

**HOUSTON COUNTY, TEXAS**  
**AUDITED FINANCIAL STATEMENTS**  
**AND COMPLIANCE REPORTS**  
**SEPTEMBER 30, 2021**



## **INTRODUCTORY SECTION**

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**HOUSTON COUNTY, TEXAS  
PRINCIPAL PUBLIC OFFICIALS  
AT SEPTEMBER 30, 2021**

**COMMISSIONERS COURT**

Jim Lovell ..... County Judge  
Gary Lovell ..... Commissioner Precinct No. 1  
Willie Kitchen ..... Commissioner Precinct No. 2  
Gene Stokes ..... Commissioner Precinct No. 3  
Jimmy Henderson ..... Commissioner Precinct No. 4

**COUNTY ELECTED OFFICIALS**

Morris Luker ..... Constable Precinct No. 1  
Kenneth Smith ..... Constable Precinct No. 2  
Daphne Session ..... County Attorney  
Terri Meadows ..... County Clerk  
Sarah T. Clark ..... County Court at Law  
Charles R. Hodges ..... County Surveyor  
Janis Omelina ..... County Treasurer  
Clyde Black ..... Justice of the Peace, Precinct No. 1  
Ronnie Jordan ..... Justice of the Peace, Precinct No. 2  
Randy Hargrove ..... Sheriff  
Laronica Smith ..... Tax Assessor/Collector

**DISTRICT ELECTED OFFICIALS**

Donna Gordon Kaspar ..... District Attorney, 349th Judicial District  
Carolyn Rains ..... District Clerk  
Mark Alan Calhoun ..... District Judge, 3rd Judicial District  
Pam Foster Fletcher ..... District Judge, 349th Judicial District

**APPOINTED OFFICIALS**

Melissa Jeter ..... County Auditor  
Thomas Streetman ..... Juvenile Probation Department  
Jo Smith ..... County Extension Agent – Agriculture  
Tasha Brent ..... County Extension Agent – Family & Consumer Science  
Sheila Johnson ..... Grants Administrator  
Heath Murff ..... Emergency Management Coordinator  
Roger Dickey ..... Fire Marshal  
Milton Ladnier ..... Veteran Service Officer  
Cynthia Lum ..... Elections Administrator  
Terrell McKnight ..... Custodial Supervisor

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**FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable County Judge and  
Members of the Commissioners Court  
Houston 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 Houston 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.

#### ***Auditors' 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 auditors' 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

## INDEPENDENT AUDITORS' REPORT – CONTINUED

fund information of Houston County, Texas, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in the notes to the financial statements, the County adjusted its beginning government-wide net position and fiduciary net position as of October 1, 2020 to reflect the impact of the implementation of Governmental Accounting Standards Board Statement No. 84 *Fiduciary Activities*. Our opinion is not modified with respect to these changes.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability, and the schedule of pension contributions and related notes on pages 11 - 17 and 65 - 85, respectively, 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 section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the combining fiduciary fund statements on pages 91 - 127 and the schedule of expenditures of federal awards on page 135-139 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 nonmajor fund financial statements, the combining fiduciary fund statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## INDEPENDENT AUDITORS' REPORT – CONTINUED

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on pages 131-132, 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.

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

June 30, 2022

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**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(UNAUDITED)**

As management of Houston County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2021. We encourage readers to consider information presented here as well as the County's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

**Government-wide Financial Statements**

- The County's overall assets exceeded its total liabilities by \$8,225,956 (net position) at September 30, 2021. Of this amount, \$3,586,746 is available to be used to meet the County's ongoing obligations to citizens and creditors.
- Total assets increased by \$2,731,667 from the prior year; total liabilities increased by \$1,813,120 from the prior year.
- Overall revenues exceeded expenses (or an increase in net position) by \$1,451,484. Depreciation expense of \$1,239,204 is included in these expenses.

**Fund Financial Statements**

- At the close of the current fiscal year, the County's governmental funds reported a combined fund balance of \$4,950,491. Overall revenues exceeded expenditures by \$1,637,784.
- At September 30, 2021, unassigned fund balance for the General Fund was \$2,380,338, or approximately 29% of total General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary that further explains and supports the information in the financial statements.

**Government-wide Financial Statements.** The *government-wide financial statements*, which begin on page 23 of this report, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the fiscal year. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(UNAUDITED)**

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* available at the end of the fiscal year.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented 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 fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 28 to 35 of 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 are not available to support the County's own programs.

The fiduciary fund financial statements can be found on pages 37 to 39 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 to 62 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. The County's assets exceeded its liabilities by \$8,225,746 at September 30, 2021.

The largest portion of the County's net position, or \$1,996,071, reflects its investment in capital assets (\$13,259,602) less the related debt used to acquire those assets that remains outstanding (\$11,263,531). The County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position totaling \$2,642,719 represents resources that are subject to restriction on how they may be used. The remaining balance of \$3,586,956 is unrestricted in nature and used to meet the County's ongoing obligations to citizens and creditors.



**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(UNAUDITED)**

**The County's Net Position**

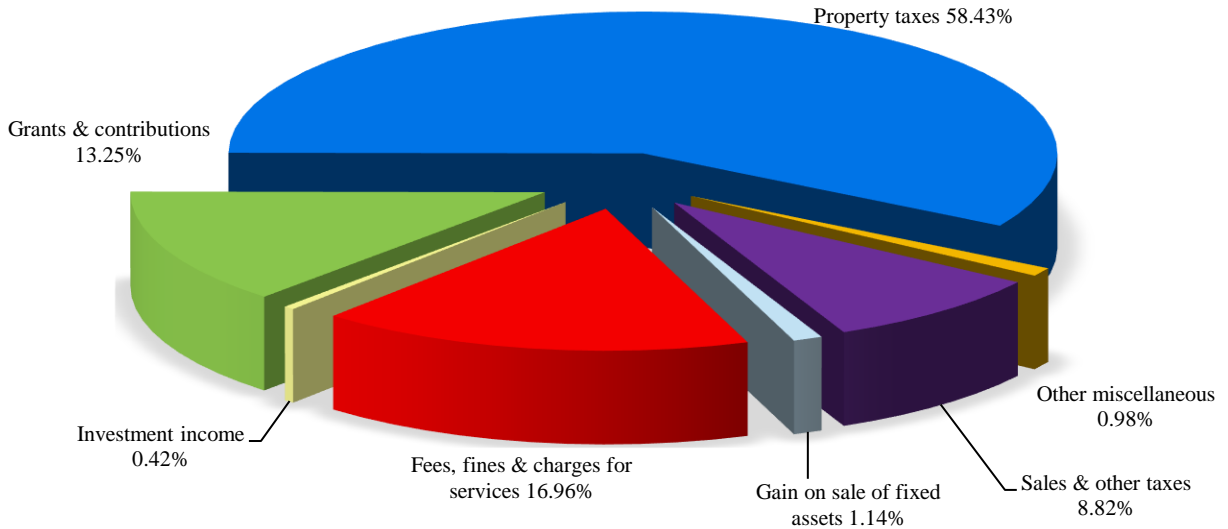
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 10,286,209	\$ 7,340,362
Capital assets, net	<u>13,259,602</u>	<u>13,473,782</u>
Total assets	<u>23,545,811</u>	<u>20,814,144</u>
Deferred outflows of resources	<u>1,643,143</u>	<u>887,966</u>
Total deferred outflows	<u>1,643,143</u>	<u>887,966</u>
Long-term debt	12,593,531	13,471,686
Other liabilities	<u>3,714,844</u>	<u>1,023,569</u>
Total liabilities	<u>16,308,375</u>	<u>14,495,255</u>
Deferred inflows of resources	<u>654,833</u>	<u>432,206</u>
Total deferred inflows	<u>654,833</u>	<u>432,206</u>
Net position		
Invested in capital assets, net of related debt	1,996,071	1,577,096
Restricted	2,642,719	2,370,449
Unrestricted	<u>3,586,956</u>	<u>2,827,104</u>
Total net position	<u>\$ 8,225,746</u>	<u>\$ 6,774,649</u>

**Change in Net Position**

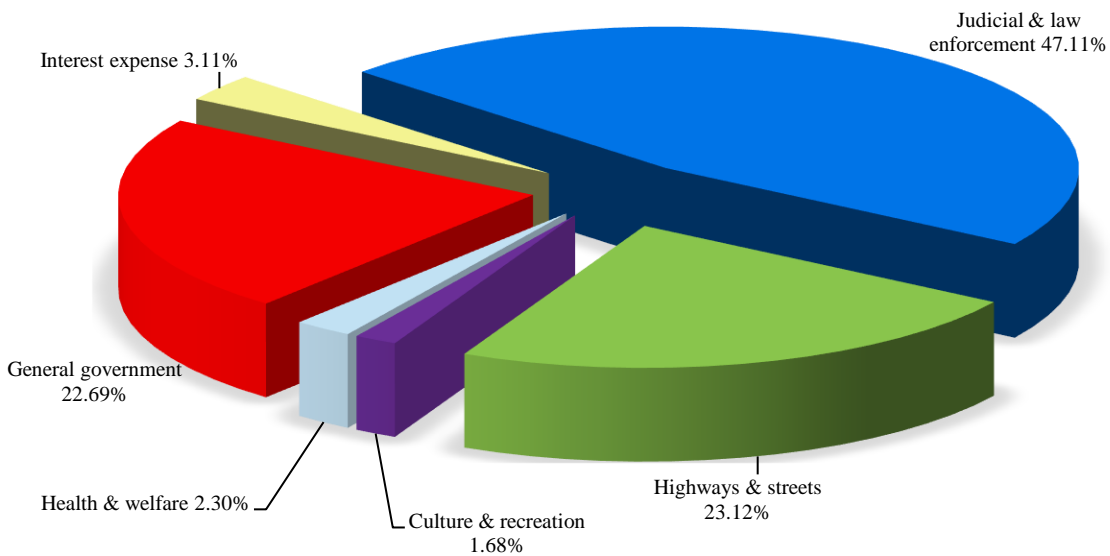
	<u>2021</u>	<u>2020</u>
Revenues		
Fees, fines, charges for services	\$ 2,568,374	\$ 1,949,632
Property taxes	8,851,077	8,089,561
Sales taxes	1,201,613	1,260,626
Other taxes	76,462	79,801
Investment income	63,583	58,512
Grants and contributions	2,006,317	3,398,848
Payment in lieu of taxes	58,656	43,277
Gain on sale of assets	173,276	(3,024)
Other miscellaneous	<u>148,132</u>	<u>45,028</u>
Total revenues	<u>15,147,490</u>	<u>14,922,261</u>
Expenses		
General government	3,070,142	3,005,412
Judicial and law enforcement	6,374,837	6,080,093
Highways and streets	3,128,447	3,510,742
Health and welfare	310,674	352,082
Culture and recreation	226,783	204,209
Pass-through expenditures	164,427	197,753
Interest on long-term debt	<u>420,696</u>	<u>473,831</u>
Total expenses	<u>13,696,006</u>	<u>13,824,122</u>
Increase (decrease) in net position	1,451,484	1,098,139
Prior period adjustment	(387)	-
Net position at beginning of year	<u>6,774,649</u>	<u>5,676,510</u>
Net position at end of year	<u>\$ 8,225,746</u>	<u>\$ 6,774,649</u>

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(UNAUDITED)**

**Revenues by Source  
For the Fiscal Year Ended September 30, 2021**



**Expenses by Function  
For the Fiscal Year Ended September 30, 2021**



**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(UNAUDITED)**

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

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

The County's governmental fund financial statements are presented on pages 28 to 35.

As of September 30, 2021, the County's governmental funds reported a total fund balance of \$4,950,491. This fund balance is comprised of \$4,720,237 that is either in a nonspendable form, restricted or assigned for specific purpose. The remaining balance, \$230,254, is unassigned. Overall revenues exceeded expenditures in the current year by \$1,637,784.

**Budgetary Comparisons.** A comparison of the general fund, each individual road and bridge fund, FEMA fund, and American Rescue Plan fund budget and actual results are presented as required supplementary information on pages 65 to 77.

*General Fund.* Actual revenues were higher than budgeted amounts by \$826,156. Actual expenditures were lower than budgeted amounts by \$607,515. Actual other financing sources (uses) were favorable to budgeted amounts by \$73,201. No change in fund balance had been projected. Overall fund balance increased by \$1,506,872.

*Road and Bridge Funds.* Actual revenues were higher than budgeted amounts by \$16,753. Actual expenditures were lower than budgeted amounts by \$496,715. An overall decrease in fund balance of \$738,258 had been projected, using prior year budget carryovers to fund the decrease. The actual increase in fund balance was \$584,066.

*FEMA Fund.* Actual revenues were higher than budgeted amounts by \$148,748. Actual expenditures were higher than budgeted amounts by \$84,017. No change in fund balance had been projected. Overall fund balance decreased by \$872,606.

*American Rescue Plan Fund.* Actual revenues were lower than budgeted amounts by \$2,226,714. Actual expenditures were lower than budgeted amounts by \$2,230,633. No change in fund balance had been projected. Overall fund balance increased by \$3,919.

**CAPITAL ASSETS**

The County's investment in capital assets as of September 30, 2021 totaled \$13,259,602 (net of accumulated depreciation).

