

ANDERSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**



**Prepared by:
Anderson County Auditor's Office**

**Megan Lambright
County Auditor**

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ANDERSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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Megan Lambright
County Auditor



ANDERSON COUNTY AUDITOR
703 N. Mallard St. Suite 110
Palestine, TX 75801
Phone: (903) 723-7401
Fax: (903) 723-7808

September 8, 2022

The Honorable Board of District Judges,
The Anderson County Commissioners Court and
Citizens of Anderson County

In compliance with *Texas Local Government Code, §114.025*, the financial statements of Anderson County, Texas (the "County") are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby submit the annual financial report of the County for the fiscal year ended December 31, 2021.

This report consists of management's representations concerning the finances of the County. Therefore, management of the County assumes the responsibility for accuracy, completeness, fairness and reliability of the financial data presented in this report, including all disclosures. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, The County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. Responsibility for internal controls is shared by the Commissioners Court, which is the governing body of the County, the County Auditor, who is appointed by the District Judges, and the County Treasurer. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by Pattillo, Brown and Hill, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2021, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The introductory section includes this transmittal letter, the county's organizational chart and a list of officials. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found in the financial section following the report of the independent auditors. The financial section of this report also includes government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information and the combining fund financial statements in addition to the report of the independent auditors.

PROFILE OF ANDERSON COUNTY

Anderson County is located in East Texas between the Trinity and the Neches rivers. Palestine, the county's largest town and its county seat, is 108 miles southeast of Dallas and 153 miles north of Houston. U.S. Highways 287, 79, and 84 provide the major transportation routes through the county. The County is the 52nd largest of the 254 counties in Texas; with a 2020 census population of 57,922. Significant cities in the County include Palestine, the county seat, Elkhart, and Frankston. The County falls within the 5th Texas congressional districts and the 3rd Texas senatorial district. The county consists of 1,077 square miles with a 2000 population density 53.8 residents per square mile.

The County is a political subdivision of the State of Texas. The Commissioners Court, which is composed 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. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners Court sets the tax rate, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Judge as assisted by the County Auditor. The Commissioners Court is also responsible for developing policies and orders, approving financial commitments and appointing various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval.

The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local government units. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (e.g., courts, juries, district attorney, etc.), public safety (e.g., sheriff, jail, etc.), roads and highways and health and welfare (e.g., assistance to indigents).

The annual budget serves as the foundation for the County's planning and control. Budget hearings are posted annually in July, August and September, with the final budget approved by the Commissioners Court following the hearings. The final budget includes contingency and emergency reserve line items. Unencumbered appropriations lapse at fiscal year-end. Most appropriated budgets are prepared by fund, function, department and category. Capital expenditures are approved on a line item basis. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

An understanding of the financial condition of the County is enhanced when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy - The County maintains a relatively stable local economy. The County has a somewhat limited tax base and economic employment base with the top ten taxpayers in the County accounting for approximately 16% of the County's tax base.

Primary employers in the County include the Texas Department of Corrections facility (2195 employees), Wal-Mart Stores Inc. distributing center (1560), Sanderson Farms (1095) and Palestine Regional Medical Center (500). For December 2021, the County's unemployment rate of 4.8% was lower than the state's rate of 5.6% and below the national average of 3.9%.

The County's tax base increased in 2021 due to an increase in real property and in mineral valuations. The Commissioners Court is continuing to take a conservative approach to the allocation of resources in order to ensure that the County is prepared for economic fluctuations.

Relevant Financial Policies – The County adopts a one-year budget as part of its financial planning process. The budgets along with the financial policies of the County serve as the basis for the overall fiscal management of the county's resources. The budget implements strategies, both financial and operational, identified through the strategic and long-range planning process to meet existing challenges and to effectively plan for future needs. Goals and objectives are incorporated into policy statements which are continually reevaluated to provide the necessary structure for achieving these goals.

Long-term Financial Planning – Long term financial planning goals include the following:

- Operate the County government in the most fiscally responsible manner possible.
- Control expenditures by implementing cost savings measures at any opportunity.
- Promote a favorable environment for retaining and expanding existing businesses while attracting a wide variety of new businesses to provide economic growth and development which will provide sufficient resources to fund County operations while mitigating the overall tax burden on County taxpayers.
- Implement technological solutions to improve the efficiency and effectiveness of operations,

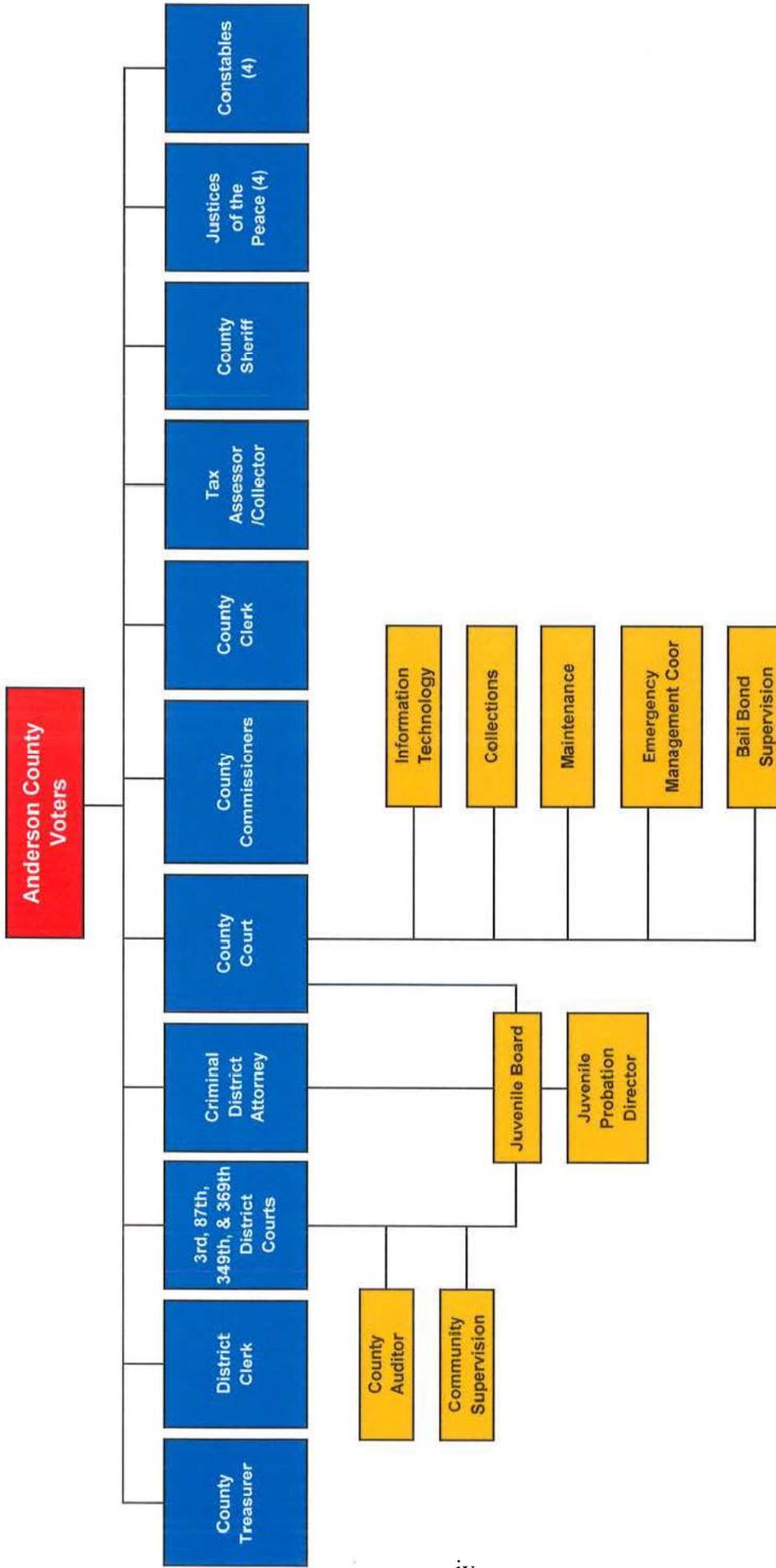
The successful completion of this report could not have been achieved without the dedicated efforts of the staff of the County Auditor's Office and the professional services provided by our independent auditors, Pattillo, Brown and Hill, LLP. I wish to express my gratitude to the District Judges, the Commissioners Court, and the other County officials and departments for their support in planning and conducting the financial affairs of the County in a responsible and progressive manner.

Respectfully submitted,



Megan Lambright
Anderson County Auditor

**ANDERSON COUNTY, TEXAS
ORGANIZATIONAL CHART
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**



**ANDERSON COUNTY, TEXAS
PRINCIPAL OFFICIALS**

Commissioners Court

Robert D. Johnston
Greg Chapin
Rashad Q. Mims, I
Kenneth Dickson
Joseph A. Hill

County Judge
Commissioner, Precinct 1
Commissioner, Precinct 2
Commissioner, Precinct 3
Commissioner, Precinct 4

Judicial

Mark Calhoon
Deborah Oakes Evans
Pam Foster Fletcher
C. Michael Davis
Brendan J. Doran

Judge, 3rd District Court
Judge, 87th District Court
Judge, 349th District Court
Judge, 369th District Court
Judge, County Court of Law

Law Enforcement

Rudy Flores
Allyson Mitchell
Emily Lane*

County Sheriff
Criminal District Attorney
Chief Juvenile Probation Director

Financial Administration

Megan Lambricht*
Tara Holliday
Margie Grissom

County Auditor
County Treasurer
County Tax Assessor/Collector

Recording Officials

Teresa Coker
Mark Staples

District Clerk
County Clerk

*Denotes appointed officials. All others listed are elected.

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and County Commissioners
Anderson County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Texas, (County) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

OFFICE LOCATIONS

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The above-mentioned supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 above-mentioned supplementary information is 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 September 8, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Waco, Texas
September 8, 2022

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Anderson County (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 December 31, 2021. We encourage readers to consider the information presented here in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The net position of the County at the close of the most recent fiscal year was \$26,060,027. Of this amount, \$3,321,314 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position decreased by \$2,275,113 from operations.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$21,588,733 an increase of \$3,996,283 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,564,715 or 25% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise 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 *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the net difference reported as *net position*. 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.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial, public safety, social services, and roads and bridges.

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 three categories: governmental, proprietary, and fiduciary funds.

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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County maintains 44 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, American Rescue Plan Act Fund, and the Coronavirus Relief Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Anderson County utilizes and maintains budgetary controls over its operating funds. Budgetary controls are used to ensure compliance with legal provisions required under state statute governing the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and are adopted at the department and account line-item levels for all funds. Appropriations for Capital Projects Funds are approved on an annual basis. The Required Supplementary Information contains a budget comparison for the General Fund. The comparison schedule is used to demonstrate compliance with the budget both as originally adopted and as finally amended.

Proprietary Funds. The County maintains one type of proprietary fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses its Internal Service Fund to account for its health insurance. This internal service function has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the County’s progress in funding its obligation to provide pension and OPEB benefits to its employees. Additionally, a budgetary comparison schedule for the General Fund has been provided to demonstrate compliance with the budget. Required supplementary information can be found immediately following the notes to the financial statements.

This report also contains other supplementary information in the form of combining fund statements that further support the information in the financial statements. The combining fund statements are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the County, net position was \$26,060,027 at the close of the most recent fiscal year.

The County’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, is 70% of net position. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Anderson County’s Net Position

	Governmental Activities	
	2021	2020
Current and other assets	\$ 47,348,161	\$ 38,580,567
Capital assets	42,721,692	42,710,700
Total assets	<u>90,069,853</u>	<u>81,291,267</u>
Deferred outflows of resources	<u>3,568,714</u>	<u>2,475,241</u>
Long-term liabilities	47,282,810	36,339,880
Other liabilities	1,317,195	1,501,487
Total liabilities	<u>48,600,005</u>	<u>37,841,367</u>
Deferred inflows of resources	<u>18,978,535</u>	<u>17,590,001</u>
Net position:		
Net investment in capital assets	18,170,339	18,874,410
Restricted	4,568,374	3,176,492
Unrestricted	3,321,314	6,284,238
Total net position	<u>\$ 26,060,027</u>	<u>\$ 28,335,140</u>

An additional portion of the County’s net position, \$4,568,374 (18%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, 3,321,314 (13%), may be used to meet the County’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position.

