

**UPSHUR COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2021**  
**WITH INDEPENDENT AUDITOR'S REPORT**



**UPSHUR COUNTY, TEXAS**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and  
Members of the Commissioners Court  
Upshur County, Texas

### Report on the Financial Statements

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

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Upshur County, Texas, as of September 30, 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.

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### OFFICE LOCATIONS

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

**Emphasis of Matter – Change in Accounting Principle**

As described in the notes to the financial statements, in fiscal year 2021 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Patillo, Brown & Hill, L.L.P.*

Waco, Texas  
June 22, 2022



**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## UPSHUR COUNTY, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Upshur County, Texas (the "County") offers this narrative overview and analysis of the financial activities of the primary government for the fiscal year ended September 30, 2021.

#### FINANCIAL HIGHLIGHTS

- At September 30, 2021, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$18,641,022 (its "net position").
- Of this amount, \$11,700,151 is unrestricted, \$1,869,097 is restricted for specific purposes (restricted net position), and \$5,071,774 is invested in capital assets, net of related debt.
- The County's total net position increased by \$3,497,814, or 23%, over the course of this year's operations.
- As of September 30, 2021, the County's governmental funds reported combined fund balances of \$12,380,312, which represents a 50% percent increase from the prior year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Government-wide Financial Statements** are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all County assets, deferred outflows/inflows of resources and liabilities, with the difference between the four representing 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 that indicates how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these 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 in part a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, legal, and library.

**Fund Financial Statements** are groupings of related accounts that are 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 finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. The County does not have any proprietary 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 funds 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 the County's near-term financing requirements.

Because the focus of governmental funds is narrower than 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The County maintains 41 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental funds is 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.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found starting on page 16 of this report.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

A significant portion of the County's current fiscal year net position (27 percent) reflects its investments in capital assets (e.g. land, improvements, buildings, equipment, infrastructure) less any related debt used to acquire these assets that is outstanding. The main use of these capital assets is 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 resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

One portion of the County's current fiscal year net position (63 percent) represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.

The following table indicates changes in net position for governmental activities.

### UPSHUR COUNTY'S CHANGES IN NET POSITION

	Governmental Activities 2021	Governmental Activities 2020
Revenues:		
Program revenues:		
Charges for services	\$ 2,421,147	\$ 2,359,003
Operating grants and contributions	2,946,598	2,215,732
General revenues:		
Property taxes, levied for general purposes	13,031,157	12,721,716
Sales taxes	1,559,888	1,449,640
Investment earnings	14,324	68,688
Gain on sale of capital assets	175,591	-
Miscellaneous	782,968	1,014,899
Total revenues	20,931,673	19,829,678
Expenses:		
General government	7,159,475	7,038,472
Public safety	5,343,430	4,646,646
Public transportation	2,893,885	2,952,135
Legal	1,795,595	1,838,998
Library	191,915	191,551
Interest on long-term debt	49,559	45,657
Total expenses	17,433,859	16,713,459
Change in net position	3,497,814	3,116,219
Net position - beginning	15,143,208	12,026,989
Net position - ending	\$ 18,641,022	\$ 15,143,208

### FINANCIAL ANALYSIS OF MAJOR FUNDS

**Governmental Funds.** The County's major general government functions are contained in the General Fund. 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.

At September 30, 2021, the County's governmental funds reported combined fund balances of \$12,380,312, an increase of 50% from the prior year.

The General Fund is the chief operating fund of the County. At September 30, 2021, the General Fund reported revenues of \$18,249,537 and expenditures of \$16,169,997.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual revenues were more than budgeted estimates by \$1,255,074. Actual expenditures were less than budgeted estimates by \$866,346. Actual other financing sources were more than budgeted by \$1,088,477. The net effect resulted in a positive variance of \$3,209,897.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** The County's investment in capital assets for its governmental activities as of September 30, 2021, amounted to \$6,988,045 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and equipment, and other tangible and intangible assets.

For further information regarding capital assets, see Note 4.

**Long-term Debt.** At September 30, 2021, the County had total long-term debt outstanding of \$2,674,186. Refer to Note 4 for further information on the County's long-term debt.

## **ECONOMIC FACTORS**

The budget was adopted based on estimated balances that would be available at the end of fiscal year 2021 and estimated revenues to be received in fiscal year 2022. Budgeted revenues to the General Fund total \$14,370,269 and budgeted expenditures total \$15,070,269.

For 2021-2022, the property tax rate is \$.6150 per \$100 valuation.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Auditor's Office, P. O. Box 730, Gilmer, Texas, 75644.

**BASIC  
FINANCIAL STATEMENTS**

**UPSHUR COUNTY, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 15,522,980
Receivables, net of allowances for uncollectibles	2,768,786
Prepaid expenses	356,240
Due from other governments	247,730
Capital assets:	
Land	460,998
Buildings	9,482,620
Furniture and equipment	8,101,072
Less: accumulated depreciation	<u>( 11,056,645)</u>
Total capital assets, net of accumulated depreciation	<u>6,988,045</u>
 Total assets	 <u>25,883,781</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>1,893,236</u>
Total deferred outflows of resources	<u>1,893,236</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	1,021,544
Accrued interest payable	33,378
Unearned revenue	3,076,008
Noncurrent liabilities:	
Due within one year	1,095,621
Due in more than one year	1,578,565
Net pension liability	<u>367,206</u>
Total liabilities	<u>7,172,322</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>1,963,673</u>
Total deferred inflows of resources	<u>1,963,673</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,071,774
Restricted for:	
Other purposes	1,869,097
Unrestricted	<u>11,700,151</u>
Total net position	<u>\$ 18,641,022</u>

The accompanying notes are an integral part of these financial statements.



**UPSHUR COUNTY, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for	Operating	Changes in Net Position
		Services	Grants and	Governmental
			Contributions	Activities
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 7,159,475	\$ 1,753,787	\$ 1,752,980	\$( 3,652,708)
Public safety	5,343,430	91,155	1,089,595	( 4,162,680)
Public transportation	2,893,885	-	40,027	( 2,853,858)
Legal	1,795,595	547,805	31,799	( 1,215,991)
Library	191,915	28,400	32,197	( 131,318)
Interest on long-term debt	49,559	-	-	( 49,559)
Total governmental activities	<u>\$ 17,433,859</u>	<u>\$ 2,421,147</u>	<u>\$ 2,946,598</u>	<u>( 12,066,114)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				13,031,157
Sales taxes				1,559,888
Investment earnings				14,324
Gain on sale of capital assets				175,591
Miscellaneous				<u>782,968</u>
Total general revenues				<u>15,563,928</u>
Change in net position				<u>3,497,814</u>
Net position, beginning				<u>15,143,208</u>
Net position, ending				<u>\$ 18,641,022</u>

The accompanying notes are an integral part of these financial statements.

**UPSHUR COUNTY, TEXAS**

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	General	American Rescue Plan Grant	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 10,920,193	\$ 3,092,515	\$ 1,510,272	\$ 15,522,980
Receivables (net of allowance for uncollectibles)	2,705,682	-	63,104	2,768,786
Prepaid expenses	356,240	-	-	356,240
Due from other funds	232,311	-	-	232,311
Due from other governments	14,095	-	233,635	247,730
	<u>14,228,521</u>	<u>3,092,515</u>	<u>1,807,011</u>	<u>19,128,047</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	834,448	15,803	171,293	1,021,544
Due to other funds	-	-	232,311	232,311
Unearned	-	3,076,008	-	3,076,008
	<u>834,448</u>	<u>3,091,811</u>	<u>403,604</u>	<u>4,329,863</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	2,092,929	-	62,198	2,155,127
Unavailable revenue - court fines and fees	262,745	-	-	262,745
	<u>2,355,674</u>	<u>-</u>	<u>62,198</u>	<u>2,417,872</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	356,240	-	-	356,240
Restricted for:				
Child protection	-	-	39,671	39,671
County and district clerk services	-	-	688,030	688,030
Court security and technology	-	-	144,547	144,547
District Attorney	-	-	35,455	35,455
Drug enforcement	-	-	880	880
Elections	-	-	82,142	82,142
Federal and state grants	-	-	57,047	57,047
Forfeiture	-	-	20,212	20,212
Judicial education	-	-	5,569	5,569
Law enforcement	-	-	195,067	195,067
Law library	-	-	4,517	4,517
Debt service	-	-	28,480	28,480
Other	-	-	42,485	42,485
Assigned:				
Subsequent year's budget	524,995	-	-	524,995
Unassigned	10,157,164	704	( 2,893)	10,154,975
	<u>11,038,399</u>	<u>704</u>	<u>1,341,209</u>	<u>12,380,312</u>
Total fund balances	<u>11,038,399</u>	<u>704</u>	<u>1,341,209</u>	<u>12,380,312</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>14,228,521</u>	\$ <u>3,092,515</u>	\$ <u>1,807,011</u>	\$ <u>19,128,047</u>

The accompanying notes are an integral part of these financial statements.

