FEDERAL AWARDS SECTION

HUNT COUNTY TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/ Pass Through Grantor Program Title	Federal CDFA Number	Pass Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Texas Department of Agriculture:			
Community Development Block Grant *	14.228	7217006	\$ 214,307
Community Development Block Grant *	14.228	7218220	78,000
Community Development Block Grant *	14.228	7215036	<u>27,229</u>
Total Department of Housing and Urban Development			<u>\$ 319,536</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	BxBU14074519	\$ 1,324
Radio Interoperability	16.738	DJ18A103757401	229,725
Criminal Alien Assistance Program	16.606	FY 2018	<u>12,141</u>
Total Department of Justice			<u>\$ 243,190</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Department of State Health Services			
Immunization Grants	93.268	2020-001229-00	\$ 370,737
Cities Readiness Initiative	93.283	2020-001156-00	<u>44,187</u>
Total Department of Health and Human Services			<u>\$ 414,924</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Texas Department of Public Safety:			
Emergency Management Performance Grant	97.042	19TX-EMPG-0042	<u>\$ 34,200</u>
Total Department of Homeland Security			<u>\$ 34,200</u>
U.S. DEPARTMENT OF TREASURY			
Passed through the Texas Division of Emergency Management:			
Caronavirus Relief Fiund	21.019		<u>\$ 542,223</u>
Total Department of Treasury			<u>\$ 542,223</u>
U.S. ELECTION ASSISTANCE COMMISSION			
Help America Vote Act (HAVA) CARES Act	90.404	TX20101CARES-116	\$ 14,505
Help America Vote Act (HAVA) CARES Act	90.404	TX18101001-01-116	<u>-</u>
Total U S Election Assistance Commission			<u>\$ 14,505</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 1,568,578</u>

HUNT COUNTY TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hunt County Texas and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting year in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.