Statement of Activities. Governmental activities decreased the County’s net position by \$2,275,113.

Anderson County's Changes in Net Position

	Governmental Activities	
	2021	2020
Revenues		
Program revenues:		
Charges for services	\$ 3,478,987	\$ 3,325,251
Operating grants and contributions	1,143,975	3,147,137
Capital grants and contributions	135,975	88,387
General revenues:		
Property taxes	15,392,397	15,559,662
Sales taxes	3,370,465	2,871,705
Other taxes	48,581	34,305
Hotel occupancy	56,149	-
Investment earnings	103,674	170,974
Gain on sale of capital assets	536,192	233,884
Miscellaneous	250,164	243,004
Total revenues	24,516,559	25,674,309
Expenses		
General government	7,485,331	6,452,697
Judicial	3,215,699	3,127,435
Public safety	7,117,185	8,243,659
Social services	743,140	746,976
Roads and bridges	7,469,951	8,152,359
Interest on long-term debt	760,366	666,309
Total expenses	26,791,672	27,389,435
CHANGE IN NET POSITION	(2,275,113)	(1,715,126)
NET POSITION, BEGINNING	28,335,140	30,050,266
NET POSITION, ENDING	\$ 26,060,027	\$ 28,335,140

Sales tax increased by \$498,760 due to economic incline. Capital grants and contributions increased by \$47,588 and operating grants and contributions decreased by \$2,003,162 as a result of changes in funding activities from granting activities. Road and Bridge expenditures decreased by \$682,408 due to the usage of road bonds. Investment earnings fell due to decreasing interest rates.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,564,715. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25% of total General Fund expenditures.

The fund balance of the County's General Fund decreased by \$723,768 during the current fiscal year. Property tax collections decreased by \$392,954 and sales tax collections increased by \$498,760. Expenditures for the General Fund for 2021 decreased by \$989,522 from the prior year.

The Capital Projects Fund accounted for 19.89% of the total governmental fund assets. At the end of the current fiscal year, the Capital Projects Fund had an ending fund balance of \$9,329,633. Which was an increase of \$3,244,158. The increase was due to the issuance of Certificates of Obligation Bond.

The American Rescue Plan Act Fund accounted for 11.48% of the total governmental fund assets.

The Coronavirus Relief Fund accounted for 5.05% of the total governmental fund revenues.

General Fund Budgetary Highlights

The following are significant variations between the final budget and actual amounts in the General Fund:

- Actual revenues were lower than budgeted by \$354,362; primarily due to property tax revenue and investment earnings being less than expected.
- Actual expenditures were lower than budgeted by \$1,502,742; primarily due to budgetary controls and adherence to adopted budgets across all departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County's investment in capital assets for its governmental activities as of December 31, 2021, amounted to \$42,721,692 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, construction in progress, buildings and improvements, and machinery and equipment.

Anderson County's Capital Assets (net of depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 2,012,111	\$ 1,985,032
Construction in progress	272,786	-
Buildings and improvements	14,647,692	14,892,107
Roads and bridges	20,791,422	20,113,987
Machinery and equipment	4,997,681	5,719,574
Total	<u>\$ 42,721,692</u>	<u>\$ 42,710,700</u>

Major additions to the County's capital assets during 2021 include \$2,779,268 of road and bridge additions, \$2,081,870 of new equipment and machinery, and \$373,085 of buildings and improvements.

Additional information on the County's capital assets can be found in Note 2 to the financial statements.

Long-term debt. At the end of the current fiscal year, the County has a total bonded debt of \$26,210,000.

Anderson County's Outstanding Debt General Obligation Bonds

	Governmental Activities	
	2021	2020
Bonds	<u>\$ 20,325,000</u>	<u>\$ 21,345,000</u>
Total	<u>\$ 20,325,000</u>	<u>\$ 21,345,000</u>

Certificates of Obligation Bonds

	Governmental Activities	
	2021	2020
Bonds	<u>\$ 5,885,000</u>	<u>\$ -</u>
Total	<u>\$ 5,885,000</u>	<u>\$ -</u>

State statutes limit the amount of general obligation debt a governmental activity may issue to 5% of its total assessed valuation. The current debt limitation for the County is \$169,142,401, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 2 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

In considering the Anderson County budget for FY 2022, Commissioners Court considered the following factors:

- The unemployment rate for the County is currently 6.2%, which is a decrease from the rate of 6.3% a year ago.
- Interest rates and corresponding revenue is expected to increase slowly over the next couple of years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 703 N. Mallard, Suite 110, Palestine, TX 75801.

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**BASIC
FINANCIAL STATEMENTS**

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ANDERSON COUNTY

Statement of Net Position

December 31, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 34,480,292
Receivables (net of allowances for uncollectible):	
Accounts	1,043,322
Property taxes	10,667,338
Other taxes	629,550
Due from other governments	41,883
Due from other entities	56,099
Prepaid expenses	429,677
Capital assets	113,980,635
Accumulated depreciation	(71,258,943)
Total assets	<u>90,069,853</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	2,929,899
Deferred outflows related to OPEB	533,422
Deferred loss on bond refunding	105,393
Total deferred outflows of resources	<u>3,568,714</u>
Liabilities	
Accounts payable	621,173
Accrued liabilities	254,293
Due to other governments	106,618
Due to other entities	28,867
Other payables	10,694
Interest payable	295,550
Compensated Absences	306,349
Unearned revenue	5,453,082
Bonds payable	26,210,000
Premium on bonds	2,448,318
Capital Leases	2,643,465
Total OPEB liability	5,175,746
Net pension liability	5,045,850
Total liabilities	<u>48,600,005</u>
Deferred Inflows of Resources	
Property taxes levied for future periods	9,752,962
Advance property tax collections	7,537,084
Deferred inflows related to pensions	1,688,489
Total deferred inflows of resources	<u>18,978,535</u>
Net Position	
Net investment in capital assets	18,170,339
Restricted for:	
General government	266,799
Judicial operations	673,844
Public safety operations	1,118,760
Social services operations	120,457
Roads and bridges	165,541
Debt service	2,222,973
Unrestricted	<u>3,321,314</u>
Total net position	<u>\$ 26,060,027</u>

The notes to the financial statements are an integral part of this statement.

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ANDERSON COUNTY

Statement of Activities

For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
General government	\$ 7,485,331	\$ 1,006,035	\$ 89,789	\$ 120,000	\$ (6,269,507)
Judicial	3,215,699	1,034,011	328,368	-	(1,853,320)
Public safety	7,117,185	426,703	635,664	15,975	(6,038,843)
Social Services	743,140	42,045	-	-	(701,095)
Roads and bridges	7,469,951	970,193	90,154	-	(6,409,604)
Interest on long-term debt	760,366	-	-	-	(760,366)
Total governmental activities	<u>\$ 26,791,672</u>	<u>\$ 3,478,987</u>	<u>\$ 1,143,975</u>	<u>\$ 135,975</u>	<u>\$ (22,032,735)</u>
General revenues:					
Taxes:					
Property					15,392,397
Sales					3,370,465
Other					48,581
Hotel occupancy					56,149
Unrestricted investment earnings					103,674
Gain on sale of capital assets					536,192
Miscellaneous					250,164
Total general revenues					<u>19,757,622</u>
Change in net position					(2,275,113)
Net position, beginning					<u>28,335,140</u>
Net position, ending					<u>\$ 26,060,027</u>

The notes to the financial statements are an integral part of this statement.

ANDERSON COUNTY, TEXAS

Balance Sheet

Governmental Funds

For the Year Ended December 31, 2021

	General	Capital Projects	American Rescue Plan Act Fund	Coronavirus Relief Fund	Other Governmental	Total Governmental Funds
Assets:						
Cash and Investments	\$ 15,197,179	\$ 9,176,354	\$ 5,454,747	\$ -	\$ 4,563,304	\$ 34,391,584
Receivables (net of allowances for estimated uncollectible):						
Accounts	1,043,322	-	-	-	-	1,043,322
Property Taxes	8,980,574	4,081	-	-	1,682,683	10,667,338
Other Taxes	629,550	-	-	-	-	629,550
Prepaid Assets	429,677	-	-	-	-	429,677
Due from Other Governments	-	-	-	-	41,883	41,883
Due from Other Funds	14,227	276,698	-	-	-	290,925
Due from Other Entities	39,935	-	-	-	16,164	56,099
Total Assets	<u>\$ 26,334,464</u>	<u>\$ 9,457,133</u>	<u>\$ 5,454,747</u>	<u>\$ -</u>	<u>\$ 6,304,034</u>	<u>\$ 47,550,378</u>
Liabilities:						
Accounts Payable	\$ 473,923	\$ 116,462	\$ 1,665	\$ -	\$ 29,123	\$ 621,173
Accrued Liabilities	240,487	-	-	-	13,806	254,293
Due to Other Governments	99,391	-	-	-	7,227	106,618
Due to Other Funds	232,371	-	-	-	58,554	290,925
Due to Other Entities	21,910	6,957	-	-	-	28,867
Other Payables	10,694	-	-	-	-	10,694
Unearned Revenue	-	-	5,453,082	-	-	5,453,082
Total Liabilities	<u>1,078,776</u>	<u>123,419</u>	<u>5,454,747</u>	<u>-</u>	<u>108,710</u>	<u>6,765,652</u>
Deferred Inflows of Resources:						
Advanced property tax collections	6,337,835	-	-	-	1,199,249	7,537,084
Unavailable Revenue - property taxes	8,936,807	4,081	-	-	1,674,699	10,615,587
Unavailable Revenue - court fines & fees	1,043,322	-	-	-	-	1,043,322
Total Deferred Inflows of Resources	<u>16,317,964</u>	<u>4,081</u>	<u>-</u>	<u>-</u>	<u>2,873,948</u>	<u>19,195,993</u>
Fund Balances:						
Nonspendable						
Prepaid Items	429,677	-	-	-	-	429,677
Restricted for:						
General Government	-	-	-	-	266,799	266,799
Judicial operations	-	-	-	-	673,844	673,844
Public Safety operations	-	-	-	-	1,118,760	1,118,760
Social Services operations	-	-	-	-	120,457	120,457
Roads & Bridges	-	-	-	-	165,541	165,541
Debt Service	-	-	-	-	977,004	977,004
Capital acquisition and construction	-	9,329,633	-	-	-	9,329,633
Assigned for:						
Subsequent year's budget deficit	2,943,332	-	-	-	-	2,943,332
Unassigned	5,564,715	-	-	-	(1,029)	5,563,686
Total Fund Balances	<u>8,937,724</u>	<u>9,329,633</u>	<u>-</u>	<u>-</u>	<u>3,321,376</u>	<u>21,588,733</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance						
	<u>\$ 26,334,464</u>	<u>\$ 9,457,133</u>	<u>\$ 5,454,747</u>	<u>\$ -</u>	<u>\$ 6,304,034</u>	<u>\$ 47,550,378</u>

The notes to the financial statements are an integral part of this statement.

ANDERSON COUNTY, TEXAS

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position

December 31, 2021

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

Total fund balances - governmental funds:		\$ 21,588,733
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	113,980,635	
Less: accumulated depreciation	<u>(71,258,943)</u>	42,721,692
An Internal Service Fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.		88,708
Some of the County's revenue will be collected after year-end, but are not available soon enough to pay current year's expenditures and therefore are not reported in the governmental funds.		
Property taxes	862,625	
Court fines	<u>1,043,322</u>	1,905,947
Certain long-term liabilities reported in governmental activities do not require current financial resources and therefore are not reported in the governmental funds balance sheet. A summary of these items are as follows:		
Long-term liabilities:		
Bonds payable	(26,210,000)	
Premium on bond	(2,448,318)	
Capital leases	(2,643,465)	
Net OPEB obligation	(5,175,746)	
Net pension liability	(5,045,850)	
Compensated absences	<u>(306,349)</u>	(41,829,728)
Certain deferred inflows and deferred outflows of resources are only reported in the government-wide financial statements:		
Deferred outflows of resources:		
Related to pensions	2,929,899	
Related to OPEB	533,422	
Deferred loss on bond refunding	105,393	
Deferred inflows of resources:		
Related to pensions	<u>(1,688,489)</u>	1,880,225
Interest payable used in County's governmental activities are not payable from current resources and therefore are not reported in governmental funds.		<u>(295,550)</u>
Net position of governmental activities		<u>\$ 26,060,027</u>

The notes to the financial statements are an integral part of this statement.