**UPSHUR COUNTY, TEXAS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

Total fund balances - governmental funds	\$ 12,380,312
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,988,045
The net pension liability is not an available resource and, therefore, is not reported in the funds.	( 437,643)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,417,872
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	( <u>2,707,564</u> )
Net position of governmental activities	\$ <u>18,641,022</u>

**UPSHUR COUNTY, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General	American Recovery Plan Grant	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>				
Taxes	\$ 14,594,683	\$ -	\$ -	\$ 14,594,683
Licenses and permits	967,628	-	-	967,628
Intergovernmental	198,066	979,008	1,975,098	3,152,172
Charges for services	1,793,382	-	321,180	2,114,562
Fines and forfeitures	390,918	-	10,310	401,228
Interest	10,658	704	2,962	14,324
Miscellaneous	<u>294,202</u>	<u>-</u>	<u>16,201</u>	<u>310,403</u>
Total revenues	<u>18,249,537</u>	<u>979,712</u>	<u>2,325,751</u>	<u>21,555,000</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,839,030	1,327	456,653	7,297,010
Public safety	4,623,317	977,681	292,455	5,893,453
Public transportation	2,577,585	-	455,097	3,032,682
Legal	1,629,705	-	202,350	1,832,055
Library	195,812	-	-	195,812
Debt service:				
Principal	261,440	-	-	261,440
Interest	<u>43,108</u>	<u>-</u>	<u>-</u>	<u>43,108</u>
Total expenditures	<u>16,169,997</u>	<u>979,008</u>	<u>1,406,555</u>	<u>18,555,560</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,079,540</u>	<u>704</u>	<u>919,196</u>	<u>2,999,440</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital leases	909,325	-	-	909,325
Sale of capital assets	175,591	-	-	175,591
Insurance recoveries	<u>43,561</u>	<u>-</u>	<u>-</u>	<u>43,561</u>
Total other financing sources and (uses)	<u>1,128,477</u>	<u>-</u>	<u>-</u>	<u>1,128,477</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,208,017	704	919,196	4,127,917
<b>FUND BALANCES, BEGINNING</b>	<u>7,830,382</u>	<u>-</u>	<u>422,013</u>	<u>8,252,395</u>
<b>FUND BALANCES, ENDING</b>	\$ <u>11,038,399</u>	\$ <u>704</u>	\$ <u>1,341,209</u>	\$ <u>12,380,312</u>

The accompanying notes are an integral part of these financial statements.

**UPSHUR COUNTY, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Amounts reported for governmental activities in the Statement of Activities (page 8) are different because:

Net change in fund balances - total governmental funds (page 11)	\$ 4,127,917
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	551,890
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	( 601,567)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	( 842,479)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	( 35,051)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>297,104</u>
Change in net position of governmental activities (page 8)	\$ <u><u>3,497,814</u></u>

**UPSHUR COUNTY, TEXAS**

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

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 14,018,116	\$ 14,018,116	\$ 14,594,683	\$ 576,567
Licenses and permits	957,000	957,000	967,628	10,628
Intergovernmental	205,700	205,700	198,066	( 7,634)
Charges for services	1,185,907	1,185,907	1,793,382	607,475
Fines	359,580	359,580	390,918	31,338
Interest	51,220	51,220	10,658	( 40,562)
Miscellaneous	211,940	216,940	294,202	77,262
Total revenues	<u>16,989,463</u>	<u>16,994,463</u>	<u>18,249,537</u>	<u>1,255,074</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,009,964	6,929,970	6,839,030	90,940
Public safety	4,816,734	4,882,207	4,623,317	258,890
Public transportation	2,758,569	2,758,569	2,577,585	180,984
Legal	1,897,898	1,916,945	1,629,705	287,240
Library	200,261	202,736	195,812	6,924
Debt service:				
Principal	320,868	321,565	261,440	60,125
Interest	25,048	24,351	43,108	( 18,757)
Total expenditures	<u>17,029,342</u>	<u>17,036,343</u>	<u>16,169,997</u>	<u>866,346</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>( 39,879)</u>	<u>( 41,880)</u>	<u>2,079,540</u>	<u>2,121,420</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from capital leases	-	-	909,325	909,325
Sale of capital assets	-	-	175,591	175,591
Insurance recoveries	40,000	40,000	43,561	3,561
Total other financing sources	<u>40,000</u>	<u>40,000</u>	<u>1,128,477</u>	<u>1,088,477</u>
<b>NET CHANGE IN FUND BALANCES</b>	121	( 1,880)	3,208,017	3,209,897
<b>FUND BALANCES, BEGINNING</b>	<u>7,830,382</u>	<u>7,830,382</u>	<u>7,830,382</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 7,830,503</u>	<u>\$ 7,828,502</u>	<u>\$ 11,038,399</u>	<u>\$ 3,209,897</u>

The accompanying notes are an integral part of these financial statements.

**UPSHUR COUNTY, TEXAS**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2021

	<u>Private Purpose Trusts</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash and investments	\$ <u>1,498,875</u>	\$ <u>2,711,622</u>
Total assets	<u>1,498,875</u>	<u>2,711,622</u>
<b>LIABILITIES</b>		
Due to other governments	<u>150,260</u>	<u>285,867</u>
Total liabilities	<u>150,260</u>	<u>285,867</u>
<b>Net Position</b>		
Restricted for individuals, organizations, and other governments	<u>1,348,615</u>	<u>2,425,755</u>
Total net position	\$ <u>1,348,615</u>	\$ <u>2,425,755</u>

**UPSHUR COUNTY, TEXAS**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Trusts Funds</u>	<u>Custodial Funds</u>
<b>Increases</b>		
Contributions from judgements	\$ 285,434	\$ 80,604
Interest	573	3,466
Deposits held	368,732	41,483,084
Bonds received	-	34,100
Donations	<u>-</u>	<u>10</u>
Total increases	<u>654,739</u>	<u>41,601,264</u>
<b>Decreases</b>		
Bonds refunded	964	63,807
Commissary purchases	97,642	-
Commission paid to inmate welfare-commissary	56,562	-
Sales revenue to inmate welfare-non-commissary	168,893	-
Deposits returned	357,362	-
Disbursements to beneficiaries	<u>14,301</u>	<u>41,900,753</u>
Total decreases	<u>695,724</u>	<u>41,964,560</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<b>( 40,985)</b>	<b>( 363,296)</b>
<b>NET POSITION, BEGINNING</b>	<u>1,332,560</u>	<u>-</u>
<b>PRIOR PERIOD ADJUSTMENT - CHANGE IN ACCOUNTING PRINCIPLE</b>	<u>57,040</u>	<u>2,789,051</u>
<b>NET POSITION, BEGINNING, AS RESTATED</b>	<u>1,389,600</u>	<u>2,789,051</u>
<b>NET POSITION, ENDING</b>	<u>\$ 1,348,615</u>	<u>\$ 2,425,755</u>



# UPSHUR COUNTY, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Upshur County, Texas, (the County) uses a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

#### A. Reporting Entity

GASB Statement No. 14, "*The Financial Reporting Entity*," establishes criteria that should be considered and evaluated along with other judgmental factors before a decision is made to include one governmental unit with another governmental unit for the purpose of issuing basic financial statements. The five criteria considered were 1) financial accountability, 2) appointment of voting majority, 3) imposition of will, 4) financial burden to or a burden on a primary government, and 5) financial accountability as a result of fiscal dependency.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Upshur County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, but also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

#### **Related Organizations**

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. The Commissioners' Court or specific committees of the Commissioners' Court appoint members of many organizations. Positions on these boards are appointed in certain instances in entirety, partially, or with Commissioners' Court members.

#### 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 the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The government has no business-type activities, or component units.

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* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenues*.

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 County, except those required to be accounted for in another fund.

The **American Rescue Plan Grant** is used to account for grant awards and other funding related to the American Rescue Plan Grant.

Additionally, the County reports the following fund types:

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

***Debt Service Funds*** are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

***Private-purpose Trust Funds*** are used to account for investments, interest, rent and royalties for the benefit of various school districts in the County. The revenues are distributed to various school districts.

***Custodial Funds*** are used to account for the assets held by the County as an agent for individuals, private organizations or other governments. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its governmental operations.

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

Separate financial statements are provided for governmental funds 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.

### **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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers 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 judgments, are recorded only when payment is due.

Property taxes 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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or 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.

The County pools cash resources of some funds and invests these funds jointly. Each fund owns a pro rata share of the cash and investments. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations within the state. Investments are stated at fair value.