Capital assets of \$1,040,840 were purchased during the year. Significant purchases included:

- Various trucks and heavy equipment (partially funded through capital leases/notes)
- Automated weather observing system at the airport (partially grant funded)
- New voting terminals (partially grant funded)

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(UNAUDITED)**

**Capital Assets (Net of Depreciation)**

	<u>2021</u>	<u>2020</u>
Land	\$ 149,045	\$ 149,045
Construction in progress	53,000	-
Buildings and improvements	19,165,894	19,133,224
Infrastructure	320,404	243,469
Rolling stock	7,241,278	7,012,279
Furniture and equipment	1,638,673	1,491,642
Less: accumulated depreciation	<u>(15,308,692)</u>	<u>(14,555,877)</u>
Total	<u>\$ 13,259,602</u>	<u>\$ 13,473,782</u>

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the County had total debt and capital lease obligations of \$12,593,531. New debt issued during the year included:

- Three new capital leases totaling \$361,509 (to fund various vehicle purchases)
- One lease renewal totaling \$52,500 to pay off and renew an existing lease

**Debt Outstanding**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Certificates of obligation	\$ 9,070,000	\$ -	\$ 565,000	\$ 8,505,000
Unamortized premiums	581,922	-	50,870	531,052
Tax anticipation notes	1,575,000	-	245,000	1,330,000
Notes payable	1,162,542	-	35,000	1,127,542
Capital leases	<u>1,082,222</u>	<u>414,009</u>	<u>396,294</u>	<u>1,099,937</u>
Total	<u>\$ 13,471,686</u>	<u>\$ 414,009</u>	<u>\$ 1,292,164</u>	<u>\$ 12,593,531</u>

**ECONOMIC FACTORS AND FUTURE FUNDING**

Houston County, the first county established by the Republic of Texas, is east of Waco in the East Texas Timberlands region. It is bordered on the north by Anderson County, on the east by Cherokee, Angelina, and Trinity counties, on the south by Walker and Madison counties, and on the west by Leon County. Houston County covers 1,237 square miles, 791, 680 acres, with elevations ranging from 200 to 300 feet. The Neches River forms the northeastern boundary of the county, and the Trinity River is the western boundary. Between 21 and 30 percent of the land in the county is considered prime farmland.

Houston County cities include Crockett, the county seat, Grapeland, Kennard, Latexo and Lovelady. School Districts within Houston County include Crockett ISD, Grapeland ISD, Kennard ISD, Latexo ISD, Lovelady ISD and portions of Elkhart ISD and Groveton ISD.

The Davy Crockett National Forest is administered by the United States Department of Agriculture Forest Service with a local ranger district office in Ratcliff and encompasses 94,481 acres of Houston County land.

**HOUSTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(UNAUDITED)**

Union Pacific Railroad provides freight rail service. The Houston County Airport (KDKR) features a 4,000-foot runway with on-site aircraft services.

As of the 2020 census, there were 22,066 citizens and 8,234 households residing in the county. The median income for a household in the county was \$40,838. From the 2010 census, the population decreased 7%, the median income for a household had an increase of 26% and the total households decreased by 5%.

Local property taxes provide the major source of funding for county governments in Texas. Property tax revenue is historically very stable and predictable.

During Fiscal Year 2021, the final work was completed and the majority of the funds were received for the flooding disaster event that occurred from September to November, 2018. Houston County submitted over \$3 million dollars in damages and received 75% in reimbursement from FEMA and Texas Department of Emergency Management.

Houston County was allocated \$2,230,632.50 on May 10, 2021 as one-half of the American Rescue Plan Act from the U.S. Treasury. Through September 30, 2021, no funds had been spent. The second payment was received on June 10, 2022 and Commissioners Court will be working diligently to decide which projects are eligible for the funding based on the Final Rules provided.

Through September 2021, the Houston County Health Care Providers gave accessibility to the Covid vaccine. The mandates and restrictions were lifted so the County could reopen to full capacity. As of June 2021, Houston County kept fairly low Covid cases with most recovering without hospitalization through the pandemic. We continue to stay vigilant with safe practices while protecting the livelihood of businesses, families and the labor forces of Houston County.

Houston County's overall taxable assessed value rose 6.2% for tax year 2020. This is in part due to increases in commercial and residential growth as well as mandated value increases by the Houston County Appraisal District and the Texas Comptroller. New property added accounted for \$11,550,360 in taxable values, or \$61,447.92 in property taxes.

Houston County continues to be mindful of their financial condition and impact on the local taxpayers. We remain conservative and proactive in all aspects of county activities. We are concerned about the impact of declining state and federal revenues, including timber and mineral revenues from the Davy Crockett National Forest, and declining grant availability.

The Houston County Commissioners Court has worked with all of your elected officials to establish and adhere to a conservative, efficient budget while still providing adequate funding for important County services.

With cost cutting measures and adopting the tax rate of \$0.532/\$100 for FY 2021, the County has continued to provide services to Houston County at a superior level.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the County's finances. If you have questions about this report or need any additional information, contact the Houston County Auditor at (936) 544-3255 or write to 401 E. Goliad, Suite 204, Crockett, Texas 75835.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**HOUSTON COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,133,667	\$ 2,133,667
Receivables		
Property taxes, net of allowance for uncollectibles	118,754	118,754
Sales tax receivable	223,131	223,131
Grants	2,436,093	2,436,093
Other - miscellaneous	137,117	137,117
Prepays	140,433	140,433
Restricted assets		
Cash and cash equivalents	3,786,295	3,786,295
Certificates of deposit	1,310,719	1,310,719
Capital assets, net of accumulated depreciation	13,259,602	13,259,602
<b>TOTAL ASSETS</b>	<b>23,545,811</b>	<b>23,545,811</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on bond refunding	550,537	550,537
Pension plan	1,092,606	1,092,606
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,643,143</b>	<b>1,643,143</b>
<b>LIABILITIES</b>		
Accounts payable	296,793	296,793
Accrued expenses	331,965	331,965
Accrued interest	77,693	77,693
Unearned revenues	2,400,854	2,400,854
Compensated absences	103,470	103,470
Long-term debt		
Due within one year	1,120,590	1,120,590
Due in more than one year	11,472,941	11,472,941
Net pension liability	504,069	504,069
<b>TOTAL LIABILITIES</b>	<b>16,308,375</b>	<b>16,308,375</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension plan	654,833	654,833
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>654,833</b>	<b>654,833</b>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	1,996,071	1,996,071
Restricted for		
Deposits held as collateral by others	1,307,224	1,307,224
Debt service	132,363	132,363
General government	303,645	303,645
Judicial and law enforcement	418,307	418,307
Highways and streets	298,403	298,403
Culture and recreation	182,777	182,777
Unrestricted	3,586,956	3,586,956
<b>TOTAL NET POSITION</b>	<b>\$ 8,225,746</b>	<b>\$ 8,225,746</b>

See accompanying notes to the financial statements.

**HOUSTON COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses
Primary government	
Governmental activities	
General government	\$ 3,070,142
Judicial and law enforcement	6,374,837
Highways and streets	3,128,447
Health and welfare	310,674
Culture and recreation	226,783
Pass-through expenditures	164,427
Interest on long-term debt	420,696
Total governmental activities	\$ 13,696,006

Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 359,894	\$ 67,841	\$ 120,000	\$ (2,522,407)
1,397,123	510,834	-	(4,466,880)
736,665	704,975	-	(1,686,807)
51,159	222,937	-	(36,578)
23,533	56,880	158,423	12,053
-	164,427	-	-
-	-	-	(420,696)
<u>\$ 2,568,374</u>	<u>\$ 1,727,894</u>	<u>\$ 278,423</u>	<u>(9,121,315)</u>

General revenues

Property taxes	8,851,077
Sales taxes	1,201,613
Other taxes	76,462
Investment income	63,583
Payments in lieu of taxes	58,656
Gain (loss) on sale of assets	173,276
Miscellaneous income	148,132
General revenues, net	<u>10,572,799</u>
Change in net position	1,451,484
Net position - beginning	6,774,649
Prior period adjustment - GASBS No. 84	<u>(387)</u>
Net position - ending	<u>\$ 8,225,746</u>

See accompanying notes to the financial statements.

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**FUND FINANCIAL STATEMENTS**

**HOUSTON COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	General Fund	Road and Bridge Fund Pct No. 1	Road and Bridge Fund Pct No. 2
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,501,697	\$ 130,777	\$ 84,379
Certificates of deposit	1,307,224	-	-
Receivables			
Property taxes, net of allowance	101,901	-	-
Sales taxes	223,131	-	-
Grants	5,505	-	-
Other - miscellaneous	96,145	-	-
Due from other funds	36,222	620,570	57,686
Prepaid items	84,340	1,940	3,041
<b>TOTAL ASSETS</b>	<b>\$ 4,356,165</b>	<b>\$ 753,287</b>	<b>\$ 145,106</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	373,668	29,927	47,992
Due to other funds	-	-	-
Unearned revenues	163,596	-	-
Total liabilities	537,264	29,927	47,992
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	41,494	-	-
Unavailable revenues - grants	5,505	-	-
Unavailable revenues - other receivables	-	-	-
Total deferred inflows of resources	46,999	-	-
 <b>Fund balances</b>			
Nonspendable	84,340	1,940	3,041
Restricted	1,307,224	-	-
Assigned	-	721,420	94,073
Unassigned	2,380,338	-	-
Total fund balances	3,771,902	723,360	97,114
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 4,356,165</b>	<b>\$ 753,287</b>	<b>\$ 145,106</b>



(page 91)					
Road and Bridge Fund Pct No. 3	Road and Bridge Fund Pct No. 4	FEMA Funds	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 61,334	\$ 132,361	\$ 9,167	\$ 2,234,251	\$ 1,313,327	\$ 6,467,293
-	-	-	-	3,495	1,310,719
-	-	-	-	16,853	118,754
-	-	-	-	-	223,131
-	-	2,334,241	-	96,347	2,436,093
-	-	-	-	40,972	137,117
394,692	547,779	-	-	178,109	1,835,058
2,084	2,921	-	-	29,291	123,617
<u>\$ 458,110</u>	<u>\$ 683,061</u>	<u>\$ 2,343,408</u>	<u>\$ 2,234,251</u>	<u>\$ 1,678,394</u>	<u>\$ 12,651,782</u>
\$ -	\$ -	\$ 482,581	\$ -	\$ 64,750	\$ 547,331
29,731	31,956	33,620	-	81,864	628,758
-	-	1,827,207	-	7,851	1,835,058
-	-	-	2,230,632	6,626	2,400,854
<u>29,731</u>	<u>31,956</u>	<u>2,343,408</u>	<u>2,230,632</u>	<u>161,091</u>	<u>5,412,001</u>
-	-	-	-	4,427	45,921
-	-	2,224,879	-	5,756	2,236,140
-	-	-	-	7,229	7,229
-	-	2,224,879	-	17,412	2,289,290
2,084	2,921	-	-	29,291	123,617
-	-	-	3,619	1,305,109	2,615,952
426,295	648,184	-	-	90,696	1,980,668
-	-	(2,224,879)	-	74,795	230,254
<u>428,379</u>	<u>651,105</u>	<u>(2,224,879)</u>	<u>3,619</u>	<u>1,499,891</u>	<u>4,950,491</u>
<u>\$ 458,110</u>	<u>\$ 683,061</u>	<u>\$ 2,343,408</u>	<u>\$ 2,234,251</u>	<u>\$ 1,678,394</u>	<u>\$ 12,651,782</u>

See accompanying notes to the financial statements.

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**HOUSTON COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Total fund balances - governmental funds balance sheet	\$ 4,950,491
Amounts reported for governmental activities in the statement of activities are different because:	
Certain revenues are not available to pay current period expenditures and therefore, are reported as deferred inflows in the governmental funds.	2,289,290
Prepaid bond insurance is not a current financial resource and therefore, is not reported in the governmental funds.	16,816
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	13,259,602
Differences resulting from the refunding of certificates of obligation relate to long-term debt and therefore, are not reported in the governmental funds.	550,537
Deferred pension plan amounts relate to subsequent pension plan measurement periods and/or do not consume current financial resources and therefore, these amounts are not reported in the governmental funds.	437,773
Payables for accrued interest on long-term liabilities and accrued compensated absences are not due in the current period and therefore, are not reported in the governmental funds.	(181,163)
Payables for long-term liabilities, including certificates of obligations, capital leases, and net pension liabilities are not due in the current period and therefore, are not reported in the governmental funds.	<u>(13,097,600)</u>
Net position of governmental activities	<u>\$ 8,225,746</u>

See accompanying notes to the financial statements.