ANDERSON COUNTY, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the Year Ended December 31, 2021

	General	Capital Projects	American Rescue Plan Act Fund	Coronavirus Relief Fund	Other Governmental	Total Governmental Funds
Revenues:						
Taxes						
Property	\$ 12,899,104	\$ -	\$ -	\$ -	\$ 2,494,459	\$ 15,393,563
Sales	3,370,465	-	-	-	-	3,370,465
Mixed Beverage	48,581	-	-	-	-	48,581
Hotel Occupancy	-	-	-	-	56,149	56,149
Intergovernmental	554,276	-	154,091	1,274,739	704,088	2,687,194
Fees of Office	2,714,469	-	-	-	54,286	2,768,755
Fines and Forfeitures	255,924	-	-	-	317,920	573,844
Investment Earnings	61,917	20,970	-	-	19,332	102,219
Miscellaneous	229,617	-	-	-	20,547	250,164
Total Revenues	20,134,353	20,970	154,091	1,274,739	3,666,781	25,250,934
Expenditures:						
Current:						
General Government	5,780,180	-	-	-	282,016	6,062,196
Judicial	2,879,604	-	-	-	319,217	3,198,821
Public Safety	5,872,098	-	154,091	-	594,583	6,620,772
Social Services	740,798	-	-	-	-	740,798
Roads & Bridges	3,840,940	-	-	-	512,554	4,353,494
Debt Service:						
Principal	1,736,060	-	-	-	1,020,000	2,756,060
Interest and other charges	83,121	-	-	-	808,650	891,771
Bond Issuance Costs	-	144,840	-	-	-	144,840
Capital Outlay	1,836,300	3,077,312	-	-	301,408	5,215,020
Total Expenditures	22,769,101	3,222,152	154,091	-	3,838,428	29,983,772
Excess (Deficiency) of Revenue over Expenditures	(2,634,748)	(3,201,182)	-	1,274,739	(171,647)	(4,732,838)
Other Financing Sources (Uses):						
Issuance of Bonds	-	5,885,000	-	-	-	5,885,000
Premium on issuance of debt	-	563,033	-	-	-	563,033
Proceeds from notes/capital lease	559,800	-	-	-	-	559,800
Sale of capital assets	1,633,318	-	-	-	-	1,633,318
Insurance recoveries	87,970	-	-	-	-	87,970
Transfers In	884	-	-	2,523	371,162	374,569
Transfers Out	(370,992)	(2,693)	-	-	(884)	(374,569)
Total Other Financing Sources (Uses)	1,910,980	6,445,340	-	2,523	370,278	8,729,121
Net Change in Fund Balance	(723,768)	3,244,158	-	1,277,262	198,631	3,996,283
Fund Balance at Beginning of Year	9,661,492	6,085,475	-	(1,277,262)	3,122,745	17,592,450
Fund Balance at End of Year	\$ 8,937,724	\$ 9,329,633	\$ -	\$ -	\$ 3,321,376	\$ 21,588,733

The notes to the financial statements are an integral part of this statement.

ANDERSON COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds:	\$	3,996,283
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Expenditures for capital assets	5,534,088	
Less: current year depreciation	<u>(4,425,970)</u>	1,108,118
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		
		(1,097,126)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(1,323,360)	
Property taxes	(1,166)	
Court fines	<u>(35,466)</u>	(1,359,992)
The issuance of long-term debt (e.g., certificates of obligation, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt is an expenditure in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of long-term liabilities	2,756,098	
Issuance of bonds	(5,885,000)	
Premium on issue of debt	(563,033)	
Proceeds of capital lease	(559,800)	
Amortization of:		
Deferred loss on bond refunding	(52,696)	
Premium on bond issuance	<u>154,884</u>	(4,149,547)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Compensated absences	(21,606)	
OPEB obligation	(14,564)	
Net pension liability	(613,589)	
Net OPEB liability	<u>(153,724)</u>	(803,483)
Accrual interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		
		29,179
Internal Service Funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with governmental activities.		
		<u>1,455</u>
Change in net position of governmental activities	\$	<u><u>(2,275,113)</u></u>

The notes to the financial statements are an integral part of this statement.

ANDERSON COUNTY, TEXAS

Statement of Net Position

Proprietary Fund

December 31, 2021

	<u>Governmental Activities - Self-Insurance</u>
Assets	
Cash and Investments	<u>\$ 88,708</u>
Total Assets	<u>88,708</u>
Liabilities	
Total Liabilities	<u>-</u>
Net Position	
Unrestricted	<u>88,708</u>
Total Net Position	<u><u>\$ 88,708</u></u>

The notes to the financial statements are an integral part of this statement.

ANDERSON COUNTY, TEXAS

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Fund

For the Year Ended December 31, 2021

	<u>Governmental Activities - Self-Insurance</u>
Operating Revenues	
Total Operating Revenues	<u>\$ -</u>
Operating Expenses	
Total Operating Expenses	<u>-</u>
Operating Income	-
Non-Operating Revenues (Expenses)	
Interest	<u>1,455</u>
Total Non-Operating Revenues (Expenses)	<u>1,455</u>
Change in Net Position	1,455
Total Net Position, Beginning	<u>87,253</u>
Total Net Position, Ending	<u><u>\$ 88,708</u></u>

The notes to the financial statements are an integral part of this statement.

ANDERSON COUNTY, TEXAS

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2021

	<u>Governmental Activities - Self-Insurance</u>
Cash Flows From Investing Activities	
Net cash provided (used) by investing activities	<u>\$ 1,455</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,455
Cash and Cash Equivalents, Beginning	<u>87,253</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 88,708</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ -</u>
Net cash provided (used) by operating activities	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

ANDERSON COUNTY, TEXAS

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2021

	Investment Trust Funds	Custodial Funds
Assets		
Cash and investments	\$ 2,651,537	\$ 1,864,896
Total assets	<u>\$ 2,651,537</u>	<u>\$ 1,864,896</u>
Liabilities		
Due to other entities	\$ -	\$ 1,760,733
Total liabilities	<u>-</u>	<u>1,760,733</u>
Net Position		
Restricted for:		
Individuals, organizations and other governments	2,651,537	101,289
Unrestricted	<u>-</u>	<u>(2,874)</u>
Total net position	<u>\$ 2,651,537</u>	<u>\$ 98,415</u>

ANDERSON COUNTY, TEXAS

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2021

	Investment Trust Funds	Custodial Funds
Increases:		
Contributions from judgements	\$ 704,142	\$ 20,268
Taxes collected on behalf of taxing entities	-	142,215,632
Bonds received	-	47,508
Clerk fees	-	2,092,413
Commissary sales	-	223,974
Deposits held	-	1,623,563
Interest income	1	9,247
Total Increases	<u>704,143</u>	<u>146,232,605</u>
Decreases:		
Bonds refunded	\$ -	\$ 40,261
Taxes disbursed to taxing entities	-	100,747,614
Collections distributed	-	44,903,338
Commissary purchases	-	397,513
Deposits returned	-	65,896
Operational expenses	-	5,118
Disbursements to beneficiaries	705,478	-
Total Decreases	<u>705,478</u>	<u>146,159,740</u>
Net increase (decrease) in fiduciary net position	(1,335)	72,865
Net position - beginning	<u>2,652,872</u>	<u>25,550</u>
Net position - ending	<u>\$ 2,651,537</u>	<u>\$ 98,415</u>

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**NOTES TO
FINANCIAL STATEMENTS**

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ANDERSON COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Anderson County, Texas was created in 1846 with Palestine as the County seat. The County is governed by an elected Commissioners Court consisting of four precinct commissioners and the County Judge. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (e.g., courts, juries, district attorney, etc.), public safety (e.g., sheriff, jail, etc.), roads and bridges and social services (e.g., assistance to indigents).

A financial reporting entity consists of the primary government and its component units. Component units are legally separate organization for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the County's operations and so data from these units are combined with data of the County. Each discretely presented component unit on the other hand, is reported in a separate column under component unit on the government-wide statements to emphasize that is legally separate from the primary government.

The County had no component units during the fiscal year ended December 31, 2021.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the elimination of interfund services provided and used that would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities* are supported by taxes, intergovernmental revenues and other non-exchange transactions.

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

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds include Special Revenue and Debt Service Funds. The combined amounts of these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within the combining fund statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed have been met.

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

Taxes, grants, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The **Capital Projects Fund** is used to account for the resources used for the construction and acquisition of capital facilities by the County.

The **American Rescue Plan Act Fund** was established to account for funding awarded to assist in preventing, preparing for, and responding to the coronavirus.

The **Coronavirus Relief Fund** was established to account for funding awarded to assist in preventing, preparing for, and responding to the coronavirus.

Additionally, the County reports the following fund types:

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

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on general long-term debt associated with the acquisition and/or construction of facilities and equipment for the County.

The **Internal Service Fund**, commonly known as the Self-Insurance Fund, is used to account for insurance coverage and administrative services provided to other departments or agencies of the County. This fund is funded by quasi-external transfers from other funds and charges to employees for extended benefits at their option. Charges are determined on a cost-reimbursement basis.

The **Investment Trust Funds** are used to report fiduciary activities from individual investment accounts that are held in a trust.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to participants for services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenue and expenses not meeting the definition are reported as nonoperating revenue and expenses.

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

Cash and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the County to invest in bank certificates of deposits, obligations of the United States or its agencies, obligations of the State of Texas, obligations of other political subdivisions having at least an "A" credit rating, commercial paper, repurchase agreements and local government investment pools.

Investments for the County are reported at fair value, except for the position in investment pools. The County's investments in these pools are reported at the net asset value per share (which approximates fair value) even though they are calculated using the amortized cost method.

Time deposits of all funds are stated at cost, which approximates fair value.

All investment income is recognized as revenue in the appropriate fund's statement of activity and/or statement of revenues, expenditures and changes in fund balance.

For purposes of the statement of cash flows, proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds. Interfund activity reflected in "due to" or "due from" other funds is eliminated in the government-wide statements.

The Anderson County Tax Assessor/Collector collects property taxes for the County. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31st of the following year. Property tax receivables are shown net of an allowance for uncollectible amounts.

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

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

Prepaid Items

Payments made to vendors for items or services for a future period beyond December 31, are recorded as prepaid items. The County uses the consumption method to account for prepaid items. This means that expenditures are recognized proportionately over the periods that services are provided. The fund balances in the affected funds have been classified as nonspendable for amounts equal to the prepayments since these amounts are not available for appropriation.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges and similar items), are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	5-50
Equipment	5-20
Infrastructure (roads and bridges)	20-50

Long-term Obligations

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

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

Pensions

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

Compensated Absences

County employees earn vacation in varying amounts and earn sick leave at the rate of one day per month. Employees do not earn vacation leave until the completion of one year of service for the County. Employees earn vacation based on the following table:

<u>Years of Employment</u>	<u>Vacation Days</u>
1-2 years	80 hours per year
3-9 years	96 hours per year
10-19 years	120 hours per year
20+ years	160 hours per year

Vacation leave may not be accrued in excess of the maximum amount of 200 hours. Also, in accordance with the Fair Labor Standards Act as it applies to local governments, non-exempt County employees are granted compensatory time for hours worked beyond their regular working hours. Vacation and compensatory time is paid upon termination of employment. Accrued sick time is not paid out per the policy of the Commissioners Court.

The County has recognized a liability for accumulated vacation leave where the employees' rights to receive benefits are attributable to services already rendered, and it is probable that the County will compensate the employees through either paid time off or cash payments at termination.