Investment earnings are allocated to the respective funds based on the cash balances outstanding at the end of each month.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 45% of the total tax receivable balance.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

**Prepaid Items**

Certain payments to vendor reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**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 for reporting in this category:

- Changes in economic or demographic assumptions or other inputs included in determining the pension liability – These effects on the total pension liability 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 plan (active 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 so 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:

- Unavailable revenue – The governmental funds report unavailable revenues from three sources: property taxes, grants, court fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Difference between expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a five-year period.

### **Capital Assets**

Capital assets, which included property and equipment, are included in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year. 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.

### **Compensated Absences**

The County's personnel policy permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements.

### **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.

### **Net Position Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **Fund Balance Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **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 court resolution 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 can be expressed by the 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 expenditures are incurred for purposes for which both restricted and unassigned fund balance is available, the County considers restricted funds to have been spent first. When expenditures are 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.

**Net Position**

Net position represents the difference between assets, deferred outflows/inflows of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net 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.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$551,890 difference are as follows:

Capital outlay	\$ 1,105,536
Depreciation expense	( 553,646)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>551,890</u>

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$(842,479) difference are as follows:

Unavailable revenue - property taxes	\$( 4,081)
Unavailable revenue - court fines and fees	( 14,093)
Unavailable revenue - grants	<u>( 824,305)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$( 842,479)</u>

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Formal budgetary integration is employed as a management control device during the year for the General Fund. This budget is adopted on the cash basis. Once approved, the Commissioners' Court may amend the legally adopted budget when unexpected modifications are required in estimated revenue and appropriations.

**Excess of Expenditures over Appropriations**

Interest expenditures exceeded appropriations by \$18,757. This overage was funded with greater than anticipated revenue.

**B. Deficit Fund Balances**

The following funds had deficit equity balances as of September 30, 2021:

<u>Governmental funds</u>	<u>Deficit</u>
Family Violence Intervention Program	\$ 1,372
Victims' Assistance Grant	312
Sheriff NIBRS Grant	3
CTIF TxDot Grant	<u>1,206</u>
Total	<u>\$ 2,893</u>

If funding from outside sources does not become available to cover these deficit fund balances, the County plans to transfer funds to cover the deficit from the General Fund.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2021, the County had the following investments:

<u>Investment Type</u>	<u>Net Asset Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 7,243,731	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 test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

**Public Funds Investment Pools**

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

TexPool, the Texas Local Government Investment Pool, operates in a manner consistent with GASB No. 79 criteria. The County’s investment in TexPool is reported at amortized cost. The pool is subject to regulatory oversight by the Texas State Comptroller, although it is not registered with the Securities and Exchange Commission (“SEC”).

*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. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2021, the County’s deposit value was fully collateralized with securities held by the pledging financial institutions.

*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. The County’s investment pool is rated AAAM by Standard & Poor’s Investors Service.

*Interest Rate Risk.* In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the average dollar-weighted maturity of its portfolio to a maximum of 365 days.

**B. Receivables**

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

	General Fund	Nonmajor Governmental	Total
Receivables:			
Taxes	\$ 4,229,213	\$ 114,735	\$ 4,343,948
Adjudicated fines	1,313,721	-	1,313,721
Miscellaneous	269	-	269
Intergovernmental	14,095	233,635	247,730
Allowance	( 2,837,521)	( 51,631)	( 2,889,152)
Total receivables	\$ 2,719,777	\$ 296,739	\$ 3,016,516

**C. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 460,998	\$ -	\$ -	\$ 460,998
Total capital assets not being depreciated	<u>460,998</u>	<u>-</u>	<u>-</u>	<u>460,998</u>
Capital assets, being depreciated:				
Buildings	9,482,620	-	-	9,482,620
Furniture and equipment	7,780,961	1,105,536	( 785,425)	8,101,072
Total capital assets being depreciated	<u>17,263,581</u>	<u>1,105,536</u>	<u>( 785,425)</u>	<u>17,583,692</u>
Less accumulated depreciation:				
Buildings	5,776,304	-	-	5,776,304
Furniture and equipment	5,477,069	553,646	( 750,374)	5,280,341
Total accumulated depreciation	<u>11,253,373</u>	<u>553,646</u>	<u>( 750,374)</u>	<u>11,056,645</u>
Total capital assets, being depreciated, net	<u>6,010,208</u>	<u>551,890</u>	<u>( 35,051)</u>	<u>6,527,047</u>
Governmental activities capital assets, net	<u>\$ 6,471,206</u>	<u>\$ 551,890</u>	<u>\$ ( 35,051)</u>	<u>\$ 6,988,045</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 7,452
Public safety	150,902
Public transportation	<u>395,292</u>
Total depreciation expense - governmental activities	<u>\$ 553,646</u>

**D. Interfund Receivables, Payables**

The composition of interfund balances as of September 30, 2021, is as follows:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental	<u>232,311</u>
Total		<u>\$ 232,311</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, 2) transactions are recorded in the accounting system, and 3) payment between funds are made.

**E. Long-term Debt**

The County has entered into several capital lease agreements for the purchase of equipment. Payments for the equipment during the fiscal year ended September 30, 2021 totaled \$261,440. Payments, including interest of 2.99% to 3.35%, are due as follows as of September 30, 2021:

Year ending September 30	Governmental Activities
2022	\$ 944,038
2023	168,003
2024	168,003
2025	168,004
2026	406,277
2027-2028	<u>221,909</u>
Total minimum lease payments	2,076,234
Less: amounts representing interest	<u>( 159,963)</u>
Present value of minimum lease payments	<u>\$ 1,916,271</u>



The assets acquired through capital leases are as follows:

Equipment	\$ 2,083,948
Accumulated depreciation	( 937,370)
Equipment, net	<u>\$ 1,146,578</u>

**Changes in Long-term Liabilities**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Capital leases	\$ 1,268,386	\$ 909,325	\$ 261,440	\$ 1,916,271	\$ 944,038
Compensated absences	<u>804,233</u>	<u>441,938</u>	<u>488,256</u>	<u>757,915</u>	<u>151,583</u>
Governmental activity long-term liabilities	<u>\$ 2,072,619</u>	<u>\$ 1,351,263</u>	<u>\$ 749,696</u>	<u>\$ 2,674,186</u>	<u>\$ 1,095,621</u>

**V. OTHER INFORMATION**

**A. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County participates in a risk management program through Texas Association of Counties for workers' compensation coverage.

The County has not had any significant reductions in insurance coverage from coverage in the prior year. The amount of settlements has not exceeded insurance coverage in any of the previous three years.

During the year ended September 30, 1990, the County established an employee medical benefit plan (the Plan) to self-insure claims up to \$75,000 per year for each individual covered; claims above \$75,000 are covered by a stop-loss insurance policy. The County and its covered employees contribute to the fund to pay claims and stop-loss insurance premiums. At September 30, 2021, officials believe that the County has made provisions sufficient to cover estimated claims, including claims incurred, but not yet reported.

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2021, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**B. Retirement 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](http://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	158
Inactive employees entitled to but not yet receiving benefits	227
Active employees	<u>206</u>
	<u>591</u>

### **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 participant 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 6.70% and 6.37% in calendar years 2020 and 2021, respectively. The County's contributions to TCDRS for the year ended September 30, 2021, were \$556,108, 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	7.50%, net of pension plan investment expense, including inflation

The County has no automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the County may elect an ad-hoc COLA for its retirees.

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 after 2014.

Updated mortality assumptions were adopted in the actuarial valuation of December 31, 2020. All other 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.

The long-term expected rate of return on pension plan investments is 7.50%. 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 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 re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at 12/31/2019	\$ 39,302,118	\$ 39,401,435	\$( 99,317)
Changes for the year:			
Service cost	788,631	-	788,631
Interest on total pension liability <sup>(1)</sup>	3,153,007	-	3,153,007
Effect of economic/demographic gains or losses	( 603,957)	-	( 603,957)
Effect of assumptions changes or inputs	2,201,707	-	2,201,707
Refund of contributions	( 163,241)	( 163,241)	-
Benefit payments	( 2,212,477)	( 2,212,477)	-
Administrative expenses	-	( 30,804)	30,804
Member contributions	-	547,032	( 547,032)
Net investment income	-	4,067,766	( 4,067,766)
Employer contributions	-	523,586	( 523,586)
Other <sup>(2)</sup>	-	( 34,715)	34,715
Balance at 12/31/2020	<u>\$ 42,465,788</u>	<u>\$ 42,098,582</u>	<u>\$ 367,206</u>

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

<sup>(2)</sup> 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 7.6%, 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 (6.6%) or 1-percentage-higher (8.6%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 47,495,762	\$ 42,465,789	\$ 38,217,135
Fiduciary net position	42,098,583	42,098,583	42,098,583
Net pension liability/(asset)	<u>\$ 5,397,179</u>	<u>\$ 367,206</u>	<u>\$( 3,881,448)</u>

**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 on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

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

For the year ended September 30, 2021, the County recognized pension expense of \$252,553. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 462,999
Changes in actuarial assumptions	1,467,804	-
Difference between projected and actual investment earnings	-	1,500,674
Contributions subsequent to the measurement date	425,432	-
Total	<u>\$ 1,893,236</u>	<u>\$ 1,963,673</u>

\$425,432 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

<u>For The Year</u> <u>Ended September 30,</u>	
2022	( 7,663)
2023	473,785
2024	( 775,854)
2025	( 186,137)
2026	-

**VI. Prior Period Adjustment**

In the implementation of GASB Statement No. 84 relating to the presentation of fiduciary activities, the County adjusted the beginning net position of the Agency Funds. The beginning balance of the Agency funds was established to be \$2,846,091, being presented as a prior period adjustment in the Statement of Changes in Fiduciary Net Position.