**HOUSTON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Road and Bridge Fund Pct No. 1	Road and Bridge Fund Pct No. 2
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 7,638,282	\$ -	\$ -
General sales and use taxes	1,201,613	-	-
Selective sales and use taxes	43,860	-	-
Fees, licenses, and permits	187,732	109,849	144,538
Charges for services	973,395	-	-
Fines and forfeitures	216,201	-	-
Intergovernmental revenue and grants	1,118,794	6,499	8,552
Contributions and donations from private sources	2,762	1,200	11,284
Payments in lieu of taxes	58,656	-	-
Investment earnings	41,180	13	225
Other revenue	106,424	19,768	19,491
	<u>11,588,899</u>	<u>137,329</u>	<u>184,090</u>
<b>EXPENDITURES</b>			
General government	2,768,090	-	-
Judicial and law enforcement	4,873,147	-	-
Highways and streets	-	526,379	851,544
Health and welfare	-	-	-
Culture and recreation	109,311	-	-
Pass-through expenditures	-	-	-
Capital outlay	34,255	105,928	134,742
Debt service			
Principal	103,185	24,472	174,537
Interest	51,006	5,345	15,758
	<u>7,938,994</u>	<u>662,124</u>	<u>1,176,581</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>3,649,905</u>	<u>(524,795)</u>	<u>(992,491)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	120,000
Proceeds from debt issuance	-	105,928	134,742
Transfers in	60,676	873,568	483,404
Transfers out	(2,203,709)	-	-
	<u>(2,143,033)</u>	<u>979,496</u>	<u>738,146</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	1,506,872	454,701	(254,345)
<b>FUND BALANCE - BEGINNING OF YEAR</b>			
	<u>2,265,030</u>	<u>268,659</u>	<u>351,459</u>
<b>FUND BALANCE - END OF YEAR</b>			
	<u>\$ 3,771,902</u>	<u>\$ 723,360</u>	<u>\$ 97,114</u>

				(page 93)	
Road and Bridge Fund Pct No. 3	Road and Bridge Fund Pct No. 4	FEMA Funds	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,208,717	\$ 8,846,999
-	-	-	-	-	1,201,613
-	-	-	-	26,373	70,233
167,664	156,101	-	-	278,354	1,044,238
-	-	-	-	156,290	1,129,685
-	-	-	-	159,022	375,223
9,920	9,236	357,781	-	1,290,538	2,801,320
4,500	6,200	-	-	6,323	32,269
-	-	-	-	-	58,656
456	250	-	3,619	17,840	63,583
-	-	-	-	2,449	148,132
<u>182,540</u>	<u>171,787</u>	<u>357,781</u>	<u>3,619</u>	<u>3,145,906</u>	<u>15,771,951</u>
-	-	-	-	268,494	3,036,584
-	-	-	-	981,998	5,855,145
578,851	710,592	193,517	-	82,799	2,943,682
-	-	-	-	306,517	306,517
-	-	-	-	37,299	146,610
-	-	-	-	164,427	164,427
120,839	-	-	-	202,231	597,995
64,767	-	-	-	821,833	1,188,794
3,031	-	-	-	354,875	430,015
<u>767,488</u>	<u>710,592</u>	<u>193,517</u>	<u>-</u>	<u>3,220,473</u>	<u>14,669,769</u>
<u>(584,948)</u>	<u>(538,805)</u>	<u>164,264</u>	<u>3,619</u>	<u>(74,567)</u>	<u>1,102,182</u>
51,593	-	-	-	2,500	174,093
120,839	-	-	-	-	361,509
750,921	584,110	-	-	908,374	3,661,053
-	-	(1,036,870)	-	(420,474)	(3,661,053)
<u>923,353</u>	<u>584,110</u>	<u>(1,036,870)</u>	<u>-</u>	<u>490,400</u>	<u>535,602</u>
338,405	45,305	(872,606)	3,619	415,833	1,637,784
<u>89,974</u>	<u>605,800</u>	<u>(1,352,273)</u>	<u>-</u>	<u>1,084,058</u>	<u>3,312,707</u>
<u>\$ 428,379</u>	<u>\$ 651,105</u>	<u>\$ (2,224,879)</u>	<u>\$ 3,619</u>	<u>\$ 1,499,891</u>	<u>\$ 4,950,491</u>

See accompanying notes to the financial statements.

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**HOUSTON COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balance - governmental funds	\$ 1,637,784
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the statement of activities.	1,025,840
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.	(1,239,204)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(797,737)
Repayment of long-term debt is an expenditure in the governmental funds, but is not an expense in the statement of activities.	1,188,794
The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals) decreases net position.	(817)
Proceeds from the issuance of long-term debt (e.g. bonds, leases) do not provide revenue in the statement of activities, but are reported as current resources in the governmental funds.	(361,509)
Amount represents the change in accrued compensated absences from the beginning of the period to the end of the period.	64,614
Amount represents the change in accrued interest from the beginning of the period to the end of the period.	5,729
This amount represents the change in net pension assets and liabilities from the beginning of the period to the end of the period.	(75,601)
This amount represents the net change in the bond premium, prepaid bond insurance, and the deferred amount on refunding from the beginning of the period to the end of the period.	<u>3,591</u>
Change in net position of governmental activities	<u>\$ 1,451,484</u>

See accompanying notes to the financial statements.

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**HOUSTON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2021**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash	\$ 1,060,463
Invested cash	354,893
Accounts receivable	12,347
Due from other funds	<u>17,944</u>
<b>TOTAL ASSETS</b>	<u>1,445,647</u>
<b>LIABILITIES</b>	
Accounts payable	2,142
Due to other funds	86,855
Due to other governmental units	<u>373,383</u>
<b>TOTAL LIABILITIES</b>	<u>462,380</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, or other governments	<u>983,267</u>
<b>TOTAL NET POSITION</b>	<u>\$ 983,267</u>

See accompanying notes to the financial statements.

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**HOUSTON COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Taxes and fees collected for Houston County	\$ 4,542,497
Taxes and fees collected for other governments	11,157,033
Trust/escrow contributions	297,836
Inmate accounts	111,779
Hot check collections	8,244
Seizures pending judgment	28,630
Investment interest	<u>8,705</u>
<b>TOTAL ADDITIONS</b>	<u>16,154,724</u>
<b>DEDUCTIONS</b>	
Taxes and fees collected for Houston County	4,541,453
Taxes and fees collected for other governments	11,151,258
Disbursements to beneficiaries	639,774
Inmate accounts	<u>33,387</u>
<b>TOTAL DEDUCTIONS</b>	<u>16,365,872</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	(211,148)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>1,194,415</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 983,267</u>

See accompanying notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The financial statements of Houston County, Texas (the “County”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies used by the County are discussed below.

**Reporting Entity**

Houston County, Texas (the “County”) is a public corporation and political subdivision of the State of Texas. The County is governed by an elected Commissioners Court, comprised of the County Judge and four Commissioners. The County provides the following services as authorized by the laws of the State of Texas: general government (e.g. tax collection), judicial (courts, juries, district attorney, etc.), law enforcement (sheriff, jail, etc.), highways and streets, and public welfare (e.g. juvenile services and assistance to indigents).

For financial reporting purposes, based on standards established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, these financial statements should present the County (the primary government) and its component units. Component units generally are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. The County does not have any blended or discretely presented component units.

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the activities of the County as a whole. *Governmental activities* include programs normally supported by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers 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 revenue sources not properly included with program revenues are reported as *general revenues*.

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. Major individual governmental funds are reported in separate columns in the fund financial statements.

**New Accounting Pronouncements**

*Effective date postponed by one year due to COVID-19 pandemic in accordance with GASB No. 95 (original effective dates listed):*

GASB Statement No. 84, *Fiduciary Activities* (“GASB 84”), improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for financial statements for

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

periods beginning after December 15, 2018. The effects of implementing GASB 84 are reflected in the County's financial statements. As a result of implementation, fund balance for unclaimed funds in the amount of \$7,101 was reclassified as custodial in nature. Amounts totaling \$6,714 relating to the Sheriff's commissary which were previously reported as agency funds, were reclassified as regular County funds.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89"), is intended to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The effects of implementing GASB 89 on the County's financial disclosures have not been evaluated by management.

GASB Statement No. 91, *Conduit Debt Obligations* ("GASB 91"), is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in certain practices. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2020. The effects of implementing GASB 91 on the County's financial disclosures have not been evaluated by management.

GASB Statement No. 92, *Omnibus 2020* ("GASB 92"), is intended to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2020. The effects of implementing GASB 92 on the County's financial disclosures have not been evaluated by management.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* ("GASB 93"), is primarily intended to address the accounting and financial reporting implications resulting from the replacement of an interbank offered rate. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2020. The effects of implementing GASB 93 on the County's financial disclosures have not been evaluated by management.

*Effective date postponed by 18 months due to COVID-19 pandemic in accordance with GASB No. 95 (original effective date listed):*

GASB Statement No. 87, *Leases* ("GASB 87"), is intended to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The effects of implementing GASB 87 on the County's financial disclosures have not been evaluated by management.

GASB Statement No. 94, *Public-Private and Public -Public Partnerships and Availability Payment Arrangements* ("GASB 94"), is intended to enhance comparability in accounting and financial reporting and to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022. The effects of implementing GASB 94 on the County's financial disclosures have not been evaluated by management.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"), is intended to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this statement are effective for financial statements for periods



**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

beginning after June 15, 2022. The effects of implementing GASB 96 on the County's financial disclosures have not been evaluated by management.

GASB 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* ("GASB 97"), is intended to increase consistency and comparability related to the reporting of fiduciary component units, mitigate costs associated with the reporting of certain pension plans, and enhance the relevance, consistency, and comparability of the accounting and financial reporting of Section 457 plans. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021. The effects of implementing GASB 97 on the County's financial disclosures have not been evaluated by management.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide 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 tax revenues are recognized in the year for which they are levied. Grants and donations are recognized as revenue in the fiscal year in which grantor eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The County considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred, as under accrual accounting. Debt service expenditures, both principal and interest, are recorded only when payment is due.

Major governmental fund revenue sources susceptible to accrual include: sales and use taxes, property taxes, and investment income. In general, all other revenue items are considered to be measurable and available only when cash is received. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The County's funds are classified as either governmental or fiduciary and are described below.

*Governmental Funds.* Governmental funds account for all or most of a government's general activity.

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The principal sources of revenues include local property taxes, fines, fees, license and permits, and intergovernmental revenue and grants. Expenditures include general government; judicial; public safety; and health and welfare.

The *debt service fund* is used to account for the collection of interest and sinking funds collected and expenditures for the payment of the County's certificates of obligation.

*Special revenue funds* are used to account for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.

*Fiduciary funds* account for assets held by a government in a trustee or agency capacity on behalf of others.

*Custodial funds* are used to account for assets received and held for the benefit of other funds, individuals, or organizations. Custodial funds held by the county function as clearing accounts and are

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not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

As of September 30, 2021, the general fund, FEMA fund, and the American Rescue Plan funds are reported as major governmental funds. Additionally, the County has elected to present the road and bridge funds for precincts 1, 2, 3, and 4 as major funds due to their significance within the County. The County has no proprietary funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the County's policy to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the County that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

**Deposits and Investments**

The County maintains a pooled cash and cash equivalents account. Each fund whose monies are deposited in the pooled cash and cash equivalents account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month's end. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, certificates of deposit, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include investments with original maturities of three months or less. Cash equivalents are stated at fair value.

Certificates of deposit consist of deposits with original maturities greater than three months. Certificates of deposit are recorded at cost, which approximates market value at September 30, 2021.

The County is required by the Public Funds Collateral Act (Government Code, chapter 2257) to maintain security for all deposits of funds that exceed coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). As of the balance sheet date, the County's cash deposits were fully collateralized by securities pledged by the depository banks. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Collateral Act.

The County is required by the Public Funds Investment Act (Government Code, chapter 2256) (the "Act") to adopt, implement, and publicize a written investment policy which primarily emphasizes safety of principal and liquidity, and addresses investment diversification, yield, and maturity. Additionally, the policy must address the quality and capability of investment management and include the types of investments in which the entity may invest its funds, as well as the maximum allowable stated maturity of any individual investment, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio of pooled fund groups, and bid requirements for certificates of deposit.

The County is authorized to invest in financial instruments, as authorized by the Act, including:

- U.S. Treasury securities which have a liquid market; direct obligations of the State of Texas, and other obligations that are guaranteed by the State of Texas or United States of America;

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- obligations of states, agencies, counties, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent;
- fully insured or collateralized certificates of deposit at commercial banks;
- repurchase agreements collateralized by U.S. Treasury or U.S. Government Agency securities in accordance with a master repurchase agreement;
- joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law (the pool must be continuously rated no lower than “AAA” or “AAA-m” by at least one nationally recognized rating service).

The Act also requires an annual audit of investment practices. Based on audit procedures conducted in conjunction with the audit of the basic financial statements, the County appears to have complied with the requirements of the Public Funds Investment Act.

**Fair Value of Financial Instruments**

The County evaluates the fair value of its non-investment financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of all non-investment financial instruments, including debt, is considered to approximate fair value.

**Property Tax Receivables**

Property taxes are levied on October 1 and are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed. The County provides an allowance for all delinquent property taxes, calculated based on historical collection rates.

The County bills and collects for its own taxes and those for certain governmental entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor’s Ad Valorem Fund. Tax collections deposited for the County are distributed on a periodic basis to the General and Road and Bridge Funds of the County. The distribution is based upon the tax rate established for each fund by order of the Commissioner’s Court for the tax year for which the collections are made.

The tax rate, per \$100 valuation, adopted for the fiscal year ended September 30, 2021, was as follows:

General fund	\$ .45734
Debt service	<u>.07466</u>
Total	<u>\$ .53200</u>

The appraisal of property within the County is the responsibility of the county-wide appraisal district which is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of the property within the County must be reviewed every three years by the appraisal district unless the County, at its own expense, requires more frequent reviews. The County may challenge the appraised values through various appeals and, if necessary, legal action. Under this legislation, the County sets tax rates on County property.