All vacation pay and compensatory time is accrued when incurred in the government-wide financial statements. A liability for these payments is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows/Inflows of Resources

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

- *Deferred losses on debt refunding's in the government-wide Statement of Net Position* – A deferred loss on a bond refunding results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Difference in expected and actual pension and OPEB experience* – This difference is deferred and recognized over the estimated average lives of all members determined as of the measurement date.
- *Changes of economic and demographic actuarial assumptions or of other inputs included in determining the pension and OPEB liabilities* – These effects on the total pension and OPEB liabilities are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).
- *Pension contributions after the measurement date* – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category:

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.
- Property taxes collected before the period for which they were levied.

In addition, the County has deferred inflows of resources which are required to be reported on the Statements of Net Position under the full accrual basis of accounting. Deferred inflows of resources reported in the Statements of Net Position are as follows:

- *Difference in projected and actual earnings on pension assets* – This difference is deferred and amortized over a closed five-year period.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent is determined by the Commissioners Court or County Auditor.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

The County will strive to maintain a minimum unassigned fund balance in its General Fund ranging from 18 to 25% of the subsequent year's budgeted expenditures and outgoing

transfers. This minimum fund balance is to project against cash flow shortfalls related to timing of projected revenue receipts.

If it is determined that the County is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring fund balance into compliance with this policy through budgetary actions.

Net Position

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

Use of Estimates

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

Deficit Fund Equity

As of December 31, 2021, the District Attorney Hot Check Fund, had a negative fund balance of \$1,029. The fund deficit is the result of revenues falling short of levels expected when budget was approved. The year-end deficit will be rectified by providing supplemental funding from the General Fund by the County.

2. DETAILED NOTES ON ALL FUNDS

Cash and Investments

As of December 31, 2021 , the County had the following investment:

<u>Investment Type</u>	<u>Net Asset Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ <u>12,148,334</u>	37

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) Mutual Funds; (8) investment pools; (9) guaranteed investment contracts; and (10) common trust funds. The Act also requires the County to have independent auditors perform tests procedures related to investment practices as provide by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. As of December 31, 2021, the carrying value of the County’s deposit balance was collateralized with securities held by the pledging financial institution or by FDIC insurance.

Credit Risk. It is the County’s policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. TexPool was rated AAAM by Standard & Poor’s Investors Service.

Property Taxes and Other Receivables

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Property taxes are levied by October 1 of the year in which assessed, or as soon thereafter as practicable. Taxes are due and payable, without penalty and interest, from October 1 of the year in which levied on or before January 31 of the following year. Taxes become delinquent February 1 of each year and are subject to simple interest and penalties.

The County’s taxes on real property represent a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older who file for deferral or abatement. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title of the property.

Property taxes are collected for the General, Capital Projects, Debt Service, and Farm to Market and Lateral Road funds. This distribution is based on the tax rate established for each fund by order of the Commissioners Court for the tax year for which collections are made.

Receivables as of year-end for the County’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 9,453,236	\$ 4,295	\$ 1,771,245	\$ 11,228,776
Other taxes	629,550	-	-	629,550
Court fines and fees	6,955,482	-	-	6,955,482
Accounts	39,935	-	-	39,935
Gross Receivables	<u>17,078,203</u>	<u>4,295</u>	<u>1,771,245</u>	<u>18,853,743</u>
Less: Allowance for uncollectible	<u>(6,384,822)</u>	<u>(214)</u>	<u>(88,562)</u>	<u>(6,473,598)</u>
Net total receivables	<u>\$ 10,693,381</u>	<u>\$ 4,081</u>	<u>\$ 1,682,683</u>	<u>\$ 12,380,145</u>

Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,985,032	\$ 27,079	\$ -	\$ 2,012,111
Construction in progress	-	272,786	-	272,786
Total capital assets, not being depreciated	<u>1,985,032</u>	<u>299,865</u>	<u>-</u>	<u>2,284,897</u>
Capital assets, being depreciated:				
Roads and bridges	66,952,987	2,779,268	-	69,732,255
Buildings and improvements	25,620,261	373,085	(7,892)	25,985,454
Machinery and equipment	16,893,135	2,081,870	(2,996,976)	15,978,029
Total capital assets being depreciated	<u>109,466,383</u>	<u>5,234,223</u>	<u>(3,004,868)</u>	<u>111,695,738</u>
Less accumulated depreciation:				
Road and bridges	46,839,000	2,101,833	-	48,940,833
Buildings and improvements	10,728,154	609,608	-	11,337,762
Machinery and equipment	11,173,561	1,714,529	(1,907,742)	10,980,348
Total accumulated depreciation	<u>68,740,715</u>	<u>4,425,970</u>	<u>(1,907,742)</u>	<u>71,258,943</u>
Total capital assets, being depreciated, net	<u>40,725,668</u>	<u>808,253</u>	<u>(1,097,126)</u>	<u>40,436,795</u>
Governmental activities capital assets, net	<u>\$ 42,710,700</u>	<u>\$ 1,108,118</u>	<u>\$ (1,097,126)</u>	<u>\$ 42,721,692</u>

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:		
General Government		\$ 474,812
Judicial		16,878
Public safety		496,413
Social services		2,342
Roads and bridges		<u>3,435,525</u>
Total depreciation expense - governmental activities		<u>\$ 4,425,970</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2021, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor Governmental	14,227
Capital Projects	General	232,371
Capital Projects	Nonmajor Governmental	<u>44,327</u>
Total due to/from other funds		<u>\$ 290,925</u>

All balances of due to/due from resulted from short-term loans that are to be reimbursed within the next year.

Interfund Transfers:

	Tranfers Out:			Total
	General Fund	Capital Projects	Other Governemenal	
Transfers in:				
General Fund	\$ -	\$ -	\$ 884	\$ 884
Other Governmental	368,469	2,693	-	371,162
Coronavirus Relief Fund	<u>2,523</u>	<u>-</u>	<u>-</u>	<u>2,523</u>
Total Transfers	<u>\$ 370,992</u>	<u>\$ 2,693</u>	<u>\$ 884</u>	<u>\$ 374,569</u>

During the year, transfers were used to move General Fund resources to provide annual subsidies to Grant Funds, Juvenile Probation Fund, and Security Service Fee Fund.

Long-term Debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities or equipment.

On July 15, 2012, the County issued \$8,660,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,390,000 for the General Obligation Bonds, Series 2005 and \$2,735,000 for the Certificates of Obligations, Series 2003. As of December 31, 2020, the refunded debt has been paid and the County has no defeased debt outstanding.

In February 2017, the County issued \$6,450,000 of unlimited tax road bonds with an interest rate of 4%. These bonds were issued for the construction, maintenance, and operation of roads and turnpikes and professional services. Principal payments begin February 15, 2024 and are payable in annual installments of \$350,000 to \$590,000 through February 15, 2037.

In June 2018, the County issued \$6,635,000 of unlimited tax road bonds with an interest rate of 4%. These bonds were also issued for the construction, maintenance, and operation of roads and turnpikes and professional services. Principal payments begin February 15, 2024 and are payable in annual installments of \$330,000 to \$575,000 through February 15, 2038.

In June 2020, the County issued \$5,130,000 of unlimited tax road bonds with an interest rate of 4%. These bonds were also issued for the construction, maintenance, and operation of roads and turnpikes and professional services. Principal payments begin February 15, 2024 and are payable in annual installments of \$215,000 to \$410,000 through February 15, 2040.

In October 2021, the County issued \$5,885,000 of certificates of obligation with an interest rate of 3%. The certificates of obligation were issued for the renovation and improvement of the Civic Center. Principal payments begin February 15, 2023 and are payable in annual installments of \$235,000 to \$400,000 through February 15, 2042.

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

	<u>Interest Rates</u>	<u>Amount</u>
\$8,660,000 General Obligation Refunding Bonds, Series 2012	2.0%-2.5%	\$ 4,125,000
\$6,450,000 Unlimited Tax Road Bonds, Series 2017	4%	6,450,000
\$6,635,000 Unlimited Tax Road Bonds, Series 2018	4%	6,635,000
\$5,130,000 Unlimited Tax Road Bonds, Series 2020	4%	5,130,000
\$5,885,000 Certificates of Obligation, Series 2021	3%	5,885,000

Capital Leases

The County's direct borrowings (capital lease) related to governmental activities are secured with equipment as collateral. In 2021, the County entered into a capital lease contract for the purpose of leasing Road and Bridge equipment.

Lines of Credit

The County does not have any unused lines of credit.

Annual Debt Service Requirement

Annual debt service requirements to maturity for **General Obligation Bonds** are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2022	\$ 1,040,000	\$ 768,350
2023	1,070,000	741,975
2024	895,000	710,700
2025	935,000	674,100
2026	970,000	636,000
2027-2031	5,475,000	2,553,700
2032-2036	6,685,000	1,340,700
2037-2040	3,255,000	183,500
Total	<u>\$ 20,325,000</u>	<u>\$ 7,609,025</u>

Annual debt service requirements to maturity for **Certificates of Obligation Bond** are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2022	\$ -	\$ -
2023	-	305,039
2024	235,000	173,025
2025	235,000	165,975
2026	245,000	158,775
2027-2031	1,355,000	675,525
2032-2036	1,580,000	456,600
2037-2042	2,235,000	207,075
Total	<u>\$ 5,885,000</u>	<u>\$ 2,142,014</u>

Annual debt service requirements to maturity for **Capital Leases** are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2022	\$ 158,594	\$ 45,254
2023	2,484,871	37,834
Total	<u>\$ 2,643,465</u>	<u>\$ 83,088</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities					
Bonds payable:					
General obligation bonds	\$ 21,345,000	\$ -	\$ 1,020,000	\$ 20,325,000	\$ 1,040,000
Certificates of obligation bond	-	5,885,000	-	5,885,000	-
Premium on bonds	2,040,169	563,033	154,884	2,448,318	-
Capital leases	3,819,762	559,800	1,736,097	2,643,465	158,594
Net OPEB obligation	5,161,182	325,793	311,229	5,175,746	-
Net pension liability	3,689,023	8,319,790	6,962,963	5,045,850	-
Compensated absences	284,743	341,692	320,086	306,349	76,588
Governmental activity					
Long-term liabilities	<u>\$ 36,339,879</u>	<u>\$ 15,995,108</u>	<u>\$ 10,505,259</u>	<u>\$ 41,829,728</u>	<u>\$ 1,275,182</u>

The compensated absences, net pension liability, and OPEB liabilities attributable to the governmental activities are primarily liquidated by the General Fund.

Risk Management

The County is a member of the Texas Association of Counties Risk Pool (“Pool”). The Pool was created for the purpose of providing coverage against risks which are inherent in operating a political subdivision. The County pays annual premiums to the Pool for unemployment and workers’ compensation coverage. The County’s agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide coverage through commercial reinsurance contracts. The Pool agrees to handle all unemployment and workers’ compensation claims and provide any defense as is necessary. The Pool makes available to the County loss control services to assist the County in following a plan of loss control that may result in reduced losses. The County agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The County also carries commercial insurance on all other risks of loss, including liability, property, and accident insurance.

The County has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool and commercial coverage for any of the past three years.

Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	198
Inactive employees entitled to but not yet receiving benefits	396
Active employees	255
	<hr/>
	849
	<hr/> <hr/>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly

manner for each participate over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 13.41% and 13.25% in calendar years 2020 and 2021, respectively. The County’s contributions to TCDRS for the year ended December 31, 2021, were \$1,374,973, and were equal to the required contributions.

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

Actuarial Assumptions

The Total Pension Liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale for 2014.

The actuarial assumptions that determined the total pension liability as of December 31, 2020, were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except for mortality assumptions. Mortality assumptions were updated for the 2020 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 7.6%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumption was changed for

purposes of determining plan liabilities in the 2020 actuarial valuation. All plan liabilities are now valued using an 8% discount rate. Previously, some liabilities were valued using a 7% discount rate and others were valued using a 9% discount rate.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2021 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2021. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

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

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

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	\$ 49,630,642	\$ 45,941,619	\$ 3,689,023
Changes for the year:			
Service cost	1,273,822	-	1,273,822
Interest on total pension liability ⁽¹⁾	4,013,357	-	4,013,357
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	39,494	-	39,494
Effect of assumptions changes or inputs	2,944,757		2,944,757
Refund of contributions	(235,540)	(235,540)	-
Benefit payments	(2,532,023)	(2,532,023)	-
Administrative expenses	-	(36,651)	36,651
Member contributions	-	760,708	(760,708)
Net investment income	-	4,744,955	(4,744,955)
Employer contributions	-	1,457,301	(1,457,301)
Other ⁽³⁾	-	(11,709)	11,709
Balance at 12/31/2020	\$ 55,134,509	\$ 50,088,659	\$ 5,045,850

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

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, 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 (6.60%) or 1-percentage-higher (8.60%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 61,915,609	\$ 55,134,509	\$ 49,439,159
Fiduciary net position	50,088,659	50,088,659	50,088,659
Net pension liability / (asset)	\$ 11,826,950	\$ 5,045,850	\$ (649,500)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. The report may be obtained at www.tcdrs.org.