**VII. Future Financial Reporting Requirements**

Significant new accounting standards not yet implemented by the County include the following:

Statement No. 87, Leases – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective in fiscal year 2022.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period – The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement will become effective in fiscal year 2022.

Statement No. 91, Conduit Debt Obligations – This Statement provides a single method of reporting conduit debt obligation by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 will be implemented in fiscal year 2023.

Statement No. 92, Omnibus 2020 – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB 92 will be implemented by the County in fiscal year 2022.

Statement No. 93, Replacement of Interbank Offered Rates – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 will be implemented by the County in fiscal year 2022.

Statement No. 94, Public-Private and Public-Private Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). GASB 94 will be implemented by the County in fiscal year 2023.

Statement No. 96, Subscription-Based Technology Arrangements – this Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 will be implemented by the County in fiscal year 2023.

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB 97 will be implemented by the County in fiscal year 2022.

The County has not yet determined the impact of implementation of the new standards.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**UPSHUR COUNTY, TEXAS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS

SEPTEMBER 30, 2021

<b>Measurement Date December 31,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 788,631	\$ 744,513	\$ 776,007
Interest total pension liability	3,153,007	3,027,537	2,914,987
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	2,201,707	-	-
Effect of economic/demographic (gains) or losses	( 603,957)	( 26,743)	( 187,960)
Benefit payments/refunds of contributions	<u>( 2,375,718)</u>	<u>( 2,110,270)</u>	<u>( 2,054,863)</u>
Net change in total pension liability	3,163,670	1,635,037	1,448,171
Total pension liability - beginning	<u>39,302,118</u>	<u>37,667,081</u>	<u>36,218,910</u>
Total pension liability - ending (a)	<u>\$ 42,465,788</u>	<u>\$ 39,302,118</u>	<u>\$ 37,667,081</u>
<b>Plan Fiduciary Net Position</b>			
Employer contributions	\$ 523,586	\$ 463,768	\$ 494,592
Member contributions	547,032	530,454	524,568
Investment income net of investment expenses	4,067,766	5,725,049	( 694,168)
Benefit payments/refunds of contributions	<u>( 2,375,718)</u>	<u>( 2,110,270)</u>	<u>( 2,054,863)</u>
Administrative expenses	<u>( 30,804)</u>	<u>( 30,025)</u>	<u>( 27,996)</u>
Other	<u>( 34,715)</u>	<u>( 32,722)</u>	<u>( 27,176)</u>
Net change in plan fiduciary net position	2,697,147	4,546,254	( 1,785,043)
Plan fiduciary net position - beginning	<u>39,401,435</u>	<u>34,855,181</u>	<u>36,640,224</u>
Plan fiduciary net position - ending (b)	<u>42,098,582</u>	<u>39,401,435</u>	<u>34,855,181</u>
Net pension liability / (asset), ending (a) - (b)	<u>\$ 367,206</u>	<u>\$( 99,317)</u>	<u>\$ 2,811,900</u>
Fiduciary net position as a percentage of total pension liability	99.14%	100.25%	92.53%
Pensionable covered payroll	\$ 7,814,736	\$ 7,577,915	\$ 7,493,833
Net pension liability/(asset) as a percentage of covered payroll	4.70%	-1.31%	37.52%

Note: GASB 68 requires 10 years of data be included in this schedule. Additional years will be added as they become available.

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$	767,721	\$ 820,431	\$ 788,144	\$ 789,263
	2,822,134	2,664,959	2,547,645	2,446,329
	-	-	( 73,696)	-
	131,632	-	348,733	-
(	530,616)	47,927	( 178,427)	( 412,926)
(	2,050,881)	( 1,869,364)	( 1,860,913)	( 1,557,281)
	1,139,990	1,663,953	1,571,486	1,265,385
	<u>35,078,920</u>	<u>33,414,998</u>	<u>31,843,512</u>	<u>30,578,127</u>
\$	<u>36,218,910</u>	\$ <u>35,078,951</u>	\$ <u>33,414,998</u>	\$ <u>31,843,512</u>
\$	430,934	\$ 457,678	\$ 450,549	\$ 469,153
	495,692	486,893	463,120	452,976
	4,799,450	2,341,438	( 114,861)	2,146,140
(	2,050,881)	( 1,869,364)	( 1,860,914)	( 1,557,281)
(	24,367)	( 25,427)	( 23,151)	( 24,740)
(	15,296)	( 75,068)	( 15,765)	( 192,261)
	3,635,532	1,316,150	( 1,101,022)	1,293,987
	<u>33,004,692</u>	<u>31,688,573</u>	<u>32,789,595</u>	<u>31,495,608</u>
	<u>36,640,224</u>	<u>33,004,723</u>	<u>31,688,573</u>	<u>32,789,595</u>
\$	<u>( 421,314)</u>	\$ <u>2,074,228</u>	\$ <u>1,726,425</u>	\$ <u>( 946,083)</u>
	101.16%	94.09%	94.83%	102.97%
\$	7,029,861	\$ 6,955,616	\$ 6,615,994	\$ 6,471,084
	-5.99%	29.82%	26.09%	-14.62%

**UPSHUR COUNTY, TEXAS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

SEPTEMBER 30, 2021

<b>Fiscal Year Ended September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll (1)</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2014	\$ 524,542	\$ 524,542	\$ -	\$ 6,466,763	8.1%
2015	454,689	454,689	-	6,572,191	6.9%
2016	457,380	457,380	-	6,892,415	6.6%
2017	433,992	433,992	-	6,951,911	6.2%
2018	482,898	482,898	-	7,446,203	6.5%
2019	466,266	466,266	-	7,472,296	6.2%
2020	513,633	513,633	-	7,836,933	6.6%
2021	556,108	556,108	-	8,629,065	6.4%

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

Note: GASB 68 requires 10 years of data be included in this schedule. Additional years will be added as they become available.

## UPSHUR COUNTY, TEXAS

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2021

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

**Methods and assumptions used to determine contributions rates:**

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

*\*Only changes effective 2015 and later are shown in the Notes to the Schedule of Employer Contributions.*

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## **COMBINING FUND STATEMENTS**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

**Special Revenue Funds** are used to account for revenues that are legally restricted for expenditure for particular purposes. The County's Special Revenue Funds are as follows:

#### ***CETRZ***

***Sheriff's Special***

***District Clerk Records***

***D. A. Forfeiture***

***Records Management Fee***

***Records Management and Other***

***Courthouse Security***

***Local Law Enforcement Block Grant***

***County and District Court Preservation***

***Family Violence Intervention Program***

***Project Lifesaver***

***County and District Technology***

***Law Library***

***D. A. Art 53.08 Fees***

***Law Enforcement Education***

***Judicial Education***

***Child Protection Fee***

***Arson Task Force***

***Election Refund***

#### ***FEMA***

***Drug Interdiction***

***Justice of the Peace Court Technology***

***District Clerk Record Archive***

***JP Courthouse Security***

***Records Archive Fee***

***Texas Parks & Wildlife Fines***

***JP Bond Account***

***Victims' Assistance Grant***

***Court Initiated Guardianship***

***Asset Forfeiture DEA***

***Pretrial Intervention Program***

***Tax Office VIT Interest Fund***

***Sheriff NIBRS Grant***

***Union Grove Water Grant***

***HAVA Grant***

***CRF Grant***

***CTCL Grant***

***CTIF TxDot Grant***

## **DEBT SERVICE FUND**

The ***Debt Service Fund*** is used to account for the accumulation of resources and payment of certificate of obligation principal and interest from governmental resources.