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Property tax receivables reflect outstanding and delinquent property tax levies and are shown net of an allowance for uncollectibles. The property tax receivable allowance is calculated based on 2% of the tax year's assessment or the receivable balance for that tax year (whichever is less).

**Grant Receivables**

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

**Restricted Assets**

Certain assets are classified as restricted because they are maintained in separate accounts and their use is limited by applicable bond covenants, grant agreements, laws or regulations, and/or other contractual agreements.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets, Depreciation, and Amortization**

The County's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the applicable governmental type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date received.

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

Infrastructure assets are a subset of capital assets and primarily consist of roads and bridges. GASB No. 34 encourages but does not require Phase 3 governments (counties with revenues of less than \$10 million) to retroactively report major general infrastructure assets. New roads and bridges acquired after October 1, 2003 are required to be reported.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives of the County's capital assets are as follows:

Buildings and improvements	5 to 40 years
Office furniture and equipment	3 to 10 years
Other equipment and rolling stock	3 to 10 years
Infrastructure	20 years

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**Deferred Inflows/Outflows of Resources**

*Deferred Outflows 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 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 that time. The County has four types of items, which arise only under a full accrual basis of accounting, that qualify for reporting in this category: unamortized differences – pension plan actuarial assumption changes and unamortized differences – pension plan expected and actual economic experience, both of which are recognized as components of pension expense at an actuarially determined rate; pension contributions subsequent to the plan measurement date, is recognized as a component of pension expense in the following fiscal year; and deferred amount on bond refunding, which is an amount that arose due to the refunding of the County’s Series 2008 certificates of obligation and is being amortized to interest expense over the life of the new Series 2015 bonds.

*Deferred Inflows of Resources.* 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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category: unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only on the governmental funds balance sheet and recognized as an inflow of resources in the period that the amounts become available; and unamortized differences – pension plan projected and actual investment earnings which arises only under a full accrual basis of accounting, is reported on the government-wide statement of net position and is recognized as a component of pension expense at an actuarially determined rate.

**Compensated Absences**

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

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

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the bond premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financial sources and as capital outlay in

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the acquiring fund. Lease payments representing both principal and interest are recorded as expenditures in the applicable fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**Pensions**

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

**Net Position and Fund Balances**

In the government-wide financial statements, the difference between the County’s total assets and total liabilities represents net position. Net position is displayed in three components – invested in capital assets, net of related debt; restricted; and unrestricted. At September 30, 2021, restricted net position represents monies that are legally restricted for payment of debt service, law enforcement costs, grant costs, or other activities for which special assessments or revenues have been received. Restricted net position also includes time deposits held as collateral by lenders. Unrestricted net position represents the net assets available for future operations.

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes due to constraints imposed on resources either (a) externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Commissioners Court – the government’s highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Commissioners Court.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

**Estimates**

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

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**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Deficit Fund Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At September 30, 2021, the FEMA fund, as well as certain nonmajor special revenue funds, had deficit balances. These deficits are the result of the timing relating to receipt of grant reimbursements, expenditures in excess of appropriations, and transfers to and from pooled funds.

**DETAILED NOTES ON ALL FUNDS**

**ASSETS**

**Deposits and Investments**

*Interest Rate Risk.* In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the maturity of any single investment to twelve months or less.

*Credit Risk.* State law and the County’s investment policy limit investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

*Custodial Credit Risk – Deposits.* 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. The County’s investment policy requires funds on deposit at depository banks to be collateralized. As of September 30, 2021, the County’s deposits with depository banks totaled \$9,042,716. Included in the balances are certificates of deposit totaling \$1,307,223 and custodial funds in the amount of \$1,320,187. All deposits were fully collateralized by securities pledged by the depository banks with total collateral value of \$8,340,008, in addition to FDIC coverage.

**Receivables**

*Receivable and Uncollectible Accounts.* Receivables at year end for the County’s individual major funds, including the related allowances for uncollectible accounts are as follows:

	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Grants</u>	<u>Other</u>	<u>Totals</u>
Receivables by fund					
General fund	\$ 827,841	\$ 223,131	\$ 5,505	\$ 96,145	\$ 1,152,622
Road and bridge	-	-	-	-	-
FEMA funds	-	-	2,334,241	-	2,334,241
Nonmajor funds	<u>132,824</u>	<u>-</u>	<u>96,347</u>	<u>40,972</u>	<u>270,143</u>
Gross receivables	<u>960,665</u>	<u>223,131</u>	<u>2,436,093</u>	<u>137,117</u>	<u>3,757,006</u>
Allowances					
General fund	(725,940)	-	-	-	(725,940)
Nonmajor funds	<u>(115,971)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,971)</u>
Total receivables, net	<u>\$ 118,754</u>	<u>\$ 223,131</u>	<u>\$ 2,346,093</u>	<u>\$ 137,117</u>	<u>\$ 2,825,095</u>

*Property Taxes.* Of the \$960,665 in gross property taxes receivable, \$685,505 represents the outstanding balances of assessments for tax years 2019 and prior.

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**Capital Assets**

	<u>Balance</u> <u>09/30/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/2021</u>
Capital assets, not being depreciated				
Land	\$ 149,045	\$ -	\$ -	\$ 149,045
Construction in progress	<u>-</u>	<u>53,000</u>	<u>-</u>	<u>53,000</u>
Total not being depreciated	<u>149,045</u>	<u>53,000</u>	<u>-</u>	<u>202,045</u>
Capital assets, being depreciated				
Buildings and improvements	19,133,224	32,670	-	19,165,894
Infrastructure	243,469	76,935	-	320,404
Rolling stock	7,012,279	503,295	(274,296)	7,241,278
Furniture and equipment	<u>1,491,642</u>	<u>374,940</u>	<u>(227,909)</u>	<u>1,638,673</u>
Total being depreciated	<u>27,880,614</u>	<u>987,840</u>	<u>(502,205)</u>	<u>28,366,249</u>
Less accumulated depreciation:				
Buildings and improvements	(8,070,334)	(618,754)	-	(8,689,088)
Infrastructure	(52,819)	(14,481)	-	(67,300)
Rolling stock	(5,210,776)	(490,364)	258,762	(5,442,378)
Furniture and equipment	<u>(1,221,948)</u>	<u>(115,605)</u>	<u>227,627</u>	<u>(1,109,926)</u>
Total accumulated depreciation	<u>(14,555,877)</u>	<u>(1,239,204)</u>	<u>486,389</u>	<u>(15,308,692)</u>
Total being depreciated, net	<u>13,324,737</u>	<u>(251,364)</u>	<u>(15,816)</u>	<u>13,057,557</u>
Total capital assets, net	<u>\$ 13,473,782</u>	<u>\$ (198,364)</u>	<u>\$ (15,816)</u>	<u>\$ 13,259,602</u>
				<u>(11,263,531)</u>
				<u>\$ 1,996,071</u>

Depreciation expense was charged to the following functions/programs of governmental activities as follows:

General government	\$ 156,547
Judicial and law enforcement	597,251
Highways and streets	394,003
Health and welfare	11,808
Culture and recreation	<u>79,595</u>
Total	<u>\$ 1,239,204</u>

**LIABILITIES**

**Capital Leases**

The County has entered into lease agreements as lessee to finance the acquisition of machinery and equipment and vehicles. The agreements accrue interest at rates from 1.03% to 4.00% and are all for durations greater than 12 months. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:



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**Capital Leases - *continued***

	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Asset:				
Rolling stock	\$ 302,893	\$ 1,322,543	\$ -	\$ 1,625,436
Less accumulated depreciation	<u>(109,666)</u>	<u>(440,077)</u>	<u>-</u>	<u>(549,743)</u>
Total	<u>\$ 193,227</u>	<u>\$ 882,466</u>	<u>\$ -</u>	<u>\$ 1,075,693</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

<u>Year ending September 30,</u>	<u>General Fund</u>	<u>Road and Bridge Funds</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
2022	\$ 87,625	\$ 187,779	\$ -	\$ 275,404
2023	59,802	529,778	-	589,580
2024	33,932	88,149	-	122,081
2025	32,679	105,264	-	137,943
2026	<u>-</u>	<u>47,812</u>	<u>-</u>	<u>47,812</u>
Total minimum lease payments	\$ 214,038	\$ 958,782	\$ -	\$ 1,172,820
Less amount representing interest	<u>(16,096)</u>	<u>(56,787)</u>	<u>-</u>	<u>(72,883)</u>
Present value of minimum lease payments	<u>\$ 197,942</u>	<u>\$ 901,995</u>	<u>\$ -</u>	<u>\$ 1,099,937</u>

**Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Balance 09/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 09/30/21</u>	<u>Due Within One Year</u>
Long-term debt:					
<i>Direct borrowings     and placements</i>					
Capital leases	\$ 1,082,222	\$ 414,009	\$ (396,294)	\$ 1,099,937	\$ 245,590
Note payable	1,162,542	-	(35,000)	1,127,542	40,000
2019 Bonds	<u>1,575,000</u>	<u>-</u>	<u>(245,000)</u>	<u>1,330,000</u>	<u>250,000</u>
	<u>3,819,764</u>	<u>414,009</u>	<u>(477,011)</u>	<u>3,557,479</u>	<u>535,590</u>
<i>Other debt:</i>					
2008 Certificates	510,000	-	(510,000)	-	-
2015 Bonds	<u>8,560,000</u>	<u>-</u>	<u>(55,000)</u>	<u>8,505,000</u>	<u>585,000</u>
	<u>9,070,000</u>	<u>-</u>	<u>(565,000)</u>	<u>8,505,000</u>	<u>585,000</u>
<i>Bond premiums:</i>					
2008 Certificates	6,615	-	(6,615)	-	-
2015 Bonds	<u>575,307</u>	<u>-</u>	<u>(44,255)</u>	<u>531,052</u>	<u>-</u>
	<u>581,922</u>	<u>-</u>	<u>(50,870)</u>	<u>531,052</u>	<u>-</u>
Other:					
Compensated absences	168,083	-	(64,613)	103,470	79,220
Net pension liability	<u>(149,960)</u>	<u>654,029</u>	<u>-</u>	<u>504,069</u>	<u>-</u>
	<u>18,123</u>	<u>654,029</u>	<u>(64,613)</u>	<u>607,539</u>	<u>79,220</u>
Totals	<u>\$ 13,489,809</u>	<u>\$ 1,068,038</u>	<u>\$ (1,157,494)</u>	<u>\$ 13,201,070</u>	<u>\$ 1,199,810</u>

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**Long-term Liabilities - *continued***

Interest expense for the year ended September 30, 2021 was as follows:

Interest charges	\$ 430,015
Increase (decrease) in accrued interest payable	(5,729)
Amortization of 2015 bond insurance	1,403
Amortization of 2008 bond premium	(6,615)
Amortization of 2015 bond premium	(44,255)
Amortization of 2015 refunding loss	<u>45,877</u>
Total	<u>\$ 420,696</u>

The annual debt service requirements to maturity for long-term debt (excluding unamortized bond premiums) are as follows:

Year ending September 30,	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest
2022	\$ 535,590	\$ 100,585	\$ 585,000	\$ 294,963
2023	865,920	88,488	605,000	277,113
2024	422,326	64,375	620,000	258,738
2025	456,767	52,291	640,000	239,838
2026	381,334	38,721	665,000	219,431
2027 - 2031	357,000	135,119	3,700,000	712,362
2032 - 2036	457,000	64,580	1,690,000	68,200
2037 - 2041	<u>81,542</u>	<u>2,250</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,557,479</u>	<u>\$ 546,679</u>	<u>\$ 8,505,000</u>	<u>\$ 2,070,645</u>

At year end, the County had cash totaling \$115,084 available in the debt service fund to service long-term debt.

Long-term and other debt payable at September 30, 2021, are comprised of the following:

*Capital Leases (Direct Borrowings).* The County has entered into various lease purchase agreements for the purpose of purchasing equipment. During the year, the County paid-off four existing leases and incurred two new leases. The agreements accrue interest at rates from 1.03% to 4.00% and are all for durations greater than one year. Each lease purchase is collateralized by the equipment that each respective agreement serves to finance as well as certificates of deposit totaling \$1,307,223 held at the County's financial institution.

*Facility Improvement Loan (Direct Borrowing).* In September 2018, the County entered into a promissory note with National Bank & Trust for the purpose of funding certain energy efficiency facility improvements along with a one-time loan commitment fee of \$12,900. The loan is to be funded in multiple advances up to a total of \$1,336,682 and is payable as follows: monthly interest-only payments beginning after the first advance followed by 20 annual installment payments of principal and interest at 3.54% in varying amounts (ranging from \$77,319 to \$112,193). The loan matures in April 2038 and is secured by a first priority security interest in the facility improvements and any project funds held in escrow. As of September 30, 2021, advances totaling \$1,194,542 had been drawn.

*Houston County, Texas Tax Note Series 2019 (Private Placement).* In March 2019, the County issued \$1,800,000 of tax notes at a rate of 2.56%. The proceeds of the note (\$1,750,000 net of issuance costs of

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\$50,000) were used to reimburse and provide further funding for road and bridge repairs and improvements. The tax notes were sold through a private placement and mature at varying amounts from February 15, 2020 through February 15, 2026. The notes are payable from and secured by ad valorem taxes.