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

For the year ended December 31, 2021, the County recognized pension expense of \$1,988,562.

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 82,548	\$ -
Changes of assumptions	1,472,378	-
Net differences between projected and actual investment earnings	-	1,688,489
Contributions made subsequent to the measurement date	<u>1,374,973</u>	<u>-</u>
Total	<u>\$ 2,929,899</u>	<u>\$ 1,688,489</u>

\$1,374,973 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 December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended December 31,</u>	
2022	\$ 1,015,966
2023	(59,237)
2024	(880,805)
2025	(209,487)

Postemployment Benefits Other than Pension Benefits (OPEB)

1. Plan Description

The County’s OPEB provides health benefits to eligible retired employees of the County and is a single employer plan administered by the County. Separately issued financial statements are not available for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Anderson County Commissioners Court has the authority to establish and amend the benefits of the plan.

2. Plan Participants

Members are eligible for retirement with TCDRS at age 60 with 8 years of service, or at any age with 20 years of service, or when age plus years of service equals 75.

3. Health Care Benefits Eligibility Conditions

Health insurance benefits are provided to eligible retirees of the County in accordance with policies and procedures approved by Commissioners Court. All employees who were vested prior to January 1, 2019, will have the option of retaining the County’s group health insurance coverage upon their retirement. If they are vested and eligible for retirement with the Texas County and District Retirement System (“TCDRS”) at the time they leave employment, they will be required to make the same employee contribution as is required of active employees with similar dependent elections. Employees who are vested in TCDRS subsequent to December 31, 2018 will have the option of retaining the County’s group health insurance coverage upon their retirement, provided that the retired employee is at least 60 years old. They will be required to make the same employee contributions as is required of active employees with similar dependent elections.

All group insurance will cease when retired employees reach age 65, provided however, that if the retired employee’s spouse has not reached the age of 65 and/or the retired employee’s children have not reached the age of 26, the spouse and/or children will be eligible for group health coverage until they reach the age 65 and 26 respectively. The County, annually, will stipulate the required contribution from the retired employee needed to extend the coverage of their eligible dependents after the retired employee has reached age 65.

4. Employees Covered by Benefits Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	22
Active plan members	160
Total plan members	<u>182</u>

5. Total OPEB Liability

The County's total OPEB liability of \$5,175,746 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumption and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	2.12% as of December 31, 2020
Healthcare Cost Trend Rates	Level 4.50%
Mortality	RPH-2014 Total Table with Projections MP-2020
Deomgraphic Assumptions	The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCDRS retirement plans.
Participation Rates	90% of future retirees who are eligible for a County subsidy were assumed to receive retiree health care benefits through the County. Alternatively, only 10% of retirees who are not elegeble for benefits were assumed to elect coverage.

Changes in the Total OPEB Liability

	Total OPEB
Balance as of 01/01/2021	\$ 5,161,182
Service Cost	215,115
Interest on total OPEB Liability	110,678
Benefit payments	(311,229)
Net change in total OPEB Liability	14,564
Balance as of 12/31/2021	<u>\$ 5,175,746</u>

Funded Status and Funding Progress

The funding status of the post-employment benefit plan as of the most recent actuarial valuation date is as follows

Measurement Date	Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Funded Ratio	Covered Payroll	Net OPEB Liability as a % Of Covered Payroll
	(a)	(b)	(b) – (a)	(a) / (b)	(c)	(b) – (a) / (c)
12/31/2021	-	5,175,746	5,175,746	0.00%	6,479,717	79.88%

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

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 2.12%, 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	Current Discount Rate Assumption	1% Increase
\$4,794,224	\$5,175,746	\$5,587,778

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

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 Cost Trend Rate Assumption	1% Increase
\$4,663,209	\$5,175,746	\$5,781,434

6. Deferred Outflows Related to OPEB

	Deferred Outflow of Resources
Differences between expected and actual experience	\$ 217,814
Changes in assumptions	315,608
Total	<u>\$ 533,422</u>

Deferred Outflows to be Recognized in Future OPEB Expense

Year Ended December 31,	Deferred Outflows
2022	\$ 153,724
2023	153,724
2024	153,724
2025	72,250
2026	-
Total	<u>\$ 533,422</u>

Commitments and Contingencies

- a. Grants – The County has received Federal and State financial assistance in the form of grants that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of County management, such disallowances, if any, will not be significant to the County’s financial position.

- b. Litigation – The evaluation of County management is that any liability to the County relating to lawsuits will not have a material impact on the County’s financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

For the Year Ended December 31, 2021

	<u>2021</u>
Total OPEB Liability	
Service cost	\$ 215,115
Interest on the total OPEB liability	110,678
Experience (Gain)/Loss	-
Assumption Changes	-
Benefit payments	<u>(311,229)</u>
Net change in total OPEB liability	14,564
Total OPEB liability - beginning	<u>5,161,182</u>
Total OPEB liability - ending	<u><u>\$ 5,175,746</u></u>
Covered Employee Payroll	\$ 6,479,717
Total OPEB liability as a percentage of covered-employee payroll	79.88%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

For the Year Ended December 31, 2021

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 129,979	\$ 129,979	\$ 124,860
176,285	172,026	178,838
343,356	-	-
497,514	-	-
<u>(311,229)</u>	<u>(344,980)</u>	<u>(344,980)</u>
835,905	(42,975)	(41,282)
<u>4,325,277</u>	<u>4,368,252</u>	<u>4,409,534</u>
<u>\$ 5,161,182</u>	<u>\$ 4,325,277</u>	<u>\$ 4,368,252</u>
\$ 6,479,717	\$ 7,119,201	\$ 7,119,201
79.65%	60.76%	61.36%

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 14,306,090	\$ 14,306,090	\$ 12,899,104	\$ (1,406,986)
Sales	2,670,000	2,670,000	3,370,465	700,465
Mixed Beverage	30,000	30,000	48,581	18,581
Intergovernmental	463,975	463,975	554,276	90,301
Fees of Office	2,479,400	2,481,835	2,714,469	232,634
Fines and Forfeitures	271,000	271,000	255,924	(15,076)
Investment Earnings	175,000	175,000	61,917	(113,083)
Miscellaneous	31,000	90,815	229,617	138,802
Total Revenues	<u>20,426,465</u>	<u>20,488,715</u>	<u>20,134,353</u>	<u>(354,362)</u>
Expenditures:				
Current:				
General Government	6,218,011	6,444,659	5,780,180	(664,479)
Judicial	3,284,761	3,284,761	2,879,604	(405,157)
Public Safety	6,408,156	6,144,331	5,872,098	(272,233)
Social Services	823,421	838,145	740,798	(97,347)
Road & Bridge	4,177,784	3,886,713	3,840,940	(45,773)
Debt Service:				
Principal	36,500	1,736,061	1,736,060	(1)
Interest and other charges	12,789	83,122	83,121	(1)
Capital Outlay	977,049	1,854,051	1,836,300	(17,751)
Total Expenditures	<u>21,938,471</u>	<u>24,271,843</u>	<u>22,769,101</u>	<u>(1,502,742)</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,512,006)</u>	<u>(3,783,128)</u>	<u>(2,634,748)</u>	<u>1,148,380</u>
Other Financing Sources (Uses):				
Proceeds from notes/capital leases	-	559,800	559,800	-
Sale of capital assets	-	1,628,669	1,633,318	4,649
Insurance recoveries	-	76,143	87,970	11,827
Transfers In	-	-	884	884
Transfers Out	(350,742)	(371,031)	(370,992)	39
Total Other Financing Sources (Uses)	<u>(350,742)</u>	<u>1,893,581</u>	<u>1,910,980</u>	<u>17,399</u>
Net Change in Fund Balance	(1,862,748)	(1,889,547)	(723,768)	1,165,779
Fund Balance at Beginning of Year	<u>9,661,492</u>	<u>9,661,492</u>	<u>9,661,492</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 7,798,744</u>	<u>\$ 7,771,945</u>	<u>\$ 8,937,724</u>	<u>\$ 1,165,779</u>

The accompanying notes are an integral part of this schedule.

ANDERSON COUNTY, TEXAS

Notes to the Required Supplementary Information

December 31, 2021

Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the following Special Revenue Funds: American Rescue Plan Act Fund, Coronavirus Relief Grant, County Transportation Infrastructure Grant, Law Enforcement Grant, Child Welfare Board, District Attorney Hot Checks, District Attorney Apportionment, Help America Vote Act Fund, VAWA/VOCA Grant, Texas VINE Grant, Help America Vote Act Security Grant, Coronavirus Emergency Supplemental Grant, Help America Vote Act Cares Grant, Juvenile Probation State Grants, Law Enforcement Officers Standards and Education, District Attorney Drug Forfeiture, Sheriff Forfeiture (Local), District Forfeiture (Federal). In some instances, the Special Revenue Funds listed in the previous sentence may have budgets required by the grantor agency. Since Commissioners Court is not required to adopt a budget for these funds, there are no budgetary comparison schedules presented. All annual appropriations lapse at fiscal year-end.

Annually all departments of the County submit requests for appropriations to the County Judge, who serves as the Budget Officer. The County Judge reviews the requests, prepares the revenue estimates, and makes his recommendations to the Commissioners Court. Through budget workshops a proposed budget is created, which must be voted on by Commissioners Court and filed with the County Clerk. Within ten calendar days after the preliminary budget is filed, the Commissioners Court holds public hearings and publishes notices based on the timetable required by the state statute. Before September 30, the budget and tax rate are adopted with tax notices mailed on or after October 1.

The appropriated budget is adopted annually by fund, activity, department, and account line item. For management purposes the elected official or department head may request approval from Commissioners Court to move appropriations between category line items.

The County uses two levels to manage capital expenditures. As a rule, all assets under \$1,000 are recorded as expenditures in the supplies line item. Some of the assets are brought over to the capital asset system for tracking insurance purposes, but are not depreciated. All capital purchases over \$1,000 are individually identified and brought over to the capital asset system for depreciation and inclusion in capital assets under GASB 34 and their expenditure is charged to the 'capital outlay' line items within the budget.

Encumbrance accounting is utilized by governmental entities. Encumbrances do not constitute expenditures or liabilities because the commitments will be re-appropriated and purchase orders during the subsequent year. Encumbrance accounting is utilized to the extent necessary to assure

ANDERSON COUNTY, TEXAS

Notes to the Required Supplementary Information

December 31, 2021

effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

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ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Changes in Net Pension Liability
and Related Ratios

Plan Year Ended December 31	2020	2019
Total Pension Liability		
Service Cost	\$ 1,273,822	\$ 1,208,768
Interest total pension liability	4,013,357	3,803,123
Effect of plan changes	-	-
Effect of assumption changes or inputs	2,944,757	-
Effect of economic/demographic (gains) or losses	39,494	188,401
Benefit payments/refunds of contributions	<u>(2,767,563)</u>	<u>(2,575,893)</u>
Net change in total pension liability	5,503,867	2,624,399
Total pension liability - beginning	<u>49,630,642</u>	<u>47,006,242</u>
Total pension liability - ending (a)	<u><u>\$ 55,134,509</u></u>	<u><u>\$ 49,630,642</u></u>
Plan Fiduciary Net Position		
Employer contributions	\$ 1,457,301	\$ 1,272,564
Member contributions	760,708	704,185
Investment income net of investment expenses	4,744,955	6,572,282
Benefit payments/refunds of contributions	<u>(2,767,563)</u>	<u>(2,575,893)</u>
Administrative expenses	<u>(36,651)</u>	<u>(35,009)</u>
Other	<u>(11,709)</u>	<u>(14,025)</u>
Net change in plan fiduciary net position	4,147,041	5,924,104
Plan fiduciary net position - beginning	<u>45,941,619</u>	<u>40,017,515</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 50,088,659</u></u>	<u><u>\$ 45,941,619</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 5,045,850</u></u>	<u><u>\$ 3,689,023</u></u>
Fiduciary net position as a percentage of total pension liability	91%	93%
Pensionable covered payroll	\$ 10,867,260	\$ 10,059,783
Net position liability as a percentage of covered payroll	46%	37%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of December 31, 2021, only 7 years are included and additional years will be added in the future as the information becomes available.