**UPSHUR COUNTY, TEXAS**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	104	271	222	250
	CETRZ	Sheriff's Special	District Clerk Records	D.A. Forfeiture
<b>ASSETS</b>				
Cash and investments	\$ 30,942	\$ 181,006	\$ 20,682	\$ 9,163
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other governments	-	-	-	-
Total assets	30,942	181,006	20,682	9,163
<b>LIABILITIES</b>				
Accounts payable	-	106	100	60
Due to other funds	-	-	-	-
Total liabilities	-	106	100	60
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>FUND BALANCES</b>				
Restricted for:				
Child protection	-	-	-	-
County and district clerk services	-	-	20,582	-
Court security and technology	-	-	-	-
District Attorney	-	-	-	9,103
Drug enforcement	-	-	-	-
Elections	-	-	-	-
Federal and state grants	-	-	-	-
Forfeiture	-	-	-	-
Judicial education	-	-	-	-
Law enforcement	-	180,900	-	-
Law library	-	-	-	-
Debt service	-	-	-	-
Other	30,942	-	-	-
Unassigned	-	-	-	-
Total fund balances	30,942	180,900	20,582	9,103
Total liabilities, deferred inflows, and fund balances	\$ 30,942	\$ 181,006	\$ 20,682	\$ 9,163

Special Revenue						
224	201	200	276	220	300	274
Records Management Fee	Records Management and Other	Courthouse Security	Local Law Enforcement Block Grant	County and District Court Preservation	Family Violence Intervention Program	Project Lifesaver
\$ 360,115	\$ 127,375	\$ 55,792	\$ 1,127	\$ 101,206	\$ -	\$ 5,048
-	-	-	-	-	-	-
-	-	-	-	-	1,853	-
<u>360,115</u>	<u>127,375</u>	<u>55,792</u>	<u>1,127</u>	<u>101,206</u>	<u>1,853</u>	<u>5,048</u>
6,130	-	545	-	-	909	-
-	-	-	-	-	2,316	-
<u>6,130</u>	<u>-</u>	<u>545</u>	<u>-</u>	<u>-</u>	<u>3,225</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
353,985	127,375	-	-	-	-	-
-	-	55,247	-	101,206	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,127	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	5,048
-	-	-	-	-	( 1,372)	-
<u>353,985</u>	<u>127,375</u>	<u>55,247</u>	<u>1,127</u>	<u>101,206</u>	<u>( 1,372)</u>	<u>5,048</u>
\$ <u>360,115</u>	\$ <u>127,375</u>	\$ <u>55,792</u>	\$ <u>1,127</u>	\$ <u>101,206</u>	\$ <u>1,853</u>	\$ <u>5,048</u>

**UPSHUR COUNTY, TEXAS**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	221	202	255	272
	County and District Technology	Law Library	D.A. Art 53.08 Fees	Law Enforcement Education
<b>ASSETS</b>				
Cash and investments	\$ 9,660	\$ 16,517	\$ 1,042	\$ 37,140
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other governments	-	-	-	-
Total assets	9,660	16,517	1,042	37,140
<b>LIABILITIES</b>				
Accounts payable	-	-	-	911
Due to other funds	-	12,000	-	-
Total liabilities	-	12,000	-	911
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>FUND BALANCES</b>				
Restricted for:				
Child protection	-	-	-	-
County and district clerk services	-	-	-	-
Court security and technology	9,660	-	-	-
District Attorney	-	-	1,042	-
Drug enforcement	-	-	-	-
Elections	-	-	-	-
Federal and state grants	-	-	-	36,229
Forfeiture	-	-	-	-
Judicial education	-	-	-	-
Law enforcement	-	-	-	-
Law library	-	4,517	-	-
Debt service	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	9,660	4,517	1,042	36,229
Total liabilities, deferred inflows, and fund balances	\$ 9,660	\$ 16,517	\$ 1,042	\$ 37,140

Special Revenue						
229	203	275	226	303	290	227
Judicial Education	Child Protection Fee	Arson Task Force	Election Refund	FEMA	Drug Interdiction	Justice of the Peace Court Technology
\$ 5,569	\$ 4,831	\$ 14,167	\$ 81,662	\$ 19,691	\$ 880	\$ 53,863
-	-	-	-	-	-	-
<u>5,569</u>	<u>4,831</u>	<u>14,167</u>	<u>81,662</u>	<u>19,691</u>	<u>880</u>	<u>53,863</u>
-	-	-	343	-	-	232
-	-	-	-	-	-	-
-	-	-	<u>343</u>	-	-	<u>232</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,831	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	53,631
-	-	-	-	-	880	-
-	-	-	81,319	-	-	-
-	-	-	-	19,691	-	-
5,569	-	-	-	-	-	-
-	-	14,167	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,569</u>	<u>4,831</u>	<u>14,167</u>	<u>81,319</u>	<u>19,691</u>	<u>880</u>	<u>53,631</u>
\$ <u>5,569</u>	\$ <u>4,831</u>	\$ <u>14,167</u>	\$ <u>81,662</u>	\$ <u>19,691</u>	\$ <u>880</u>	\$ <u>53,863</u>

**UPSHUR COUNTY, TEXAS**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	223	228	225	702
	District Clerk Record Archive	JP Courthouse Security	Records Archive Fee	Texas Parks and Wildlife Fines
<b>ASSETS</b>				
Cash and investments	\$ 54,927	\$ 26,009	\$ 154,427	\$ 3,711
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other governments	-	-	-	-
Total assets	54,927	26,009	154,427	3,711
<b>LIABILITIES</b>				
Accounts payable	-	-	124,472	3,711
Due to other funds	-	-	-	-
Total liabilities	-	-	124,472	3,711
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>FUND BALANCES</b>				
Restricted for:				
Child protection	-	-	-	-
County and district clerk services	54,927	-	29,955	-
Court security and technology	-	26,009	-	-
District Attorney	-	-	-	-
Drug enforcement	-	-	-	-
Elections	-	-	-	-
Federal and state grants	-	-	-	-
Forfeiture	-	-	-	-
Judicial education	-	-	-	-
Law enforcement	-	-	-	-
Law library	-	-	-	-
Debt service	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	54,927	26,009	29,955	-
Total liabilities, deferred inflows, and fund balances	\$ 54,927	\$ 26,009	\$ 154,427	\$ 3,711



Special Revenue

184	308	230	270	251	240	309
JP Bond Account	Victims' Assistance Grant	Court Initiated Guardianship	Asset Forfeiture DEA	Pretrial Intervention Program	Tax Office VIT Interest Fund	Sheriff NIBRS Grant
\$ 6,176	\$ -	\$ 34,840	\$ 20,212	\$ 25,925	\$ 6,495	\$ -
-	-	-	-	-	-	-
<u>6,176</u>	<u>10,922</u>	<u>34,840</u>	<u>20,212</u>	<u>25,925</u>	<u>6,495</u>	<u>-</u>
6,176	3,160	-	-	615	-	-
-	8,074	-	-	-	-	3
<u>6,176</u>	<u>11,234</u>	<u>-</u>	<u>-</u>	<u>615</u>	<u>-</u>	<u>3</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	34,840	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	25,310	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	20,212	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	6,495	-
-	( 312)	-	-	-	-	( 3)
<u>-</u>	<u>( 312)</u>	<u>34,840</u>	<u>20,212</u>	<u>25,310</u>	<u>6,495</u>	<u>( 3)</u>
<u>\$ 6,176</u>	<u>\$ 10,922</u>	<u>\$ 34,840</u>	<u>\$ 20,212</u>	<u>\$ 25,925</u>	<u>\$ 6,495</u>	<u>\$ -</u>

**UPSHUR COUNTY, TEXAS**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	321	304/310	301	306
	Union Grove Water Grant	HAVA Grant	CRF Grant	CTCL Grant
<b>ASSETS</b>				
Cash and investments	\$ -	12,498	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other governments	7,050	-	-	-
Total assets	<u>7,050</u>	<u>12,498</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	-	11,675	-	-
Due to other funds	7,050	-	-	-
Total liabilities	<u>7,050</u>	<u>11,675</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Child protection	-	-	-	-
County and district clerk services	-	-	-	-
Court security and technology	-	-	-	-
District Attorney	-	-	-	-
Drug enforcement	-	-	-	-
Elections	-	823	-	-
Federal and state grants	-	-	-	-
Forfeiture	-	-	-	-
Judicial education	-	-	-	-
Law enforcement	-	-	-	-
Law library	-	-	-	-
Debt service	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>823</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	\$ <u>7,050</u>	\$ <u>12,498</u>	\$ <u>-</u>	\$ <u>-</u>