*Certificates of Obligation, Series 2008 (Other Debt).* On August 15, 2008, the County issued \$13,499,998 of certificates of obligation. The bonds were issued as follows: \$14,998 of capital appreciation certificates maturing in February, 2009 and a yield to maturity of 2.350%; \$8,580,000 of current interest serial certificates bearing interest at rates of 4.000% to 5.250% and maturing from 2010 to 2029; and \$4,905,000 of current interest term certificates bearing interest at rates of 5.125% to 5.250% with maturities of 2028 and 2033. The term bonds are subject to mandatory redemption in prescribed amounts before the maturity dates beginning in 2027 and 2030. The proceeds were used to construct and equip a new county jail. The certificates were issued with a reoffering premium of \$229,040. The premium is reported on the statement of net position and is being amortized over the life of the bonds as a component of interest expense. During fiscal year 2016, \$8,635,000 of principal was refunded, with the principal and pro-rata portion of the reoffering premium (\$122,057) being removed from the County's books. The bonds were paid off during the year.

*Houston County, Texas General Obligation Refunding Bonds, Series 2015 (Other Debt).* In October, 2015, the County issued \$8,995,000 of general obligation refunding bonds carrying interest at rates of 2.00% to 4.00%. The County issued the bonds to advance refund a callable portion (\$8,635,000) of the outstanding *Certificates of Obligation, Series 2008* with interest at rates of 5.00% to 5.25% and original maturities of 2022-2033. The certificates were issued with an original issue premium of \$789,204. The premium is reported on the statement of net position and is being amortized over the life of the bonds as a component of interest expense.

The net proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2008 series bonds. The advance refunding was calculated by the County's financial adviser to have reduced total debt service payments over the next 18 years by over \$1,457,000. The refunding resulted in a deferred amount on refunding totaling \$818,159, which is reported on the statement of net position as a deferred outflow of resources and is being amortized over the life of the bonds as a component of interest expense.

The bonds are secured by the County's ad valorem taxes and require annual payments of principal and semi-annual payments of interest at varying amounts. The bond indenture allows the County to pay the bonds from the proceeds of an additional ad valorem tax that may be levied by the County, and the County has pledged any such proceeds to secure the payment. The bonds have been recorded in the debt service fund.

### **Bond Compliance Requirements**

The bond ordinances require that during the period in which the bonds are outstanding, the County must create and maintain certain accounts or funds to receive the proceeds from the sale of the bonds and to account for the revenues (as defined) and/or taxes, which are pledged for payment of the bonds. The assets can be used only in accordance with the terms of the bond ordinance and for the specific purpose(s) designated therein.

### **Interfund Receivables, Payables, and Transfers**

*Interfund Balances.* Interfund receivable and payable balances are the result of cash needed by a special revenue fund until the fund is able to generate sufficient revenues to cover expenditures. These receivables and payables are netted and eliminated on the government-wide statement of net position. Interfund receivable and payable balances at September 30, 2021 are as follows:

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

*Interfund Balances – continued*

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 36,222	\$ -
Road and Bridge Precinct No. 1	620,570	-
Road and Bridge Precinct No. 2	57,686	-
Road and Bridge Precinct No. 3	394,692	-
Road and Bridge Precinct No. 4	547,779	-
FEMA Funds	-	(1,827,207)
Nonmajor	<u>178,109</u>	<u>(7,851)</u>
Totals	<u>\$ 1,835,058</u>	<u>\$ (1,835,058)</u>

*Interfund Transfers.* Transfers between funds are indicative of funding for capital projects; lease payments or debt service; subsidies of various County operations; and re-allocations of special revenues. The following schedule summarizes the County’s transfers at September 30, 2021:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 60,676	\$ (2,203,709)
Road and Bridge Precinct No. 1	873,568	-
Road and Bridge Precinct No. 2	483,404	-
Road and Bridge Precinct No. 3	750,921	-
Road and Bridge Precinct No. 4	584,110	-
FEMA Funds	-	(1,036,870)
Nonmajor	<u>908,374</u>	<u>(420,474)</u>
Totals	<u>\$ 3,661,053</u>	<u>\$ (3,661,053)</u>

**Defined Benefit Pension Plan**

**Plan Description.** Houston County participates as one of 818 plans in the non-traditional defined benefit 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. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available online at [www.tcdrs.org](http://www.tcdrs.org).

**Benefits Provided.** The County provides retirement benefits for all of its full-time employees. TCDRS is a savings-based plan. For the County’s plan, 7% of each employee’s pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity. There are no automatic cost of living adjustments. The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS.

Members can retire at ages 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 the County.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

*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	89
Inactive employees entitled to but not yet receiving benefits	156
Active employees	163
	408

*Contributions and Actuarial Information.* The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings. The employee contribution rate may be changed by the County, within the options available in the TCDRS Act. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually, and the employer is required to contribute at that rate. The employer may increase its contribution rate and/or make additional contributions in excess of its annual required contribution.

The County has not elected the annually determined contribution rate (“ADCR”) plan provisions of the TCDRS Act. The County contributed using the actuarially determined rate of 6.26% for calendar year 2020 and 6.13% for calendar year 2021. The contribution rate payable by the employee members for fiscal year 2021 is the rate of 7.00% as adopted by the County. For fiscal year 2021, the County’s total contributions totaled \$339,055 and were equal to required contributions.

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

*Actuarial Assumptions.* The required contribution was determined as part of the December 31, 2020, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2020, included (a) 7.50% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.6 percent. Both (a) and (b) included an inflation component of 2.50 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The total pension liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2020 was 20.0 years.

Salary increases were based on a service-related table. Mortality rates for active members were based on 90% of the RP-2014 Active Employee Mortality Table for males and females, projected with 110% of the MP-2014 Ultimate scale after 2014. Mortality rates for active members were based on 110% 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. For disabled annuitants, mortality rates were based on 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 2019. All other actuarial assumptions that determined the total pension liability as of December 31, 2017 valuation were based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68. Assumptions are reviewed annually.

The long-term expected rate of return on pension plan investments is 7.60%. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown 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 long-term time horizon; the current valuation assumption was adopted by TCDRS in March 2021. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class:</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return (Geometric)</u>
US equities	11.5%	4.25%
Global equities	2.5%	4.55%
International equities - developed	5.0%	4.25%
International equities - emerging	6.0%	4.75%
Investment-grade bonds	3.0%	-0.85%
Strategic credit	9.0%	2.11%
Direct lending	16.0%	6.70%
Distressed debt	4.0%	5.70%
REIT equities	2.0%	3.45%
Master limited partnerships	2.0%	5.10%
Private real estate partnerships	6.0%	4.90%
Private equity	25.0%	7.25%
Hedge funds	6.0%	1.85%
Cash equivalents	<u>2.0%</u>	-0.70%
Total	100.0%	

**Discount Rate.** The discount rate used to measure the Total Pension Liability was 7.60%, which is net of investment expenses and increased by 0.10% to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

*Changes in the Net Pension Liability/Asset.* A schedule of changes in net pension liability/asset is as follows:

	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2019	\$ 18,057,378	\$ 18,207,338	\$ (149,960)
Changes for the year:			
Service cost	562,308	-	562,308
Interest on total pension liability	1,477,946	-	1,477,946
Effect of economic/demographic (gains) or losses	71,330	-	71,330
Effect of assumption changes or inputs	1,116,142	-	1,116,142
Refund of contributions	(39,755)	(39,755)	-
Benefit payments	(721,957)	(721,957)	-
Administrative expenses	-	(14,648)	14,648
Employer contributions	-	333,999	(333,999)
Member contributions	-	373,322	(373,322)
Net investment income	-	1,880,829	(1,880,829)
Other	-	195	(195)
Net changes	<u>2,446,014</u>	<u>1,811,985</u>	<u>654,029</u>
Balance at 12/31/2020	<u>\$ 20,523,392</u>	<u>\$ 20,019,323</u>	<u>\$ 504,069</u>

*Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate.* The following presents the net pension liability/asset of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	\$ 23,081,616	\$ 20,523,392	\$ 18,367,433
Fiduciary net position	<u>20,019,323</u>	<u>20,019,323</u>	<u>20,019,323</u>
Net pension liability (asset)	<u>\$ 3,062,293</u>	<u>\$ 504,069</u>	<u>\$ (1,651,890)</u>

*Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions.* For the year ended September 30, 2021, the County recognized net pension (benefit) expense of \$415,689. Net pension (benefit) expense was charged to functions/programs as follows:

<u>Function/program</u>	<u>Governmental Activities</u>
General government	\$ 71,973
Judicial and law enforcement	259,783
Highways and streets	73,433
Health and welfare	7,340
Culture and recreation	<u>3,160</u>
Total	<u>\$ 415,689</u>

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

At September 30, 2021, the County reported deferred amounts related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 89,081	\$ -
Difference between projected and actual investment earnings	-	(654,833)
Changes in actuarial assumptions	744,095	-
Contributions subsequent to the measurement date	259,430	-
Totals, governmental activities	\$ 1,092,606	\$ (654,833)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ended December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 696,782	\$ (205,135)
2021	395,824	(24,471)
2022	-	(343,474)
2023	-	(81,753)
Total	\$ 1,092,606	\$ (654,833)

**OTHER INFORMATION**

**Post-Employment Health Insurance Benefits**

*Plan Description.* Houston County provides a retiree health insurance program to provide post-employment group medical insurance benefits for retired employees. The plan began during the year ended September 30, 2015 and amended during fiscal year 2017 and is funded on a pay-as-you-go basis. A separate, audited GAAP-basis post-employment benefit plan report and actuarial data are not available for this plan.

*Eligibility and Benefits.* The program is available to retirees: who have more than 16 years of continuous service with the County (including years of part-time and full-time service); are eligible for retirement benefits under TCDRS guidelines; participating in the County's group health plan prior to retirement; and have not withdrawn/transferred accumulated TCDRS retirement funds. Coverage is provided as follows: non-Medicare eligible employees are provided coverage equal to current employees for a period of six years or until the retiree becomes Medicare eligible; Medicare eligible employees will be provided with a Medicare supplement plan until death. The County's premium contribution portion ranges from 25% for a 50 year old with 25 years of service to 100% for a 59 year old with 16 years of service.

Coverage under the plan is discontinued if: the retiree withdraws/transfers accumulated TCDRS funds; coverage is dropped; the retiree fails to make required premium payments; the County discontinues group insurance or this plan.

*Funding Policy.* The County may contribute all, part, or none of the premium payment and the County's contribution, if any, is determined annually by Commissioners Court during the County budget process and is effective on a fiscal year basis. For the year ended September 30, 2021 the County contributed \$100,009 toward post-employment health insurance benefits.



**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Deferred Compensation Plan**

The County offers all of its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The County has established custodial legal trust arrangements with Nationwide Retirement Solutions, Inc. and the Variable Annuity Life Insurance Company (“VALIC”), which administer the plans. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to the related amounts, property, or rights are solely the property and rights of the employees. Accordingly, the amounts deferred and invested under these plans are not included in the County’s financial statements.

**Interlocal Agreement with Houston County Hospital District**

In 2015, the County entered into an agreement with Houston County Hospital District (“HCHD”) for the funding of ambulance services throughout a portion of the county, with the County and HCHD each funding a portion of the costs. As a part of the agreement, the County entered into a five-year agreement with Lifeguard Ambulance Service for ambulance services at a rate of \$20,417 per month. The agreement with Lifeguard included a sublease agreement whereby the County would provide Lifeguard with a garage and living quarters at no additional cost. The interlocal agreement with HCHD was amended in 2017 to require HCHD to reimburse the County at a rate of 100% of the monthly costs. The contract between the County and Lifeguard ended in March, 2020. In May, 2021, the County and the Houston County Hospital District agreed to settle the outstanding balance for ambulance services due to the County for \$150,000 or \$24,618 less than the total. In order to properly value the receivable, this loss was reported in the government-wide statement of activities at September 30, 2020. Revenue of \$150,000 is reflected in the general fund statements at September 30, 2021.

**Tax Abatements**

The County enters into tax abatement agreements with local businesses under the Property Tax Abatement Act (“Act”) as allowed by § 312 of the Texas Tax Code. As an economic development tool, taxing units may enter into agreements with taxpayers providing for exemptions from taxes for all or part of the increase in value of real and/or personal property for up to 10 years. As required under the act, Houston County has created a reinvestment zone and established guidelines for granting abatements to eligible businesses within the zone.

*ETC Texas Pipeline, LTD.* In January, 2015, the County approved a resolution establishing a reinvestment zone pursuant to § 312 of the Texas Tax Code, and entered into an agreement with a pipeline company seeking to construct a natural gas processing plant. Terms of the agreement include: abatement of ad valorem and personal property taxes on the value of new eligible properties beginning with tax year 2016 (base year) and continuing for 10 years; and 65% of abated taxes payable to the county on January 1 of each year following the tax year for which the abatement applies. The agreement is subject to termination and abated taxes are subject to recapture in the event that the company violates the agreement or the facility is completed and begins producing product, but subsequently discontinues production (excepting certain casualty events) for a period of more than one year. For the fiscal year ended September 30, 2021, the County’s gross property tax revenues were reduced by approximately \$129,673.