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Changes in Net Pension Liability
and Related Ratios

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,217,743	\$ 1,279,271	\$ 1,268,507	\$ 1,179,479	\$ 1,175,228
3,576,496	3,430,132	3,197,116	3,067,562	2,871,273
379,754	-	-	(180,193)	191,642
-	213,633	-	430,658	-
141,310	(621,108)	(16,699)	(798,076)	65,223
(2,443,593)	(2,423,680)	(2,042,830)	(1,999,706)	(1,825,627)
2,871,710	1,878,248	2,406,094	1,699,724	2,477,739
44,134,532	42,256,284	39,850,190	38,150,466	35,672,727
<u>\$ 47,006,242</u>	<u>\$ 44,134,532</u>	<u>\$ 42,256,284</u>	<u>\$ 39,850,190</u>	<u>\$ 38,150,466</u>
\$ 1,199,985	\$ 1,161,607	\$ 1,217,964	\$ 1,166,363	\$ 1,066,489
671,460	678,738	694,655	671,196	661,243
(777,910)	5,345,647	2,536,507	240,531	2,237,562
(2,443,593)	(2,423,680)	(2,042,830)	(1,999,706)	(1,825,626)
(32,142)	(27,541)	(27,691)	(24,797)	(25,774)
(13,263)	(8,941)	(114,307)	(126,494)	(56,196)
(1,395,463)	4,725,830	2,264,297	(72,907)	2,057,698
41,412,977	36,687,147	34,422,851	34,495,758	32,438,060
<u>\$ 40,017,515</u>	<u>\$ 41,412,977</u>	<u>\$ 36,687,148</u>	<u>\$ 34,422,851</u>	<u>\$ 34,495,758</u>
<u>\$ 6,988,727</u>	<u>\$ 2,721,555</u>	<u>\$ 5,569,136</u>	<u>\$ 5,427,339</u>	<u>\$ 3,654,708</u>
85%	94%	87%	86%	90%
\$ 9,592,286	\$ 9,696,253	\$ 9,806,496	\$ 9,467,857	\$ 9,446,330
73%	28%	57%	57%	39%

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Schedule of Employer Contributions - TCDRS

Last Ten Fiscal Years

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 832,819	\$ 832,819	\$ -	\$ 9,003,493	9.2%
2013	1,006,591	1,006,591	-	9,277,362	10.8%
2014	1,066,489	1,066,489	-	9,446,330	11.3%
2015	1,166,363	1,166,363	-	9,467,857	12.3%
2016	1,217,964	1,217,964	-	9,806,496	12.4%
2017	1,161,607	1,161,607	-	9,696,253	12.0%
2018	1,199,985	1,199,985	-	9,592,286	12.5%
2019	1,272,564	1,272,564	-	10,059,783	12.7%
2020	1,457,301	1,457,301	-	10,867,260	13.4%
2021	1,374,973	1,374,973	-	10,377,176	13.2%

ANDERSON COUNTY, TEXAS

Required Supplementary Information

Notes to Schedule of Employer Contributions

For the Year Ended December 31, 2021

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

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.0 years (based on contribution rate calculated in 12/31/20 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that a 2.00% flat COLA was adopted. 2020: No changes in plan provisions were reflected in the schedule.

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

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COMBINING FUND STATEMENTS

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Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenue that are legally restricted to expenditure for particular purposes.

Farm-to-Market and Lateral Road Fund – The Farm- to-Market and Lateral Road Fund accounts for all property taxes collected pursuant to Transportation Code 256.054 for construction and maintenance of farm-to-market and lateral roads, for flood control purposes, or for both, as determined by Commissioners Court.

County Transportation Infrastructure Grant Fund – The County Transportation Infrastructure Fund (CTIF) is an agreement between Texas Department of Transportation and the county for aid in transportation infrastructure projects located in areas affected by increased oil and gas production.

Law Enforcement Grant Fund – The Law Enforcement Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Criminal Justice Division to support law enforcement.

Hotel Occupancy Tax Fund – The Hotel Occupancy Tax Fund was established in September 2021, per the Texas Tax Code 352, to account for the revenue primarily generated from hotel occupancy tax and may be only used to operate and maintain a fairground and repair and renovate a civic center owned by the County.

Family Protection Fund – Section 51.961 of the Texas Government Code provides for the establishment of a Family Protection Fee. The Family Protection Fund was established to account for these fee revenues and expenditures of those funds providing child abuse and family violence prevention services.

Law Library Fund – The Law Library Fund was created pursuant to Article 1702h, Revised Texas Civil Statutes, for the establishment and maintenance of the County Law Library. Revenues are derived from the law library fees assessed against each civil case filed in the County Court-at-Law and in the Districts Courts, excluding tax suits.

Child Abuse Prevention Fund – The Child Abuse Prevention Fund was established to account for fees collected from defendants convicted of certain child sexual assault and other related convictions. This fund may only be used to fund child abuse prevention programs in the county where the court is located. This fund is administered by the Commissioners Court of the County.

JCT Fee Fund – The JCT Fee Fund is used to account for the court cost know as the “justice court technology fee” which is required of defendants convicted of a misdemeanor offense in a justice court. The fund is used only to finance the purchase and maintenance of technological enhancements for the justice court and the cost of continuing education and training for justice court judges and clerks in regards to those enhancements. This fund is administered by the Commissioners Court of the County.

Child Welfare Board Fund – The Child Welfare Board Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Texas Department of Family and Protective Services.

District Attorney Hot Check Fund – The District Attorney Hot Check Fund was established to account for fees collected by the district attorney for collecting and processing of hot checks. Expenditures from this fund shall be at the sole discretion of the attorney and may be used only to defray the salaries and expenses of the prosecutor’s office, excluding the district attorney’s own salary.

District Attorney Apportionment Fund – The District Attorney Apportionment Fund was established to account for funds received from the state to be used by the district attorney to help defray the salaries and expenses of the office as defined in the General Appropriations Act.

County Clerk Records Archive Fund –The County Clerk Records Archive Fund was established to account for the revenues received for the preservation and restoration services performed by the county clerk in connection with maintaining a county clerk’s records archive on public documents designated by the county clerk as part of the records archive.

District Clerk Records Management & Preservation Fund – The District Clerk Records Management & Preservation Fund was established to account for the revenues received for records management and preservation services performed by the district clerk when a case or document is filed in the records office of the district clerk. The funds may only be used for specific records management and preservation, including automation purposed, and are subject to approval by Commissioners Court of the County.

County Clerk Records Management & Preservation Fund - The County Clerk Records Management & Preservation Fund was established to account for the revenues received for records management and preservation services performed by the county clerk after the filing and recording of a document in the records of the office of the clerk. The funds may only be used for specific records management and preservation, including automation purposes, and are subject to approval by Commissioners Court of the County.

Court Reporter Services Fund – The Court Reporter Services Fund was established to account for “court reporter service” fees collected by court clerks for courts that have an official court reporter. The fund is used to maintain the court reporter that is available for assignment in the court.

County Records Management & Preservation Fund – The County Records Management & Preservation Fund was established to account for “court record management & preservation” fees that are collected on all civil cases in a county court, statutory county court, or district court. The funds may only be used to digitize court records and preserve the records from natural disasters. This fund is administered by the Commissioners Court of the County.

Security Service Fee Fund – The Security Service Fee Fund was established to account for “security fees”, which are cost of the court, collected on misdemeanor offenses in a county court, county court-at-law, district court, or justice court. Money deposited into this fund may be used only for security personnel, services, and items related to buildings that house the operations of district, county, or justice courts. This fund is administered by the Commissioners Court of the County.

Justice Court Building Security Fund – The Justice Court Building Security Fund is used to account for a portion of “security fees”, which are costs of the court, collected on misdemeanor offenses in a justice court. This fund may only be used for purposes of providing security personnel, services, and

items for a justice court located in a building that is not the county courthouse. This fund is administered under the direction of the Commissioners County of the County.

Historical Commission Fund – The Historical Commission Fund accounts for funding necessary to conduct the operations of the Anderson County Historical Commission.

Pretrial Diversion Fund – The Pretrial Diversion Fund is used to account for fees collected from defendants who participate in a pretrial intervention program administered by the District Attorney. Funds collected are to be used solely to administer the pretrial intervention program and any expenditure may only be made in accordance with a budget approved by the Commissioners Court of the County.

County & District Court Technology Fund – The County & District Court Technology Fund is used to account for the court cost known as the “county and district court technology fee” which is required of defendants convicted of a criminal offense in a county court, statutory county court, or district court. The fund is used only to finance the purchase and maintenance of technological enhancements for a county court, statutory court, or district court and the cost of continuing education and training in regards to those enhancements. This fund is administered by the Commissioners Court of the County.

Court Records Preservation Fund – The Court Records Preservation Fund was established to account for “court record preservation” fees that are collected on all civil cases filed in a county court, statutory court, or district court. The funds may only be used to digitize court records and preserve the records from natural disasters.

District Clerk Technology Fund – The District Clerk Technology Fund was established to account for optional district court records archive fee for filing of a suit, including appeal from inferior court, or cross-action, counterclaim, intervention, contempt action, motion for new trail, or third party petition in any court in the county for which the district court accepts filings.

Child Safety Fund – The Child Safety Fund is used to fund programs the county is authorized by law to provide which are designed to enhance child safety, health, or nutrition, including child abuse prevention and intervention and drug and alcohol abuse prevention; provide funding to the sheriff’s department for school-related activities; provide funding to the county juvenile probation department; or to the general fund of the county.

HAVA Grant Fund – The HAVA Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Secretary of the State in accordance with the Help America Vote Act.

VAWA/VOCA Grant Fund – The VAWA/VOCA Grand Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Criminal Justice Division in accordance with the Violence Against Women Act and the Victim of Crime Act. The funds are used to provide funding for Case Manager positions and Victims Assistance Coordinator positions in the prosecutor’s office and Crime Victim Liaisons in law enforcement agencies.

Texas VINE Grant Fund – The Texas VINE Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the County by the Criminal Justice Department. The funds are

used to implement an automated method of providing victims with the access to information and notification about changes in offender status and court events.

Indigent Defense Grant Fund – The Indigent Defense Grant Fund is used to account for the receipt and expenditure of grant funds awarded to the county by the Texas Indigent Defense Commission.

HAVA Security Grant Fund – The HAVA Security Grant Fund was established to improve the administration of elections for Federal office, including election technology and make election security improvements to the systems, equipment and processes used in federal elections.

NACCHO Grant Fund – The NACCHO Grant Fund is used to account for the “National Association of County and City Health Officials” to provide public health emergency health preparedness.

Guardianship Fund – The Guardianship Fund accounts for the fees collected pursuant to the Local Government Code 118.067 whereby the clerk of the court collects a fee on certain probate court actions involving guardianships and is to provide supplemental funding for court appointed guardians ad litem and court appointed attorneys as litem and to fund guardianship programs for indigent incapacitated individuals.

Emergency Communication Fund – The Emergency Communication Fund is used to account for the funds received by the state to establish and operate a public safety answering point for emergency communications.

Coronavirus Emergency Supplemental Fund - The Coronavirus Emergency Supplemental Fund was established to account for funding awarded to assist in preventing, preparing for, and responding to the coronavirus.

HAVA Cares Act Fund – The HAVA Cares Act Fund was established to prevent, prepare for, and respond to the coronavirus for the 2020 federal election cycle. These funds provided additional resources to protect the 2020 election from the effects of the novel coronavirus.