<u>Special Revenue</u>	<u>Debt Service</u>	
324	401	
<u>CTIF TxDot Grant</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
\$ -	\$ 27,574	\$ 1,510,272
-	63,104	63,104
<u>213,810</u>	<u>-</u>	<u>233,635</u>
<u>213,810</u>	<u>90,678</u>	<u>1,807,011</u>
12,148	-	171,293
<u>202,868</u>	<u>-</u>	<u>232,311</u>
<u>215,016</u>	<u>-</u>	<u>403,604</u>
<u>-</u>	<u>62,198</u>	<u>62,198</u>
<u>-</u>	<u>62,198</u>	<u>62,198</u>
-	-	39,671
-	-	688,030
-	-	144,547
-	-	35,455
-	-	880
-	-	82,142
-	-	57,047
-	-	20,212
-	-	5,569
-	-	195,067
-	-	4,517
-	28,480	28,480
-	-	42,485
( 1,206)	-	( 2,893)
<u>( 1,206)</u>	<u>28,480</u>	<u>1,341,209</u>
<u>\$ 213,810</u>	<u>\$ 90,678</u>	<u>\$ 1,807,011</u>

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	104	271	222	250
	CETRZ	Sheriff's Special	District Clerk Records	D.A. Forfeiture
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 132,412	\$ -	\$ -
Charges for services	208	-	4,121	-
Fines and forfeitures	-	-	-	-
Interest	-	51	-	8
Miscellaneous	-	-	-	-
Total revenues	208	132,463	4,121	8
<b>EXPENDITURES</b>				
General government	-	-	-	-
Public safety	-	34,247	-	-
Public transportation	-	-	-	-
Legal	-	-	2,825	60
Total expenditures	-	34,247	2,825	60
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	208	98,216	1,296	( 52)
<b>NET CHANGE IN FUND BALANCES</b>	208	98,216	1,296	( 52)
<b>FUND BALANCES, BEGINNING</b>	30,734	82,684	19,286	9,155
<b>FUND BALANCES, ENDING</b>	\$ 30,942	\$ 180,900	\$ 20,582	\$ 9,103

Special Revenue						
224	201	200	276	220	300	274
Records Management Fee	Records Management and Other	Courthouse Security	Local Law Enforcement Block Grant	County and District Court Preservation	Family Violence Intervention Program	Project Lifesaver
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,544	\$ -
101,281	9,442	21,355	-	7,695	-	-
-	-	-	-	-	-	-
-	-	45	-	-	-	-
-	-	-	-	-	13,797	-
<u>101,281</u>	<u>9,442</u>	<u>21,400</u>	<u>-</u>	<u>7,695</u>	<u>75,341</u>	<u>-</u>
36,511	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	17,481	-	-	76,639	-
<u>36,511</u>	<u>-</u>	<u>17,481</u>	<u>-</u>	<u>-</u>	<u>76,639</u>	<u>-</u>
64,770	9,442	3,919	-	7,695	( 1,298)	-
64,770	9,442	3,919	-	7,695	( 1,298)	-
<u>289,215</u>	<u>117,933</u>	<u>51,328</u>	<u>1,127</u>	<u>93,511</u>	<u>( 74)</u>	<u>5,048</u>
<u>\$ 353,985</u>	<u>\$ 127,375</u>	<u>\$ 55,247</u>	<u>\$ 1,127</u>	<u>\$ 101,206</u>	<u>\$ ( 1,372)</u>	<u>\$ 5,048</u>

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	221	202	255	272
	County and District Technology	Law Library	D.A. Art 53.08 Fees	Law Enforcement Education
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 7,358
Charges for services	640	26,809	-	-
Fines and forfeitures	-	-	500	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>640</u>	<u>26,809</u>	<u>500</u>	<u>7,358</u>
<b>EXPENDITURES</b>				
General government	-	-	-	863
Public safety	-	-	-	3,390
Public transportation	-	-	-	-
Legal	-	24,159	145	3,865
Total expenditures	<u>-</u>	<u>24,159</u>	<u>145</u>	<u>8,118</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>640</u>	<u>2,650</u>	<u>355</u>	<u>( 760)</u>
<b>NET CHANGE IN FUND BALANCES</b>	640	2,650	355	( 760)
<b>FUND BALANCES, BEGINNING</b>	<u>9,020</u>	<u>1,867</u>	<u>687</u>	<u>36,989</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 9,660</u>	<u>\$ 4,517</u>	<u>\$ 1,042</u>	<u>\$ 36,229</u>

Special Revenue

229	203	275	226	303	290	227
Judicial Education	Child Protection Fee	Arson Task Force	Election Refund	FEMA	Drug Interdiction	Justice of the Peace Court Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,000	-	-	21,184	-	-	-
-	2,940	-	-	-	-	6,114
-	-	-	-	-	1	-
-	-	-	-	-	-	-
<u>1,000</u>	<u>2,940</u>	<u>-</u>	<u>21,184</u>	<u>-</u>	<u>1</u>	<u>6,114</u>
340	-	-	6,258	-	-	9,498
-	2,500	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>340</u>	<u>2,500</u>	<u>-</u>	<u>6,258</u>	<u>-</u>	<u>-</u>	<u>9,498</u>
660	440	-	14,926	-	1	( 3,384)
660	440	-	14,926	-	1	( 3,384)
<u>4,909</u>	<u>4,391</u>	<u>14,167</u>	<u>66,393</u>	<u>19,691</u>	<u>879</u>	<u>57,015</u>
<u>\$ 5,569</u>	<u>\$ 4,831</u>	<u>\$ 14,167</u>	<u>\$ 81,319</u>	<u>\$ 19,691</u>	<u>\$ 880</u>	<u>\$ 53,631</u>

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	223	228	225	702
	District Clerk Record Archive	JP Courthouse Security	Records Archive Fee	Texas Parks and Wildlife Fines
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	7,000	1,700	100,910	-
Fines and forfeitures	-	-	-	-
Interest	43	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>7,043</u>	<u>1,700</u>	<u>100,910</u>	<u>-</u>
<b>EXPENDITURES</b>				
General government	-	1,114	198,358	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Legal	-	-	-	-
Total expenditures	<u>-</u>	<u>1,114</u>	<u>198,358</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,043</u>	<u>586</u>	<u>( 97,448)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	7,043	586	( 97,448)	-
<b>FUND BALANCES, BEGINNING</b>	<u>47,884</u>	<u>25,423</u>	<u>127,403</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 54,927</u>	<u>\$ 26,009</u>	<u>\$ 29,955</u>	<u>\$ -</u>



Special Revenue

184	308	230	270	251	240	309
JP Bond Account	Victims' Assistance Grant	Court Initiated Guardianship	Asset Forfeiture DEA	Pretrial Intervention Program	Tax Office VIT Interest Fund	Sheriff NIBRS Grant
\$ -	\$ 67,981	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,100	-	13,500	-	-
-	-	-	756	-	-	-
-	-	-	20	-	2,717	-
-	-	-	2,404	-	-	-
<u>-</u>	<u>67,981</u>	<u>4,100</u>	<u>3,180</u>	<u>13,500</u>	<u>2,717</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	11,290	-	-	-
-	-	-	-	-	-	-
-	67,819	-	-	9,357	-	-
<u>-</u>	<u>67,819</u>	<u>-</u>	<u>11,290</u>	<u>9,357</u>	<u>-</u>	<u>-</u>
-	162	4,100	( 8,110)	4,143	2,717	-
-	162	4,100	( 8,110)	4,143	2,717	-
<u>-</u>	<u>( 474)</u>	<u>30,740</u>	<u>28,322</u>	<u>21,167</u>	<u>3,778</u>	<u>( 3)</u>
<u>\$ -</u>	<u>\$ ( 312)</u>	<u>\$ 34,840</u>	<u>\$ 20,212</u>	<u>\$ 25,310</u>	<u>\$ 6,495</u>	<u>\$ ( 3)</u>

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	321	304/310	301	306
	Union Grove Water Grant	HAVA Grant	CRF Grant	CTCL Grant
<b>REVENUES</b>				
Intergovernmental	\$ 30,400	\$ 112,802	\$ 1,033,136	\$ 20,720
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	77	-	-
Miscellaneous	-	-	-	-
Total revenues	30,400	112,879	1,033,136	20,720
<b>EXPENDITURES</b>				
General government	30,400	129,934	-	20,720
Public safety	-	-	208,831	-
Public transportation	-	-	-	-
Legal	-	-	-	-
Total expenditures	30,400	129,934	208,831	20,720
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	( 17,055)	824,305	-
<b>NET CHANGE IN FUND BALANCES</b>	-	( 17,055)	824,305	-
<b>FUND BALANCES, BEGINNING</b>	-	17,878	( 824,305)	-
<b>FUND BALANCES, ENDING</b>	\$ -	\$ 823	\$ -	\$ -

<u>Special Revenue</u> 324	<u>Debt Service</u> 401	
<u>CTIF TxDot Grant</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
\$ 476,548	\$ -	\$ 1,975,098
-	235	321,180
-	-	10,310
-	-	2,962
-	-	16,201
<u>476,548</u>	<u>235</u>	<u>2,325,751</u>
22,657	-	456,653
-	-	292,455
455,097	-	455,097
-	-	202,350
<u>477,754</u>	<u>-</u>	<u>1,406,555</u>
<u>( 1,206)</u>	<u>235</u>	<u>919,196</u>
( 1,206)	235	919,196
<u>-</u>	<u>28,245</u>	<u>422,013</u>
<u>\$( 1,206)</u>	<u>\$ 28,480</u>	<u>\$ 1,341,209</u>