*Vulcraft Texas, A Division of Nucor.* In June 2020, the County approved a resolution establishing Vulcraft Reinvestment Zone #1 pursuant to § 312 of the Texas Tax Code, and entered into an agreement with a lumber company seeking to construct a manufacturing facility. Terms of the agreement include: abatement of ad valorem and personal property taxes on the value of new eligible properties beginning with tax year 2020

**HOUSTON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(base year) and continuing for 5 years. The agreement is subject to termination and abated taxes are subject to recapture in the event that the company violates the agreement (including: failure to complete improvements by required deadline; failure to maintain required number of full time jobs; bankruptcy; default under incentive performance agreement with Grapeland Municipal Development District; etc.) or the facility is completed and the owner fails to occupy and operate the facility for more than 30 consecutive days. For the fiscal year ended September 30, 2021, the County's gross property tax revenues were not affected by the agreement.

*Lincoln Lumber Crockett, LLC.* In October 2020, the County approved a resolution establishing a reinvestment zone pursuant to § 312 of the Texas Tax Code and entered into an agreement with a lumber company seeking to construct a manufacturing facility. Terms of the agreement include: abatement of ad valorem and personal property taxes on the value of new eligible properties beginning with tax year 2021 (base year) and continuing for 5 years. The agreement is subject to termination and abated taxes are subject to recapture in the event that the company violates the agreement (including: failure to complete improvements by required deadline; failure to maintain required number of full time jobs; bankruptcy; default under incentive performance agreement with Crockett Economic Development Corporation; etc.) or the facility is completed and the owner fails to occupy and operate the facility for more than 30 consecutive days. For the fiscal year ended September 30, 2021, the County's gross property tax revenues were not affected by the agreement.

**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, injuries to employees; and natural disasters. The County provides insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims did not exceed this coverage during the current year.

**Contingencies and Uncertainties**

*Grants.* All amounts received or receivable from grant agencies are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already collected, may be required to be repaid to the granting agency. Amounts payable by the County in its capacity as a pass-through grantor have been accrued along with an offsetting grant receivable (i.e. should expenditures claimed by subrecipients be disallowed by the granting agency(ies), no liability to the County would exist). The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

*COVID-19.* As a result of the COVID-19 pandemic, economic uncertainties have arisen which are reasonably possible to negatively impact certain estimates and assumptions used in preparing the County's financial statements. Specific financial impacts are not readily determinable as of the issuance date of the financial statements. Accordingly, the financial statements do not include any adjustments relative to this uncertainty.

**Subsequent Events**

Management has evaluated subsequent events through June 30, 2022, the date when the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ 7,184,732	\$ 7,184,732	\$ 7,638,282	\$ 453,550
General sales and use taxes	860,000	860,000	1,201,613	341,613
Selective sales and use taxes	27,000	27,000	43,860	16,860
Fees, licenses, and permits	120,100	120,100	187,732	67,632
Charges for services	573,800	635,360	973,395	338,035
Fines and forfeitures	151,500	151,500	216,201	64,701
Intergovernmental revenue and grants	217,200	441,610	1,118,794	677,184
Contributions and donations from private sources	-	2,762	2,762	-
Payments in lieu of taxes	40,000	40,000	58,656	18,656
Investment earnings	28,000	28,000	41,180	13,180
Other revenue	1,196,000	1,271,679	106,424	(1,165,255)
Total revenues	<u>10,398,332</u>	<u>10,762,743</u>	<u>11,588,899</u>	<u>826,156</u>
<b>EXPENDITURES</b>				
General government				
County judge	165,112	167,076	164,536	2,540
County clerk	174,011	182,208	181,520	688
Information technology	132,262	133,663	127,532	6,131
Non-departmental	1,285,001	940,538	717,435	223,103
Human resources	6,500	6,504	4,257	2,247
District clerk	227,305	235,759	232,248	3,511
County juvenile board	17,183	17,198	17,144	54
Elections	144,329	153,774	138,023	15,751
County auditor	220,275	222,173	210,470	11,703
County treasurer	177,145	180,256	167,520	12,736
County tax assessor-collector	355,493	360,119	356,555	3,564
Courthouse	211,645	213,079	199,934	13,145
Insurance	88,200	88,200	86,449	1,751
Utilities	181,000	181,000	164,467	16,533
Total general government	<u>3,385,461</u>	<u>3,081,547</u>	<u>2,768,090</u>	<u>313,457</u>
Judicial and law enforcement				
County court at law	357,127	361,038	352,931	8,107
District court	131,173	132,473	129,716	2,757
Justice of the peace, Pct No. 1	129,211	130,519	129,673	846
Justice of the peace, Pct No. 2	130,437	132,064	131,072	992
County attorney	372,964	377,778	362,464	15,314
District attorney	293,983	297,951	291,075	6,876
County constable, Pct No. 1	84,817	85,126	78,571	6,555
County constable, Pct No. 2	90,963	101,265	95,654	5,611
Sheriff	1,732,767	1,890,913	1,715,670	175,243
Jail	1,490,228	1,589,212	1,542,873	46,339
Department of public safety	41,399	41,399	38,930	2,469
Texas Rangers	700	700	-	700
Adult probation	9,200	9,280	4,518	4,762
Total judicial and law enforcement	<u>4,864,969</u>	<u>5,149,718</u>	<u>4,873,147</u>	<u>276,571</u>

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**(CONTINUED)**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
Culture and recreation				
Veteran services officer	22,810	23,130	20,063	3,067
County extension service	100,749	100,956	88,634	12,322
Texas parks and wildlife	700	700	614	86
Total culture and recreation	<u>124,259</u>	<u>124,786</u>	<u>109,311</u>	<u>15,475</u>
Capital outlay				
County constable, Pct No. 1	-	34,255	34,255	-
Total capital outlay	<u>-</u>	<u>34,255</u>	<u>34,255</u>	<u>-</u>
Debt service				
Principal	109,519	105,019	103,185	1,834
Interest	49,684	51,184	51,006	178
Total expenditures	<u>8,533,892</u>	<u>8,546,509</u>	<u>7,938,994</u>	<u>607,515</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,864,440</u>	<u>2,216,234</u>	<u>3,649,905</u>	<u>1,433,671</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from notes/capital leases	-	-	-	-
Transfers in	-	-	60,676	60,676
Transfers out	<u>(1,864,440)</u>	<u>(2,216,234)</u>	<u>(2,203,709)</u>	<u>12,525</u>
Net other financing sources (uses)	<u>(1,864,440)</u>	<u>(2,216,234)</u>	<u>(2,143,033)</u>	<u>73,201</u>
NET CHANGE IN FUND BALANCE	-	-	1,506,872	1,506,872
FUND BALANCE - BEGINNING OF YEAR	<u>2,265,030</u>	<u>2,265,030</u>	<u>2,265,030</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,265,030</u>	<u>\$ 2,265,030</u>	<u>\$ 3,771,902</u>	<u>\$ 1,506,872</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 1**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	107,341	107,341	109,849	2,508
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	6,574	6,574	6,499	(75)
Contributions and donations from private sources	-	1,200	1,200	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	13	13
Other revenue	-	19,768	19,768	-
Total revenues	<u>113,915</u>	<u>134,883</u>	<u>137,329</u>	<u>2,446</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	376,245	583,003	526,379	56,624
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	105,928	105,928	-
Debt service				
Principal	24,472	24,472	24,472	-
Interest	5,345	5,345	5,345	-
Total expenditures	<u>406,062</u>	<u>718,748</u>	<u>662,124</u>	<u>56,624</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(292,147)</u>	<u>(583,865)</u>	<u>(524,795)</u>	<u>59,070</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from notes/capital leases	-	105,928	105,928	-
Transfers in	292,147	387,937	873,568	485,631
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>292,147</u>	<u>493,865</u>	<u>979,496</u>	<u>485,631</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(90,000)	454,701	544,701
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>268,659</u>	<u>268,659</u>	<u>268,659</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 268,659</u>	<u>\$ 178,659</u>	<u>\$ 723,360</u>	<u>\$ 544,701</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 2**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	141,237	141,237	144,538	3,301
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	8,650	8,650	8,552	(98)
Contributions and donations from private sources	-	11,284	11,284	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	225	225
Other revenue	-	19,491	19,491	-
Total revenues	<u>149,887</u>	<u>180,662</u>	<u>184,090</u>	<u>3,428</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	613,996	863,771	851,544	12,227
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	134,742	134,742	-
Debt service				
Principal	174,537	174,537	174,537	-
Interest	15,758	15,758	15,758	-
Total expenditures	<u>804,291</u>	<u>1,188,808</u>	<u>1,176,581</u>	<u>12,227</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(654,404)</u>	<u>(1,008,146)</u>	<u>(992,491)</u>	<u>15,655</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	120,000	120,000	120,000	-
Proceeds from notes/capital leases	-	134,742	134,742	-
Transfers in	384,404	483,404	483,404	-
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>504,404</u>	<u>738,146</u>	<u>738,146</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(150,000)	(270,000)	(254,345)	15,655
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>351,459</u>	<u>351,459</u>	<u>351,459</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 201,459</u>	<u>\$ 81,459</u>	<u>\$ 97,114</u>	<u>\$ 15,655</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 3**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	163,836	163,836	167,664	3,828
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	10,034	10,034	9,920	(114)
Contributions and donations from private sources	-	1,500	4,500	3,000
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	456	456
Other revenue	-	-	-	-
Total revenues	<u>173,870</u>	<u>175,370</u>	<u>182,540</u>	<u>7,170</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	637,981	778,073	578,851	199,222
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	120,839	120,839	-
Debt service				
Principal	64,767	64,767	64,767	-
Interest	3,030	3,031	3,031	-
Total expenditures	<u>705,778</u>	<u>966,710</u>	<u>767,488</u>	<u>199,222</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(531,908)</u>	<u>(791,340)</u>	<u>(584,948)</u>	<u>206,392</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	51,593	51,593	-
Proceeds from notes/capital leases	-	120,839	120,839	-
Transfers in	445,908	521,403	750,921	229,518
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>445,908</u>	<u>693,835</u>	<u>923,353</u>	<u>229,518</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(86,000)</u>	<u>(97,505)</u>	<u>338,405</u>	<u>435,910</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>89,974</u>	<u>89,974</u>	<u>89,974</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,974</u>	<u>\$ (7,531)</u>	<u>\$ 428,379</u>	<u>\$ 435,910</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ROAD AND BRIDGE PRECINCT NO. 4**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	152,536	152,536	156,101	3,565
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	9,342	9,342	9,236	(106)
Contributions and donations from private sources	-	6,200	6,200	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	250	250
Other revenue	-	-	-	-
Total revenues	<u>161,878</u>	<u>168,078</u>	<u>171,787</u>	<u>3,709</u>
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	777,034	939,234	710,592	228,642
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>777,034</u>	<u>939,234</u>	<u>710,592</u>	<u>228,642</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(615,156)</u>	<u>(771,156)</u>	<u>(538,805)</u>	<u>232,351</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from notes/capital leases	-	-	-	-
Transfers in	415,156	490,403	584,110	93,707
Transfers out	-	-	-	-
Net other financing sources (uses)	<u>415,156</u>	<u>490,403</u>	<u>584,110</u>	<u>93,707</u>
<b>NET CHANGE IN FUND BALANCE</b>	(200,000)	(280,753)	45,305	326,058
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>605,800</u>	<u>605,800</u>	<u>605,800</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 405,800</u>	<u>\$ 325,047</u>	<u>\$ 651,105</u>	<u>\$ 326,058</u>

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FEMA GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variances
	Original Adopted	Final Appropriated	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	78,000	209,033	357,781	148,748
Contributions and donations from private sources	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	-	-
Other revenue	-	-	-	-
Total revenues	78,000	209,033	357,781	148,748
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	-	109,500	193,517	(84,017)
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	109,500	193,517	(84,017)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	78,000	99,533	164,264	64,731
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from notes/capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(78,000)	(99,533)	(1,036,870)	(937,337)
Net other financing sources (uses)	(78,000)	(99,533)	(1,036,870)	(937,337)
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	(872,606)	(872,606)
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	(1,352,273)	(1,352,273)	(1,352,273)	-
<b>FUND BALANCE - END OF YEAR</b>				
	\$ (1,352,273)	\$ (1,352,273)	\$ (2,224,879)	\$ (872,606)

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**AMERICAN RESCUE PLAN FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variances
	Original	Final	Fund Basis	Fav (Unfav) Final to Actual
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
General sales and use taxes	-	-	-	-
Selective sales and use taxes	-	-	-	-
Fees, licenses, and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Intergovernmental revenue and grants	-	2,230,633	-	(2,230,633)
Contributions and donations from private sources	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Investment earnings	-	-	3,919	3,919
Other revenue	-	-	-	-
Total revenues	-	2,230,633	3,919	(2,226,714)
<b>EXPENDITURES</b>				
General government	-	-	-	-
Judicial and law enforcement	-	-	-	-
Highways and streets	-	1,120,358	-	1,120,358
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Pass-through expenditures	-	-	-	-
Capital outlay	-	1,110,275	-	1,110,275
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	2,230,633	-	2,230,633
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	-	-	3,919	3,919
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of real and personal property	-	-	-	-
Proceeds from notes/capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>				
	-	-	3,919	3,919
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>				
	\$ -	\$ -	\$ 3,919	\$ 3,919

See Independent Auditors' Report and Notes to the Budgetary Comparison Schedules.