Juvenile Probation Fund – The Juvenile Probation Fund consists of State Grant Funds and Local Funds. The Juvenile Probation State Grants Fund was established in compliance with the Human Resources Code Section 75.067. Juvenile Probation assistance is provided by the State and administered by the Juvenile Board having the jurisdiction in the County. The Juvenile Board consists of the District Judges, the County Judge, and the County Court-at-Law Judge. Revenues of the Juvenile Probation Fund are derived primarily from funds supplied by the State. Expenditures are for salaries of probation officers and clerical staff, supplies, communications, travel and transportation expenses, and certain other operations items required for supervision of probationers. The Juvenile Probation Local Fund is used to account for juvenile detention and juvenile probation expenditures that are not funded through grants. The budget for the fund is adopted by the Juvenile Board. The primary financing source for this fund is a transfer from the General Fund.

LEOSE Fund – The LEOSE Fund is used to account for a fee known as “law enforcement officer standards and education fund” collected on criminal cases. The expenditures from this fund are to be used only for education and training of the County’s law enforcement personnel.

DA Drug Forfeiture Fund – The District Attorney Forfeiture Fund is used to account for resources to the County pursuant to Chapter 59 of the Code of Criminal Procedures and for the expenditures of such funds for the authorized purposes.

Sheriff Forfeiture (Local) Fund – The Sheriff Forfeiture Fund is used to account for resources to the County pursuant to Chapter 59 of the Code of Criminal Procedures and for the expenditures of such funds for the authorized purposes.

DA Forfeiture (Federal) Fund – The District Attorney Forfeiture Fund is used to account for resources to the County and for the expenditures of such funds for the authorized purposes.

Interest & Sinking Fund –The Interest and Sinking Fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal, interest and related costs on general long-term debt.

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

	Special Revenue					
	Farm to Market and Lateral Road Fund	CTIF Grant Fund	Law Enforcement Grant Fund	Hotel Occupancy Tax Fund	Family Protection Fund	Law Library Fund
Assets:						
Cash and Investments	\$ 500,659	\$ -	\$ -	\$ 41,267	\$ 9,196	\$ 47,992
Receivables (net of allowances for estimated uncollectible):						
Property Taxes	430,862	-	-	-	-	-
Due from Other Governments	-	6,908	-	-	-	-
Due from Other Entities	-	-	-	14,963	-	-
Total Assets	\$ 931,521	\$ 6,908	\$ -	\$ 56,230	\$ 9,196	\$ 47,992
Liabilities:						
Accounts Payable	\$ 2,511	\$ -	\$ -	\$ 81	\$ -	\$ 1,951
Accrued Liabilities	-	-	-	-	-	-
Due to Other Funds	44,327	6,908	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Total Liabilities	46,838	6,908	-	81	-	1,951
Deferred Inflows of Resources:						
Advanced property tax collections	290,412	-	-	-	-	-
Unavailable Revenue - property taxes	428,730	-	-	-	-	-
Total Deferred Inflows of Resources	719,142	-	-	-	-	-
Fund Balances:						
Restricted for:						
General Government	-	-	-	56,149	-	-
Judicial	-	-	-	-	-	46,041
Public Safety	-	-	-	-	9,196	-
Social Services	-	-	-	-	-	-
Road & Bridge	165,541	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	165,541	-	-	56,149	9,196	46,041
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 931,521	\$ 6,908	\$ -	\$ 56,230	\$ 9,196	\$ 47,992

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

Special Revenue

Child Abuse Prevention Fund	JCT Fee Fund	Child Welfare Board Fund	District Attorney Hot Check Fund	District Attorney Apportionment Fund	County Clerk Records Archive Fund	District Clerk Records Management & Preservation Fund	County Clerk Records Management & Preservation Fund
\$ 8,318	\$ 46,201	\$ 65,782	\$ -	\$ 8,850	\$ 31,491	\$ 9,354	\$ 98,598
-	-	-	-	-	-	-	-
-	-	-	-	301	-	-	-
\$ 8,318	\$ 46,201	\$ 65,782	\$ -	\$ 9,151	\$ 31,491	\$ 9,354	\$ 98,598
\$ -	\$ 35	\$ -	\$ -	\$ 300	\$ 20	\$ 1,020	\$ 12,850
-	-	-	-	178	1,736	-	934
-	-	-	1,029	-	-	-	-
-	-	-	-	-	-	-	-
-	35	-	1,029	478	1,756	1,020	13,784
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	29,735	8,334	84,814
-	46,166	-	-	8,673	-	-	-
8,318	-	-	-	-	-	-	-
-	-	65,782	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(1,029)	-	-	-	-
8,318	46,166	65,782	(1,029)	8,673	29,735	8,334	84,814
\$ 8,318	\$ 46,201	\$ 65,782	\$ -	\$ 9,151	\$ 31,491	\$ 9,354	\$ 98,598

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

	Special Revenue					
	Court Reporter Services Fund	County Records Management & Preservation Fund	Security Service Fee Fund	Justice Court Building Security Fund	Historical Commission Fund	Pre-Trial Diversion Fund
Assets:						
Cash and Investments	\$ 4,151	\$ 39,174	\$ 35,991	\$ 31,793	\$ 555	\$ 30,180
Receivables (net of allowances for estimated uncollectible):						
Property Taxes	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Due from Other Entities	-	-	-	-	-	900
Total Assets	\$ 4,151	\$ 39,174	\$ 35,991	\$ 31,793	\$ 555	\$ 31,080
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ 20
Accrued Liabilities	-	-	1,177	-	-	1,418
Due to Other Funds	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Total Liabilities	-	-	1,197	-	-	1,438
Deferred Inflows of Resources:						
Advanced property tax collections	-	-	-	-	-	-
Unavailable Revenue - property taxes	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances:						
Restricted for:						
General Government	-	39,174	-	-	-	-
Judicial	4,151	-	-	31,793	-	29,642
Public Safety	-	-	34,794	-	-	-
Social Services	-	-	-	-	555	-
Road & Bridge	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	4,151	39,174	34,794	31,793	555	29,642
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,151	\$ 39,174	\$ 35,991	\$ 31,793	\$ 555	\$ 31,080

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

Special Revenue

County & District Court Technology Fund	Court Records Preservation Fund	District Clerk Technology Fund	Child Safety Fund	HAVA Grant Fund	VAWA/VOCA Grant Fund	Texas VINE Grant Fund	Indigent Defense Grant Fund
\$ 4,648	\$ 40,218	\$ 61,694	\$ 21,827	\$ 8,375	\$ -	\$ -	\$ 201,236
-	-	-	-	-	-	-	-
-	-	-	-	-	30,959	4,016	-
\$ 4,648	\$ 40,218	\$ 61,694	\$ 21,827	\$ 8,375	\$ 30,959	\$ 4,016	\$ 201,236
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ -	\$ -
-	-	-	-	-	3,394	-	-
-	-	-	-	-	2,274	4,016	-
-	-	-	-	-	-	-	-
-	-	-	-	-	5,738	4,016	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	40,218	-	-	8,375	-	-	-
4,648	-	61,694	-	-	25,221	-	201,236
-	-	-	21,827	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,648	40,218	61,694	21,827	8,375	25,221	-	201,236
\$ 4,648	\$ 40,218	\$ 61,694	\$ 21,827	\$ 8,375	\$ 30,959	\$ 4,016	\$ 201,236

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

	Special Revenue					
	HAVA Security Grant Fund	NACCHO Grant Fund	Guardianship Fund	Emergency Communication Fund	Coronavirus Emergency Supplement Fund	HAVA Care Act Fund
Assets:						
Cash and Investments	\$ -	\$ 1,616	\$ 54,120	\$ 398,380	\$ 7,227	\$ -
Receivables (net of allowances for estimated uncollectible):						
Property Taxes	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Due from Other Entities	-	-	-	-	-	-
Total Assets	\$ -	\$ 1,616	\$ 54,120	\$ 398,380	\$ 7,227	\$ -
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	7,227	-
Total Liabilities	-	-	-	-	7,227	-
Deferred Inflows of Resources:						
Advanced property tax collections	-	-	-	-	-	-
Unavailable Revenue - property taxes	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances:						
Restricted for:						
General Government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public Safety	-	1,616	-	398,380	-	-
Social Services	-	-	54,120	-	-	-
Road & Bridge	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	1,616	54,120	398,380	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ -	\$ 1,616	\$ 54,120	\$ 398,380	\$ 7,227	\$ -

ANDERSON COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

Special Revenue					Debt Service		Total Nonmajor Governmental Funds
Juvenile Probation Fund	LEOSE Fund	DA Drug Forfeiture Fund	Sheriff Forfeiture (Local) Fund	DA Forfeiture (Federal) Fund	Interest & Sinking Fund		
\$ 614,274	\$ -	\$ 214,695	\$ 23,505	\$ 21,948	\$ 1,879,989	\$ 4,563,304	
-	-	-	-	-	1,251,821	1,682,683	
-	-	-	-	-	-	41,883	
-	-	-	-	-	-	16,164	
<u>\$ 614,274</u>	<u>\$ -</u>	<u>\$ 214,695</u>	<u>\$ 23,505</u>	<u>\$ 21,948</u>	<u>\$ 3,131,810</u>	<u>\$ 6,304,034</u>	
\$ 10,029	\$ -	\$ 116	\$ 100	\$ -	\$ -	\$ 29,123	
4,969	-	-	-	-	-	13,806	
-	-	-	-	-	-	58,554	
-	-	-	-	-	-	7,227	
<u>14,998</u>	<u>-</u>	<u>116</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>108,710</u>	
-	-	-	-	-	908,837	1,199,249	
-	-	-	-	-	1,245,969	1,674,699	
-	-	-	-	-	2,154,806	2,873,948	
-	-	-	-	-	-	266,799	
-	-	214,579	-	-	-	673,844	
599,276	-	-	23,405	21,948	-	1,118,760	
-	-	-	-	-	-	120,457	
-	-	-	-	-	-	165,541	
-	-	-	-	-	977,004	977,004	
-	-	-	-	-	-	(1,029)	
<u>599,276</u>	<u>-</u>	<u>214,579</u>	<u>23,405</u>	<u>21,948</u>	<u>977,004</u>	<u>3,321,376</u>	
<u>\$ 614,274</u>	<u>\$ -</u>	<u>\$ 214,695</u>	<u>\$ 23,505</u>	<u>\$ 21,948</u>	<u>\$ 3,131,810</u>	<u>\$ 6,304,034</u>	

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue					
	Farm to Market and Lateral Roads Fund	CTIF Grant Fund	Law Enforcement Grant Fund	Hotel Occupancy Tax Fund	Family Protection Fund	Law Library Fund
Revenues:						
Taxes						
Property	\$ 597,963	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy	-	-	-	56,149	-	-
Intergovernmental	-	36,930	15,975	-	-	-
Fees of Office	-	-	-	-	3,096	-
Fines and Forfeitures	-	-	-	-	-	25,763
Investment Earnings	7,496	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	605,459	36,930	15,975	56,149	3,096	25,763
Expenditures:						
Current:						
General Government	-	-	-	-	-	-
Judicial	-	-	-	-	-	23,284
Public Safety	-	-	-	-	-	-
Road & Bridge	503,919	8,635	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital Outlay	135,675	-	-	-	-	-
Total Expenditures	639,594	8,635	-	-	-	23,284
Excess (Deficiency) of Revenue over Expenditures	(34,135)	28,295	15,975	56,149	3,096	2,479
Other Financing Sources (Uses):						
Transfers In	-	1,727	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	1,727	-	-	-	-
Net Change in Fund Balance	(34,135)	30,022	15,975	56,149	3,096	2,479
Fund Balance at Beginning of Year	199,676	(30,022)	(15,975)	-	6,100	43,562
Fund Balance at End of Year	\$ 165,541	\$ -	\$ -	\$ 56,149	\$ 9,196	\$ 46,041