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## **FIDUCIARY FUNDS**

**Investment Trust Funds** are used to report fiduciary activities from individual investment accounts that are held in a fiduciary trust. The County's investment trust funds are as follows:

***Jail Inmate Trust***

***Private Purpose Trust***

***District Attorney Trust***

**Custodial Funds** are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. The County's custodial funds are as follows:

***State Fees***

***Child Safety***

***District Clerk Excess Proceed***

***District Clerk Bond***

***District Clerk Registry Account***

***County Clerk Bond Account***

***County Clerk Registry Account***

***Tax Assessor/Collector General***

***Tax Assessor/Collector TXDOT***

***Tax Assessor/Collector Boat and Motor***

***Tax Assessor/Collector Auto Sales Tax***

***Tax Assessor/Collector Special Inventory***

***Tax Assessor/Collector Credit Card Merchant***

***Sheriff Cash Bond***

***Jail Inmate Welfare***

***Probation Office Juvenile***

***Probation Office Adult***

***District Attorney Operating***

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
INVESTMENT TRUST FUNDS

AS OF SEPTEMBER 30, 2021

	<u>Jail Inmate Trust</u>	<u>Private Purpose Trust</u>	<u>District Attorney Trust</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and investments	\$ <u>39,035</u>	\$ <u>1,454,751</u>	\$ <u>5,089</u>	\$ <u>1,498,875</u>
Total assets	<u>39,035</u>	<u>1,454,751</u>	<u>5,089</u>	<u>1,498,875</u>
<b>LIABILITIES</b>				
Due to other governments	<u>-</u>	<u>150,260</u>	<u>-</u>	<u>150,260</u>
Total liabilities	<u>-</u>	<u>150,260</u>	<u>-</u>	<u>150,260</u>
<b>NET POSITION</b>				
Restricted for individuals, organizations, and other governments	<u>39,035</u>	<u>1,304,491</u>	<u>5,089</u>	<u>1,348,615</u>
Total net position	\$ <u>39,035</u>	\$ <u>1,304,491</u>	\$ <u>5,089</u>	\$ <u>1,348,615</u>

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
INVESTMENT TRUST FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Jail Inmate Trust	Private Purpose Trust	District Attorney Trust	Totals
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Increases</b>				
Contributions from judgements	\$ -	\$ 285,434	\$ -	\$ 285,434
Interest	50	518	5	573
Deposits held	<u>367,488</u>	<u>-</u>	<u>1,244</u>	<u>368,732</u>
 Total increases	 <u>367,538</u>	 <u>285,952</u>	 <u>1,249</u>	 <u>654,739</u>
<b>Decreases</b>				
Bonds refunded	-	964	-	964
Commissary purchases	97,642	-	-	97,642
Commission paid to Inmate welfare-commissary	56,562	-	-	56,562
Sales revenue to Inmate welfare-non-commissary	168,893	-	-	168,893
Deposits returned	57,362	300,000	-	357,362
Disbursements to beneficiaries	<u>-</u>	<u>13,057</u>	<u>1,244</u>	<u>14,301</u>
 Total decreases	 <u>380,459</u>	 <u>314,021</u>	 <u>1,244</u>	 <u>695,724</u>
 <b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	 <u>( 12,921)</u>	 <u>( 28,069)</u>	 <u>5</u>	 <u>( 40,985)</u>
 <b>NET POSITION, BEGINNING</b>	 <u>-</u>	 <u>1,332,560</u>	 <u>-</u>	 <u>-</u>
 <b>PRIOR PERIOD ADJUSTMENT - CHANGE IN ACCOUNTING PRINCIPLE</b>	 <u>51,956</u>	 <u>-</u>	 <u>5,084</u>	 <u>57,040</u>
 <b>NET POSITION, BEGINNING, AS RESTATED</b>	 <u>51,956</u>	 <u>1,332,560</u>	 <u>5,084</u>	 <u>1,389,600</u>
 <b>NET POSITION, ENDING</b>	 <u>\$ 39,035</u>	 <u>\$ 1,304,491</u>	 <u>\$ 5,089</u>	 <u>\$ 1,348,615</u>

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS

AS OF SEPTEMBER 30, 2021

	<u>State Fees</u>	<u>Child Safety</u>	<u>District Clerk Excess Proceed</u>	<u>District Clerk Bond</u>
<b>ASSETS</b>				
Cash and investments	\$ <u>72,824</u>	\$ <u>1,216</u>	\$ <u>107,962</u>	\$ <u>62,368</u>
Total assets	<u>72,824</u>	<u>1,216</u>	<u>107,962</u>	<u>62,368</u>
<b>LIABILITIES</b>				
Due to other governments	<u>72,824</u>	<u>1,216</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>72,824</u>	<u>1,216</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>-</u>	<u>107,962</u>	<u>62,368</u>
Total net position	\$ <u>-</u>	\$ <u>-</u>	\$ <u>107,962</u>	\$ <u>62,368</u>



<u>District Clerk Registry Account</u>	<u>County Clerk Bond Account</u>	<u>County Clerk Registry Account</u>	<u>Tax Assessor/Collector General</u>	<u>Tax Assessor/Collector TXDOT</u>	<u>Assessor/Collector Boat and Motor</u>	<u>Assessor/Collector Auto Sales Tax</u>
\$ <u>190,982</u>	\$ <u>17,820</u>	\$ <u>538,445</u>	\$ <u>76,517</u>	\$ <u>208,443</u>	\$ <u>9,432</u>	\$ <u>199,098</u>
<u>190,982</u>	<u>17,820</u>	<u>538,445</u>	<u>76,517</u>	<u>208,443</u>	<u>9,432</u>	<u>199,098</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,726</u>	<u>40,967</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,726</u>	<u>40,967</u>	<u>-</u>	<u>-</u>
<u>190,982</u>	<u>17,820</u>	<u>538,445</u>	<u>66,791</u>	<u>167,476</u>	<u>9,432</u>	<u>199,098</u>
\$ <u>190,982</u>	\$ <u>17,820</u>	\$ <u>538,445</u>	\$ <u>66,791</u>	\$ <u>167,476</u>	\$ <u>9,432</u>	\$ <u>199,098</u>

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS

AS OF SEPTEMBER 30, 2021

	<u>Assessor/ Collector Special Inventory</u>	<u>Assessor/ Collector Credit Card Merchant</u>	<u>Sheriff Cash Bond</u>	<u>Jail Inmate Welfare</u>
<b>ASSETS</b>				
Cash and investments	\$ <u>46,866</u>	\$ <u>3,427</u>	\$ <u>16,956</u>	\$ <u>161,006</u>
Total assets	<u>46,866</u>	<u>3,427</u>	<u>16,956</u>	<u>161,006</u>
<b>LIABILITIES</b>				
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,006</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,006</u>
<b>NET POSITION</b>				
Restricted for individuals, organizations, and other governments	<u>46,866</u>	<u>3,427</u>	<u>16,956</u>	<u>-</u>
Total net position	\$ <u>46,866</u>	\$ <u>3,427</u>	\$ <u>16,956</u>	\$ <u>-</u>

<u>Probation Office Juvenile</u>	<u>Probation Office Adult</u>	<u>District Attorney Operating</u>	<u>Totals</u>
\$ <u>365,088</u>	\$ <u>633,044</u>	\$ <u>128</u>	\$ <u>2,711,622</u>
<u>365,088</u>	<u>633,044</u>	<u>128</u>	<u>2,711,622</u>
<u>-</u>	<u>-</u>	<u>128</u>	<u>285,867</u>
<u>-</u>	<u>-</u>	<u>128</u>	<u>285,867</u>
<u>365,088</u>	<u>633,044</u>	<u>-</u>	<u>2,425,755</u>
\$ <u>365,088</u>	\$ <u>633,044</u>	\$ <u>-</u>	\$ <u>2,425,755</u>