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**HOUSTON COUNTY, TEXAS**  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULES**  
**SEPTEMBER 30, 2021**

**BUDGETS AND BUDGETARY PROCESS**

The County Judge submits an annual budget to the Commissioners Court for review and approval prior to September of the upcoming fiscal year. Routinely, several budget workshops are held in which the original budget is reviewed and possibly revised. In September, the Commissioners Court and County Judge adopt the annual budget for the General Fund and selected Special Revenue funds.

A proposed annual operating budget is filed by the County Judge and Commissioners Court with the County Clerk's office and made available for public inspection at least 15 days prior to public budget hearing. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted by the Commissioners Court on or before October 1, as required by statute. Only the Commissioners Court may amend the budget. Under state statute, actual expenditures cannot exceed budgetary appropriations at any level for which the budget is formally approved. Budgets are adopted for all funds except the fiduciary funds.

Subsequent to approval, the Commissioners' Court and County Judge may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures. The County amended its budget several times during the year, with all budget amendments being approved by an act of the Commissioners Court.

**BUDGET EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The legal level of budgetary control is the department level. Therefore, expenditures may not legally exceed budget appropriations at the department level. In the County's major funds, expenditures exceeded appropriations at the legal level of budgetary control by \$872,606 in the FEMA fund.

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)**  
**AND RELATED RATIOS - LAST TEN YEARS \***  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Plan Year Ending December 31, **						
	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>							
Service cost	\$ 562,308	\$ 510,362	\$ 528,148	\$ 557,516	\$ 582,530	\$ 480,944	\$ 478,176
Interest on total pension liability	1,477,946	1,370,720	1,291,013	1,198,208	1,098,287	1,009,813	930,594
Effect of plan changes	-	-	-	-	-	(74,034)	-
Effect of assumption changes or inputs	1,116,142	-	-	92,737	-	160,468	-
Effect of economic/demographic (gains) or losses	71,330	124,586	(140,561)	(84,713)	(208,714)	(18,574)	(37,965)
Benefit payments/refunds of contributions	(761,712)	(707,023)	(647,699)	(531,831)	(489,816)	(458,381)	(415,502)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>2,466,014</b>	<b>1,298,645</b>	<b>1,030,901</b>	<b>1,231,917</b>	<b>982,287</b>	<b>1,100,236</b>	<b>955,303</b>
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	<b>18,057,378</b>	<b>16,758,733</b>	<b>15,727,832</b>	<b>14,495,915</b>	<b>13,513,628</b>	<b>12,413,392</b>	<b>11,458,089</b>
<b>TOTAL PENSION LIABILITY - ENDING</b> (a)	<b>\$ 20,523,392</b>	<b>\$ 18,057,378</b>	<b>\$ 16,758,733</b>	<b>\$ 15,727,832</b>	<b>\$ 14,495,915</b>	<b>\$ 13,513,628</b>	<b>\$ 12,413,392</b>
<b>PLAN FIDUCIARY NET POSITION</b>							
Employer contributions	\$ 333,999	\$ 303,237	\$ 293,426	\$ 272,512	\$ 337,794	\$ 338,512	\$ 297,141
Member contributions	373,322	353,350	340,474	329,461	338,953	342,983	298,850
Investment income, net of investment expenses	1,880,829	2,577,251	(298,570)	2,033,546	953,230	13,409	797,258
Benefit payments/refunds of contributions	(761,712)	(707,023)	(647,699)	(531,831)	(489,816)	(458,381)	(415,502)
Administrative expenses	(14,648)	(13,875)	(12,605)	(10,652)	(10,409)	(9,219)	(9,385)
Other	195	810	686	840	(117,372)	19,353	13,836
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>1,811,985</b>	<b>2,513,750</b>	<b>(324,288)</b>	<b>2,093,876</b>	<b>1,012,380</b>	<b>246,657</b>	<b>982,198</b>
<b>PLAN FIDUCIARY NET POSITION - BEGINNING</b>	<b>18,207,338</b>	<b>15,693,588</b>	<b>16,017,876</b>	<b>13,924,000</b>	<b>12,911,620</b>	<b>12,664,963</b>	<b>11,682,765</b>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b> (b)	<b>\$ 20,019,323</b>	<b>\$ 18,207,338</b>	<b>\$ 15,693,588</b>	<b>\$ 16,017,876</b>	<b>\$ 13,924,000</b>	<b>\$ 12,911,620</b>	<b>\$ 12,664,963</b>
<b>NET PENSION LIABILITY (ASSET) - ENDING</b> (a - b)	<b>\$ 504,069</b>	<b>\$ (149,960)</b>	<b>\$ 1,065,145</b>	<b>\$ (290,044)</b>	<b>\$ 571,915</b>	<b>\$ 602,008</b>	<b>\$ (251,571)</b>
<b>RELATED RATIOS</b>							
Plan Fiduciary Net Position as a percentage of Total Pension Liability	97.54%	100.83%	93.64%	101.84%	96.05%	95.55%	102.03%
Pensionable Covered Payroll	\$ 5,333,165	\$ 5,047,854	\$ 4,863,915	\$ 4,706,590	\$ 4,825,624	\$ 4,835,892	\$ 4,269,280
Net Pension Liability (Asset) as a percentage of Covered Payroll	9.45%	-2.97%	21.90%	-6.16%	11.85%	12.45%	-5.89%

\* - GASB 68 requires ten years of data to be presented. Data for only seven years are available.

\*\* - In accordance with GASB standards, the County has elected to present data calculated at the actuarial valuation/ measurement date, which occurs on December 31 of each fiscal year.

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**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS\***  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 318,721	\$ 318,721	\$ -	\$ 4,559,555	7.0%
2016	339,512	339,512	-	4,850,190	7.0%
2017	290,442	290,442	-	4,732,866	6.1%
2018	285,425	285,556	(131)	4,788,525	6.0%
2019	297,119	297,119	-	4,939,135	6.0%
2020	328,260	328,260	-	5,304,180	6.2%
2021	339,055	339,055	-	5,498,262	6.2%

\* - GASB 68 requires ten years of data to be presented. Data for only seven years are available.

See Independent Auditors' Report and Notes to the Schedule of Pension Contributions.

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**HOUSTON COUNTY, TEXAS**  
**NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS**  
**SEPTEMBER 30, 2021**

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

**Methods and Assumptions Used to Determine Contribution Rates**

<i>Actuarial Cost Method</i>	Entry Age
<i>Amortization Method</i>	Level percentage of payroll, Closed
<i>Amortization Period</i>	20.0 years (based on contribution rate calculate in 12/31/20 valuation)
<i>Asset Valuation Method</i>	5-year smoothed market
<i>Inflation</i>	2.50%
<i>Salary Increases</i>	4.6% average over career including inflation, varies by age and service.
<i>Investment Rate of Return</i>	7.50%, net of investment expenses, including inflation
<i>Retirement Age</i>	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.
<i>Mortality</i>	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.
<i>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*</i>	2015: New inflation, mortality, and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality, and other assumptions were reflected.
<i>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*</i>	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 that affect the benefit amount and that are effective 2015 and later are shown in these Notes.*

**Other Information** No changes in plan provisions are reflected in the Schedule of Pension Contributions.

**Presentation of Schedule** In accordance with GASB standards, the County reports contribution activity included in the Schedule of Pension Contributions based on the County's fiscal year end of September 30.

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**SUPPLEMENTARY INFORMATION**

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**COMBINING FUND STATEMENTS**

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**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 99,945	\$ 1,213,382	\$ 1,313,327
Certificates of deposit	-	3,495	3,495
Receivables			
Property taxes, net of allowance	16,853	-	16,853
Grants	-	96,347	96,347
Other - miscellaneous	-	40,972	40,972
Due from other funds	19,992	158,117	178,109
Prepaid items	-	29,291	29,291
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 136,790</u></b>	<b><u>\$ 1,541,604</u></b>	<b><u>\$ 1,678,394</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ 64,750	\$ 64,750
Accounts payable and accrued expenses	-	81,864	81,864
Due to other funds	-	7,851	7,851
Unearned revenues	-	6,626	6,626
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	-	161,091	161,091
<b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	4,427	-	4,427
Unavailable revenues - grants	-	5,756	5,756
Unavailable revenues - other receivables	-	7,229	7,229
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	4,427	12,985	17,412
<b>Fund balances</b>			
Nonspendable	-	29,291	29,291
Restricted	132,363	1,172,746	1,305,109
Assigned	-	90,696	90,696
Unassigned	-	74,795	74,795
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	132,363	1,367,528	1,499,891
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 136,790</u></b>	<b><u>\$ 1,541,604</u></b>	<b><u>\$ 1,678,394</u></b>

See Independent Auditors' Report.

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**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Debt Service Fund	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Property taxes	\$ 1,208,717	\$ -	\$ 1,208,717
Selective sales and use taxes	-	26,373	26,373
Fees, licenses, and permits	-	278,354	278,354
Charges for services	-	156,290	156,290
Fines and forfeitures	-	159,022	159,022
Intergovernmental revenue and grants	-	1,290,538	1,290,538
Contributions and donations from private sources	-	6,323	6,323
Investment earnings	2,342	15,498	17,840
Other revenue	-	2,449	2,449
Total revenues	<u>1,211,059</u>	<u>1,934,847</u>	<u>3,145,906</u>
EXPENDITURES			
General government	-	268,494	268,494
Judicial and law enforcement	-	981,998	981,998
Highways and streets	-	82,799	82,799
Health and welfare	-	306,517	306,517
Culture and recreation	-	37,299	37,299
Pass-through expenditures	-	164,427	164,427
Capital outlay	-	202,231	202,231
Debt service			
Principal	810,000	11,833	821,833
Interest	354,222	653	354,875
Total expenditures	<u>1,164,222</u>	<u>2,056,251</u>	<u>3,220,473</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>46,837</u>	<u>(121,404)</u>	<u>(74,567)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	2,500	2,500
Proceeds from debt issuance	-	-	-
Transfers in	40,401	867,973	908,374
Transfers out	-	(420,474)	(420,474)
Net other financing sources (uses)	<u>40,401</u>	<u>449,999</u>	<u>490,400</u>
NET CHANGE IN FUND BALANCE	87,238	328,595	415,833
FUND BALANCE - BEGINNING OF YEAR	<u>45,125</u>	<u>1,038,933</u>	<u>1,084,058</u>
FUND BALANCE - END OF YEAR	<u>\$ 132,363</u>	<u>\$ 1,367,528</u>	<u>\$ 1,499,891</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2021**

	<u>Jury Fund</u>	<u>Airport Fund</u>	<u>Senior Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 123,119	\$ 2,960	\$ 68,277
Certificates of deposit	-	-	-
Receivables			
Grants	13,239	3,283	28,110
Other - miscellaneous	7,073	247	-
Due from other funds	-	-	-
Prepaid items	-	743	2,524
<b>TOTAL ASSETS</b>	<u>\$ 143,431</u>	<u>\$ 7,233</u>	<u>\$ 98,911</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	9,098	340	18,400
Due to other funds	-	-	-
Unearned revenues	-	-	-
<b>Total liabilities</b>	<u>9,098</u>	<u>340</u>	<u>18,400</u>
 <b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	5,756	-	-
Unavailable revenues - other receivables	-	-	-
<b>Total deferred inflows of resources</b>	<u>5,756</u>	<u>-</u>	<u>-</u>
 <b>Fund balances</b>			
Nonspendable	-	743	2,524
Restricted	128,577	6,150	-
Assigned	-	-	77,987
Unassigned	-	-	-
<b>Total fund balances</b>	<u>128,577</u>	<u>6,893</u>	<u>80,511</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 143,431</u>	<u>\$ 7,233</u>	<u>\$ 98,911</u>

<u>Courthouse Security Fund</u>	<u>Bail Bond Board</u>	<u>Law Library Fund</u>	<u>Hotel Occupancy Tax</u>	<u>Community Development</u>	<u>Historical Commission</u>
\$ 18,648	\$ -	\$ 17,973	\$ 152,869	\$ 145,927	\$ 30,854
-	-	-	-	-	-
-	-	-	-	-	-
1,188	-	625	9,954	-	-
-	-	-	-	-	-
-	-	-	-	-	50
<u>\$ 19,836</u>	<u>\$ -</u>	<u>\$ 18,598</u>	<u>\$ 162,823</u>	<u>\$ 145,927</u>	<u>\$ 30,904</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,836	-	-	-	-	947
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>947</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,229	-	-
-	-	-	<u>7,229</u>	-	-
-	-	-	-	-	50
13,000	-	18,598	155,594	145,927	29,907
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,000</u>	<u>-</u>	<u>18,598</u>	<u>155,594</u>	<u>145,927</u>	<u>29,957</u>
<u>\$ 19,836</u>	<u>\$ -</u>	<u>\$ 18,598</u>	<u>\$ 162,823</u>	<u>\$ 145,927</u>	<u>\$ 30,904</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2021**