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2021

Special Revenue								
Child Abuse Prevention Fund	JCT Fee Fund	Child Welfare Board Fund	District Attorney Hot Check Fund	District Attorney Apportionment Fund	County Clerk Records Archive Fund	District Clerk Records Management & Preservation Fund	County Clerk Records Management & Preservation Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	22,500	-	-	-	-
1,000	-	-	2,288	-	-	-	-	-
-	6,595	-	-	-	83,742	7,264	95,486	-
-	-	-	-	-	-	-	-	-
-	-	755	-	-	-	-	-	-
1,000	6,595	755	2,288	22,500	83,742	7,264	95,486	-
-	-	-	-	-	93,320	2,687	162,350	-
-	5,372	-	-	20,464	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	18,816	-	-
-	5,372	-	-	20,464	93,320	21,503	162,350	-
1,000	1,223	755	2,288	2,036	(9,578)	(14,239)	(66,864)	-
-	-	22,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	22,000	-	-	-	-	-	-
1,000	1,223	22,755	2,288	2,036	(9,578)	(14,239)	(66,864)	-
7,318	44,943	43,027	(3,317)	6,637	39,313	22,573	151,678	-
\$ 8,318	\$ 46,166	\$ 65,782	\$ (1,029)	\$ 8,673	\$ 29,735	\$ 8,334	\$ 84,814	-

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue					
	Court Reporter Services Fund	County Records Management & Preservation Fund	Security Service Fee Fund	Justice Court Building Security Fund	Historical Commission Fund	Pre-Trial Diversion Fund
Revenues:						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Fees of Office	-	-	-	-	-	-
Fines and Forfeitures	14,186	10,323	23,904	540	-	-
Investment Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	19,100
Total Revenues	14,186	10,323	23,904	540	-	19,100
Expenditures:						
Current:						
General Government	-	-	-	-	-	-
Judicial	5,602	-	-	-	-	75,742
Public Safety	-	-	52,401	-	-	-
Road & Bridge	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	5,602	-	52,401	-	-	75,742
Excess (Deficiency) of Revenue over Expenditures	8,584	10,323	(28,497)	540	-	(56,642)
Other Financing Sources (Uses):						
Transfers In	-	-	45,000	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	45,000	-	-	-
Net Change in Fund Balance	8,584	10,323	16,503	540	-	(56,642)
Fund Balance at Beginning of Year	(4,433)	28,851	18,291	31,253	555	86,284
Fund Balance at End of Year	\$ 4,151	\$ 39,174	\$ 34,794	\$ 31,793	\$ 555	\$ 29,642

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2021

Special Revenue

County & District Court Technology Fund	Court Records Preservation Fund	District Clerk Technology Fund	Child Safety Fund	HAVA Grant Fund	VAWA/VOCA Grant Fund	Texas VINE Grant Fund	Indigent Defense Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	2,875	137,650	16,049	-
-	-	-	38,949	-	-	-	-
1,671	11,460	8,207	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,671	11,460	8,207	38,949	2,875	137,650	16,049	-
-	-	-	-	-	-	-	-
1,666	-	424	-	-	175,037	-	-
-	-	-	33,271	-	-	16,049	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	5,659	-	-
1,666	-	424	33,271	-	180,696	16,049	-
-	-	-	-	-	-	-	-
5	11,460	7,783	5,678	2,875	(43,046)	-	-
-	-	-	-	-	53,742	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	53,742	-	-
5	11,460	7,783	5,678	2,875	10,696	-	-
4,643	28,758	53,911	16,149	5,500	14,525	-	201,236
\$ 4,648	\$ 40,218	\$ 61,694	\$ 21,827	\$ 8,375	\$ 25,221	\$ -	\$ 201,236

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue					
	HAVA Security Grant Fund	NACCHO Grant Fund	Guardianship Fund	Emergency Communication Fund	Coronavirus Emergency Supplement Fund	HAVA Cares Act Fund
Revenues:						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy	-	-	-	-	-	-
Intergovernmental	120,000	-	-	-	-	-
Fees of Office	-	-	-	-	-	-
Fines and Forfeitures	-	-	5,520	-	-	-
Investment Earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	120,000	-	5,520	-	-	-
Expenditures:						
Current:						
General Government	-	-	-	-	-	23,659
Judicial	-	-	-	-	-	-
Public Safety	-	-	-	-	11,417	-
Road & Bridge	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital Outlay	136,000	-	-	-	-	-
Total Expenditures	136,000	-	-	-	11,417	23,659
Excess (Deficiency) of Revenue over Expenditures	(16,000)	-	5,520	-	(11,417)	(23,659)
Other Financing Sources (Uses):						
Transfers In	16,000	-	-	-	-	-
Transfers Out	-	-	-	-	-	(884)
Total Other Financing Sources (Uses)	16,000	-	-	-	-	(884)
Net Change in Fund Balance	-	-	5,520	-	(11,417)	(24,543)
Fund Balance at Beginning of Year	-	1,616	48,600	398,380	11,417	24,543
Fund Balance at End of Year	\$ -	\$ 1,616	\$ 54,120	\$ 398,380	\$ -	\$ -

ANDERSON COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2021

Special Revenue					Debt Service		Total Nonmajor Governmental Funds
Juvenile Probation Fund	LEOSE Fund	DA Drug Forfeiture Fund	Sheriff Forfeiture (Local) Fund	DA Forfeiture (Federal) Fund	Interest & Sinking Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,896,496	\$ 2,494,459	
-	-	-	-	-	-	56,149	
352,109	-	-	-	-	-	704,088	
8,953	-	-	-	-	-	54,286	
-	-	20,223	3,036	-	-	317,920	
-	-	1,758	176	3,043	6,859	19,332	
-	692	-	-	-	-	20,547	
<u>361,062</u>	<u>692</u>	<u>21,981</u>	<u>3,212</u>	<u>3,043</u>	<u>1,903,355</u>	<u>3,666,781</u>	
-	-	-	-	-	-	282,016	
-	692	10,934	-	-	-	319,217	
474,690	-	-	6,755	-	-	594,583	
-	-	-	-	-	-	512,554	
-	-	-	-	-	1,020,000	1,020,000	
-	-	-	-	-	808,650	808,650	
-	-	-	5,258	-	-	301,408	
<u>474,690</u>	<u>692</u>	<u>10,934</u>	<u>12,013</u>	<u>-</u>	<u>1,828,650</u>	<u>3,838,428</u>	
<u>(113,628)</u>	<u>-</u>	<u>11,047</u>	<u>(8,801)</u>	<u>3,043</u>	<u>74,705</u>	<u>(171,647)</u>	
230,000	-	-	-	-	2,693	371,162	
-	-	-	-	-	-	(884)	
<u>230,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,693</u>	<u>370,278</u>	
116,372	-	11,047	(8,801)	3,043	77,398	198,631	
482,904	-	203,532	32,206	18,905	899,606	3,122,745	
<u>\$ 599,276</u>	<u>\$ -</u>	<u>\$ 214,579</u>	<u>\$ 23,405</u>	<u>\$ 21,948</u>	<u>\$ 977,004</u>	<u>\$ 3,321,376</u>	

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FIDUCIARY FUNDS

ANDERSON COUNTY, TEXAS

Combining Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2021

	Investment Trust Funds			Custodial Funds		
	County Clerk Trust	District Clerk Trust	Total Investment Trust Funds	Tax Assessor Collector	County Clerk	District Clerk
Assets						
Cash and investments	\$ 598,862	\$ 2,052,675	\$ 2,651,537	\$ 1,573,107	\$ 58,037	\$ 130,130
Total assets	<u>\$ 598,862</u>	<u>\$ 2,052,675</u>	<u>\$ 2,651,537</u>	<u>\$ 1,573,107</u>	<u>\$ 58,037</u>	<u>\$ 130,130</u>
Liabilities						
Due to other entities	\$ -	\$ -	\$ -	\$ 1,573,107	\$ 58,037	\$ 130,130
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,573,107</u>	<u>58,037</u>	<u>130,130</u>
Net Position						
Restricted for:						
Individuals, organizations and other governments	598,862	2,052,675	2,651,537	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 598,862</u>	<u>\$ 2,052,675</u>	<u>\$ 2,651,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ANDERSON COUNTY, TEXAS

Combining Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2021

Custodial Funds							
Sheriff	Criminal District Attorney	Constable	Chapter 19	Total Custodial Funds	Total Fiduciary Funds		
\$ 92,015	\$ -	\$ 10,474	\$ 1,133	\$ 1,864,896	\$ 4,516,433		
\$ 92,015	\$ -	\$ 10,474	\$ 1,133	\$ 1,864,896	\$ 4,516,433		
<hr/>							
\$ 2,333	\$ (2,874)	\$ -	\$ -	\$ 1,760,733	\$ 1,760,733		
2,333	(2,874)	-	-	1,760,733	1,760,733		
<hr/>							
89,682		10,474	1,133	101,289	2,752,826		
-	(2,874)	-	-	(2,874)	(2,874)		
<hr/>							
\$ 89,682	\$ (2,874)	\$ 10,474	\$ 1,133	\$ 98,415	\$ 2,749,952		

ANDERSON COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2021

	Investment Trust Funds			Custodial Funds		
	County Clerk Trust	District Clerk Trust	Total Investment Trust Funds	Tax Assessor Collector	County Clerk	District Clerk
Increases:						
Contributions from judgements	\$ 1,317	\$ 702,825	\$ 704,142	\$ -	\$ -	\$ -
Taxes collected on behalf of taxing entities	-	-	-	142,215,632	-	-
Bonds received	-	-	-	-	5,008	42,500
Clerk fees	-	-	-	-	1,154,930	833,286
Commissary sales	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-
Interest income	-	1	1	6,235	420	344
Total Increases	1,317	702,826	704,143	142,221,867	1,160,358	876,130
Decreases:						
Bonds refunded	\$ -	\$ -	\$ -	\$ -	\$ 10,261	\$ 30,000
Taxes disbursed to taxing entities	-	-	-	100,743,154	-	-
Collections distributed	-	-	-	41,478,557	1,150,097	846,130
Commissary purchases	-	-	-	-	-	-
Deposits returned	-	-	-	-	-	-
Operational expenses	-	-	-	156	-	-
Disbursements to beneficiaries	45,396	660,082	705,478	-	-	-
Total Decreases	45,396	660,082	705,478	142,221,867	1,160,358	876,130
Net increase (decrease) in fiduciary net position	(44,079)	42,744	(1,335)	-	-	-
Net position - beginning	642,941	2,009,931	2,652,872	-	-	-
Net position - ending	\$ 598,862	\$ 2,052,675	\$ 2,651,537	\$ -	\$ -	\$ -

ANDERSON COUNTY, TEXAS

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2021

Custodial Funds							
Sheriff	Criminal District Attorney	Constable	Chapter 19	Total Custodial Funds	Total Fiduciary Funds		
\$ -	\$ 20,268	\$ -	\$ -	\$ 20,268	\$ 724,410		
-	-	-	-	142,215,632	142,215,632		
-	-	-	-	47,508	47,508		
104,197	-	-	-	2,092,413	2,092,413		
223,974	-	-	-	223,974	223,974		
1,621,577	-	1,986	-	1,623,563	1,623,563		
1,955	288	-	5	9,247	9,248		
<u>1,951,703</u>	<u>20,556</u>	<u>1,986</u>	<u>5</u>	<u>146,232,605</u>	<u>146,936,748</u>		
\$ -	\$ -	\$ -	\$ -	\$ 40,261	\$ 40,261		
4,460	-	-	-	100,747,614	100,747,614		
1,407,584	20,970	-	-	44,903,338	44,903,338		
397,513	-	-	-	397,513	397,513		
65,896	-	-	-	65,896	65,896		
3,836	-	1,126	-	5,118	5,118		
-	-	-	-	-	705,478		
<u>1,879,289</u>	<u>20,970</u>	<u>1,126</u>	<u>-</u>	<u>146,159,740</u>	<u>146,865,218</u>		
72,414	(414)	860	5	72,865	71,530		
17,268	(2,460)	9,614	1,128	25,550	2,678,422		
<u>\$ 89,682</u>	<u>\$ (2,874)</u>	<u>\$ 10,474</u>	<u>\$ 1,133</u>	<u>\$ 98,415</u>	<u>\$ 2,749,952</u>		

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

Honorable County Judge
and County Commissioners
Anderson County, Texas

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 Anderson County, Texas (“the County”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated September 8, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

OFFICE LOCATIONS

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
September 8, 2022