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	State Fees	Child Safety	District Clerk Excess Proceeds	District Clerk Bond
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Increases</b>				
Contributions from judgements	\$ -	\$ -	\$ 58,053	\$ -
Interest	-	-	100	56
Deposits held	-	-	-	-
Bonds received	-	-	-	25,600
Donations	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total increases	<u>          -          </u>	<u>          -          </u>	<u>          58,153          </u>	<u>          25,656          </u>
<b>Decreases</b>				
Bonds refunded	-	-	-	10,000
Disbursements to beneficiaries	-	-	36,214	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total decreases	<u>          -          </u>	<u>          -          </u>	<u>          36,214          </u>	<u>          10,000          </u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<u>          -          </u>	<u>          -          </u>	<u>          21,939          </u>	<u>          15,656          </u>
<b>NET POSITION, BEGINNING</b>	<u>          -          </u>	<u>          -          </u>	<u>          -          </u>	<u>          -          </u>
<b>PRIOR PERIOD ADJUSTMENT - CHANGE IN ACCOUNTING PRINCIPLE</b>	<u>          -          </u>	<u>          -          </u>	<u>          86,023          </u>	<u>          46,712          </u>
<b>NET POSITION, BEGINNING, AS RESTATED</b>	<u>          -          </u>	<u>          -          </u>	<u>          86,023          </u>	<u>          46,712          </u>
<b>NET POSITION, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,962</u>	<u>\$ 62,368</u>

District Clerk Registry Account	County Clerk Bond Account	County Clerk Registry Account	Tax Assessor/Collector General	Tax Assessor/Collector TXDOT	Assessor/Collector Boat and Motor	Assessor/Collector Auto Sales Tax
\$ 2,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
234	-	723	280	236	-	169
-	-	348,301	31,189,482	2,199,238	63,924	2,802,030
-	8,500	-	-	-	-	-
-	-	-	-	-	10	-
<u>2,305</u>	<u>8,500</u>	<u>349,024</u>	<u>31,189,762</u>	<u>2,199,474</u>	<u>63,934</u>	<u>2,802,199</u>
-	11,327	-	-	-	-	-
<u>126,938</u>	<u>-</u>	<u>568,314</u>	<u>31,175,096</u>	<u>2,143,552</u>	<u>61,661</u>	<u>2,836,031</u>
<u>126,938</u>	<u>11,327</u>	<u>568,314</u>	<u>31,175,096</u>	<u>2,143,552</u>	<u>61,661</u>	<u>2,836,031</u>
( 124,633)	( 2,827)	( 219,290)	14,666	55,922	2,273	( 33,832)
-	-	-	-	-	-	-
<u>315,615</u>	<u>20,647</u>	<u>757,735</u>	<u>52,125</u>	<u>111,554</u>	<u>7,159</u>	<u>232,930</u>
<u>315,615</u>	<u>20,647</u>	<u>757,735</u>	<u>52,125</u>	<u>111,554</u>	<u>7,159</u>	<u>232,930</u>
<u>\$ 190,982</u>	<u>\$ 17,820</u>	<u>\$ 538,445</u>	<u>\$ 66,791</u>	<u>\$ 167,476</u>	<u>\$ 9,432</u>	<u>\$ 199,098</u>

**UPSHUR COUNTY, TEXAS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Assessor/ Collector Special Inventory	Assessor/ Collector Credit Card Merchant	Sheriff Cash Bond	Jail Inmate Welfare
<b>Increases</b>				
Contributions from judgements	\$ -	\$ -	\$ 20,480	\$ -
Interest	40	22	22	-
Deposits held	11,609	3,803,671	-	-
Bonds received	-	-	-	-
Donations	-	-	-	-
	<u>11,649</u>	<u>3,803,693</u>	<u>20,502</u>	<u>-</u>
<b>Total increases</b>	<u>11,649</u>	<u>3,803,693</u>	<u>20,502</u>	<u>-</u>
<b>Decreases</b>				
Bonds refunded	-	-	42,480	-
Disbursements to beneficiaries	<u>8,828</u>	<u>3,804,122</u>	<u>-</u>	<u>-</u>
<b>Total decreases</b>	<u>8,828</u>	<u>3,804,122</u>	<u>42,480</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<u>2,821</u>	<u>( 429)</u>	<u>( 21,978)</u>	<u>-</u>
<b>NET POSITION, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>PRIOR PERIOD ADJUSTMENT - CHANGE IN ACCOUNTING PRINCIPLE</b>	<u>44,045</u>	<u>3,856</u>	<u>38,934</u>	<u>-</u>
<b>NET POSITION, BEGINNING, AS RESTATED</b>	<u>44,045</u>	<u>3,856</u>	<u>38,934</u>	<u>-</u>
<b>NET POSITION, ENDING</b>	<u>\$ 46,866</u>	<u>\$ 3,427</u>	<u>\$ 16,956</u>	<u>\$ -</u>

Probation Office Juvenile	Probation Office Adult	District Attorney Operating	Totals
\$ -	\$ -	\$ -	\$ 80,604
1,372	212	-	3,466
254,369	810,460	-	41,483,084
-	-	-	34,100
-	-	-	10
<u>255,741</u>	<u>810,672</u>	<u>-</u>	<u>41,601,264</u>
-	-	-	63,807
<u>354,606</u>	<u>785,391</u>	<u>-</u>	<u>41,900,753</u>
<u>354,606</u>	<u>785,391</u>	<u>-</u>	<u>41,964,560</u>
( 98,865)	25,281	-	( 363,296)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>463,953</u>	<u>607,763</u>	<u>-</u>	<u>2,789,051</u>
<u>463,953</u>	<u>607,763</u>	<u>-</u>	<u>2,789,051</u>
<u>\$ 365,088</u>	<u>\$ 633,044</u>	<u>\$ -</u>	<u>\$ 2,425,755</u>

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**SINGLE AUDIT SECTION**

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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  
Members of the Commissioners Court  
Upshur 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 Upshur County, Texas (the "County"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 22, 2022.

### **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas  
June 22, 2022

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable County Judge and  
Commissioners Court  
Upshur County, Texas

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

We have audited Upshur County, Texas' compliance with the types of requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Upshur County's major federal programs for the year ended September 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

## **Report on Internal Control Over Compliance**

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

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

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

## **Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 22, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Waco, Texas  
June 22, 2022

**UPSHUR COUNTY, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Grantor's Pass-through Number	Federal Expenditures	Pass-Through Expenditures
<b><u>U. S. Department of Housing and Urban Development</u></b>				
Passed through Texas Department of Agriculture:				
Texas Community Development Block Grant - Union Grove				
Water Supply	14.228	7220471	\$ 30,400	-
Total Passed through Texas Department of Agriculture			<u>30,400</u>	<u>-</u>
Total U. S. Department of Housing and Urban Development			<u>30,400</u>	<u>-</u>
<b><u>U. S. Department of Justice</u></b>				
Direct Programs:				
Equitable Sharing	16.922	TX2300000	34,247	-
Total Direct Programs			<u>34,247</u>	<u>-</u>
Passed through Office of the Governor:				
Coronavirus Emergency Supplemental Funding - COVID-19	16.034	4168501	32,197	-
Victim Services Project	16.575	2912103	54,385	-
Family Violence Intervention Program	16.588	2052814	52,060	-
Total Passed through Office of the Governor			<u>138,642</u>	<u>-</u>
Total U. S. Department of Justice			<u>172,889</u>	<u>-</u>
<b><u>U. S. Department of Treasury</u></b>				
Direct Programs:				
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	N/A	979,008	-
Total Direct Programs			<u>979,008</u>	<u>-</u>
Passed through Texas Division of Emergency Management:				
Coronavirus Relief Fund - COVID-19	21.019	N/A	208,831	-
Total Passed through Texas Division of Emergency Management			<u>208,831</u>	<u>-</u>
Total U. S. Department of Treasury			<u>1,187,839</u>	<u>-</u>
<b><u>U. S. Elections Security Commission</u></b>				
Direct Programs:				
Help America Vote Act - CARES Act - COVID-19	90.404	TX2010CARES-230	4,628	-
Help America Vote Act - Election Security Grant	90.404	TX18101001-01-230	120,000	-
Total Direct Programs			<u>124,628</u>	<u>-</u>
Total U. S. Elections Security Commission			<u>124,628</u>	<u>-</u>
<b><u>U. S. Department of Health and Human Services</u></b>				
Direct Programs:				
Title IV-E-Legal Services	93.658	28510032	5,949	-
Total Direct Programs			<u>5,949</u>	<u>-</u>
Total U. S. Department of Health and Human Services			<u>5,949</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 1,521,705</u>	<u>-</u>

**UPSHUR COUNTY, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

SEPTEMBER 30, 2021

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of Upshur County, Texas. The County's reporting entity is defined in Note 2 (c) of the basic financial statements. Federal awards received directly from federal agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

**3. INDIRECT COSTS**

The County did not elect to apply the 10% de minimus indirect cost rate.



**UPSHUR COUNTY, TEXAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	None
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Identification of major federal program: Assistance Listing Number: 21.027	Name of federal program or cluster: Coronavirus State and Local Fiscal Recovery Funds - COVID-19
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Dollar threshold used to distinguish between Type A and Type B federal programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**Findings Relating to the Financial Statements Which are  
Required to be Reported in Accordance With Generally  
Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for Federal Awards**

None

**UPSHUR COUNTY, TEXAS**

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

None