	<u>Justice Court Security</u>	<u>Justice Court Technology</u>	<u>Truancy Prevention/ Diversion</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,752	\$ 2,527	\$ 14,357
Certificates of deposit	-	-	-
Receivables			
Grants	-	-	-
Other - miscellaneous	111	391	625
Due from other funds	-	-	-
Prepaid items	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,863</u></u>	<u><u>\$ 2,918</u></u>	<u><u>\$ 14,982</u></u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>          </u>	<u>          </u>	<u>          </u>
Deferred inflows of resources			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	-
Unavailable revenues - other receivables	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances			
Nonspendable	-	-	-
Restricted	7,863	2,918	14,982
Assigned	-	-	-
Unassigned	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>7,863</u>	<u>2,918</u>	<u>14,982</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 7,863</u></u>	<u><u>\$ 2,918</u></u>	<u><u>\$ 14,982</u></u>

<u>County &amp; District Court Technology</u>	<u>Family Protection</u>	<u>Child Abuse Prevention</u>	<u>Election Services Contracts</u>	<u>Right of Way</u>	<u>Road &amp; Bridge Fines</u>
\$ 2,583	\$ 1,586	\$ 11,528	\$ 8,933	\$ 84,244	\$ 79,004
-	-	3,495	-	-	-
-	-	-	-	-	-
86	60	12	-	-	7,873
-	-	-	-	-	13,212
-	-	-	-	-	-
<u>\$ 2,669</u>	<u>\$ 1,646</u>	<u>\$ 15,035</u>	<u>\$ 8,933</u>	<u>\$ 84,244</u>	<u>\$ 100,089</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2,674
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,674
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,669	1,646	15,035	8,933	84,244	97,415
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,669</u>	<u>1,646</u>	<u>15,035</u>	<u>8,933</u>	<u>84,244</u>	<u>97,415</u>
<u>\$ 2,669</u>	<u>\$ 1,646</u>	<u>\$ 15,035</u>	<u>\$ 8,933</u>	<u>\$ 84,244</u>	<u>\$ 100,089</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2021**

	<u>Timber &amp; Mineral Funds</u>	<u>Records Management &amp; Preservation</u>	<u>Co Clerk Records Preservation</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 227,715	\$ 4,391	\$ 11,159
Certificates of deposit	-	-	-
Receivables			
Grants	-	-	-
Other - miscellaneous	-	554	4,677
Due from other funds	-	-	-
Prepaid items	-	8,608	17,216
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 227,715</u></u>	<u><u>\$ 13,553</u></u>	<u><u>\$ 33,052</u></u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	1,857
Due to other funds	-	-	-
Unearned revenues	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>          </u>	<u>          </u>	<u>1,857</u>
 Deferred inflows of resources			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	-
Unavailable revenues - other receivables	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>          </u>	<u>          </u>	<u>          </u>
 Fund balances			
Nonspendable	-	8,608	17,216
Restricted	227,715	4,945	13,979
Assigned	-	-	-
Unassigned	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>227,715</u>	<u>13,553</u>	<u>31,195</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 227,715</u></u>	<u><u>\$ 13,553</u></u>	<u><u>\$ 33,052</u></u>

<u>District Clerk Records Preservation</u>	<u>County Clerk Vital Records</u>	<u>County Clerk Archives</u>	<u>District Clerk Archives</u>	<u>Co Attorney Pre-trial Intervention</u>	<u>Hot Check Fees</u>
\$ 1,000	\$ 217	\$ 68,887	\$ 10,981	\$ 1,896	\$ 1,709
-	-	-	-	-	-
-	-	-	-	-	-
25	204	5,060	175	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,025</u>	<u>\$ 421</u>	<u>\$ 73,947</u>	<u>\$ 11,156</u>	<u>\$ 1,896</u>	<u>\$ 1,709</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	517	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	517	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,025	421	73,947	11,156	1,379	1,709
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,025</u>	<u>421</u>	<u>73,947</u>	<u>11,156</u>	<u>1,379</u>	<u>1,709</u>
<u>\$ 1,025</u>	<u>\$ 421</u>	<u>\$ 73,947</u>	<u>\$ 11,156</u>	<u>\$ 1,896</u>	<u>\$ 1,709</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2021**

	<u>District Attorney Hot Checks</u>	<u>County Attorney Forfeiture</u>	<u>District Attorney Forfeiture</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 156	\$ 1,382	\$ 21,296
Certificates of deposit	-	-	
Receivables			
Grants	-	-	-
Other - miscellaneous	-	-	-
Due from other funds	-	-	
Prepaid items	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 156</u>	<u>\$ 1,382</u>	<u>\$ 21,296</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deficit in pooled cash	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	-
Unavailable revenues - other receivables	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	156	1,382	21,296
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>156</u>	<u>1,382</u>	<u>21,296</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 156</u>	<u>\$ 1,382</u>	<u>\$ 21,296</u>



<u>DA Salary Supplement</u>	<u>Sheriff Forfeiture</u>	<u>Permanent Improvement</u>	<u>Tax Anticipation Notes</u>	<u>LEOSE Education Funds</u>	<u>District Attorney Apportionment</u>
\$ 2,706	\$ 9,570	\$ 12,709	\$ -	\$ 9,768	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,032
-	-	-	-	-	-
<u>\$ 2,706</u>	<u>\$ 9,570</u>	<u>\$ 12,709</u>	<u>\$ -</u>	<u>\$ 9,768</u>	<u>\$ 2,032</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,767	250	-	1	-	587
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,767</u>	<u>250</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>587</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
939	9,320	-	-	9,768	1,445
-	-	12,709	-	-	-
-	-	-	(1)	-	-
<u>939</u>	<u>9,320</u>	<u>12,709</u>	<u>(1)</u>	<u>9,768</u>	<u>1,445</u>
<u>\$ 2,706</u>	<u>\$ 9,570</u>	<u>\$ 12,709</u>	<u>\$ -</u>	<u>\$ 9,768</u>	<u>\$ 2,032</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2021**

	<u>Vehicle Sheriff's Commissary</u>	<u>Vehicle Inventory Tax Interest</u>	<u>Miscellaneous Grants</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,626	\$ 999	\$ 459
Certificates of deposit	-	-	-
Receivables			
Grants	-	-	1,752
Other - miscellaneous	-	-	-
Due from other funds	-	-	70,449
Prepaid items	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 17,626</u>	<u>\$ 999</u>	<u>\$ 72,660</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Deficit in pooled cash	\$ -	\$ -	\$ 52,066
Accounts payable	5,490	-	3,426
Due to other funds	-	-	-
Unearned revenues	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>5,490</u>	<u>-</u>	<u>55,492</u>
 Deferred inflows of resources			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - grants	-	-	-
Unavailable revenues - other receivables	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances			
Nonspendable	-	-	-
Restricted	12,136	999	17,168
Assigned	-	-	-
Unassigned	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>12,136</u>	<u>999</u>	<u>17,168</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 17,626</u>	<u>\$ 999</u>	<u>\$ 72,660</u>

<u>Emergency Management Grant</u>	<u>Victims Assistance Grant</u>	<u>HAVA Grant</u>	<u>911 Addressing Grant</u>	<u>Juvenile Probation</u>	<u>TDA 7218216 Grant</u>
\$ -	\$ -	\$ 10,351	\$ 887	\$ 24,377	\$ -
-	-	-	-	-	-
13,391	10,344	-	-	26,228	-
-	-	-	-	-	-
74,456	-	-	-	-	-
-	-	-	-	150	-
<u>\$ 87,847</u>	<u>\$ 10,344</u>	<u>\$ 10,351</u>	<u>\$ 887</u>	<u>\$ 50,755</u>	<u>\$ -</u>
\$ 11,740	\$ 944	\$ -	\$ -	\$ -	\$ -
5,835	2,460	3,648	2,155	15,576	-
-	-	7,851	-	-	-
-	-	-	-	6,626	-
<u>17,575</u>	<u>3,404</u>	<u>11,499</u>	<u>2,155</u>	<u>22,202</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	150	-
-	-	-	-	28,403	-
-	-	-	-	-	-
<u>70,272</u>	<u>6,940</u>	<u>(1,148)</u>	<u>(1,268)</u>	<u>-</u>	<u>-</u>
<u>70,272</u>	<u>6,940</u>	<u>(1,148)</u>	<u>(1,268)</u>	<u>28,553</u>	<u>-</u>
<u>\$ 87,847</u>	<u>\$ 10,344</u>	<u>\$ 10,351</u>	<u>\$ 887</u>	<u>\$ 50,755</u>	<u>\$ -</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2021**

	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,213,382
Certificates of deposit	3,495
Receivables	
Grants	96,347
Other - miscellaneous	40,972
Due from other funds	158,117
Prepaid items	29,291
<b>TOTAL ASSETS</b>	<b>\$ 1,541,604</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
<b>Liabilities</b>	
Deficit in pooled cash	\$ 64,750
Accounts payable	81,864
Due to other funds	7,851
Unearned revenues	6,626
<b>Total liabilities</b>	<b>161,091</b>
 <b>Deferred inflows of resources</b>	
Unavailable revenues - property taxes	-
Unavailable revenues - grants	5,756
Unavailable revenues - other receivables	7,229
<b>Total deferred inflows of resources</b>	<b>12,985</b>
 <b>Fund balances</b>	
Nonspendable	29,291
Restricted	1,172,746
Assigned	90,696
Unassigned	74,795
<b>Total fund balances</b>	<b>1,367,528</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <b>\$ 1,541,604</b>

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Jury Fund	Airport Fund	Senior Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	59,903	-	-
Charges for services	-	23,533	50,019
Fines and forfeitures	1,069	-	-
Intergovernmental revenue and grants	33,808	161,705	226,538
Contributions and donations from private sources	-	-	2,300
Investment earnings	1,113	-	446
Other revenue	-	-	-
Total revenues	<u>95,893</u>	<u>185,238</u>	<u>279,303</u>
<b>EXPENDITURES</b>			
General government	-	-	-
Judicial and law enforcement	257,813	-	-
Highways and streets	-	-	-
Health and welfare	-	-	306,517
Culture and recreation	-	35,635	-
Pass-through expenditures	-	-	-
Capital outlay	-	202,231	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>257,813</u>	<u>237,866</u>	<u>306,517</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<u>(161,920)</u>	<u>(52,628)</u>	<u>(27,214)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	200,000	53,808	65,000
Transfers out	-	-	-
Net other financing sources (uses)	<u>200,000</u>	<u>53,808</u>	<u>65,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	38,080	1,180	37,786
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>90,497</u>	<u>5,713</u>	<u>42,725</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 128,577</u>	<u>\$ 6,893</u>	<u>\$ 80,511</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Courthouse Security Fund	Bail Bond Board	Law Library Fund
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	8,320	-	8,706
Charges for services	-	-	-
Fines and forfeitures	7,141	-	-
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	-	-
Investment earnings	291	-	127
Other revenue	-	-	-
Total revenues	<u>15,752</u>	<u>-</u>	<u>8,833</u>
EXPENDITURES			
General government	-	-	763
Judicial and law enforcement	78,048	405	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>78,048</u>	<u>405</u>	<u>763</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(62,296)</u>	<u>(405)</u>	<u>8,070</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	47,000	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>47,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(15,296)	(405)	8,070
FUND BALANCE - BEGINNING OF YEAR	<u>28,296</u>	<u>405</u>	<u>10,528</u>
FUND BALANCE - END OF YEAR	<u>\$ 13,000</u>	<u>\$ -</u>	<u>\$ 18,598</u>

<u>Hotel Occupancy Tax</u>	<u>Community Development</u>	<u>Historical Commission</u>	<u>Justice Court Security</u>	<u>Justice Court Technology</u>	<u>Truancy Prevention/ Diversion</u>
\$ 26,373	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2,029
-	-	-	-	-	-
-	-	-	2,125	7,753	8,407
-	53,597	-	-	-	-
-	-	90	-	-	-
1,697	1,057	227	64	3	-
-	-	975	-	-	-
<u>28,070</u>	<u>54,654</u>	<u>1,292</u>	<u>2,189</u>	<u>7,756</u>	<u>10,436</u>
18,740	-	-	-	-	-
-	-	-	-	7,000	-
-	-	-	-	-	-
-	-	1,664	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,740</u>	<u>-</u>	<u>1,664</u>	<u>-</u>	<u>7,000</u>	<u>-</u>
<u>9,330</u>	<u>54,654</u>	<u>(372)</u>	<u>2,189</u>	<u>756</u>	<u>10,436</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,935	-	-	-
-	(53,808)	-	-	-	-
<u>-</u>	<u>(53,808)</u>	<u>2,935</u>	<u>-</u>	<u>-</u>	<u>-</u>
9,330	846	2,563	2,189	756	10,436
<u>146,264</u>	<u>145,081</u>	<u>27,394</u>	<u>5,674</u>	<u>2,162</u>	<u>4,546</u>
<u>\$ 155,594</u>	<u>\$ 145,927</u>	<u>\$ 29,957</u>	<u>\$ 7,863</u>	<u>\$ 2,918</u>	<u>\$ 14,982</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>County &amp; District Court Technology</u>	<u>Family Protection</u>	<u>Child Abuse Prevention</u>
<b>REVENUES</b>			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	934	1,140	325
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	-	2,390
Investment earnings	20	66	71
Other revenue	-	-	17
Total revenues	<u>954</u>	<u>1,206</u>	<u>2,803</u>
<b>EXPENDITURES</b>			
General government	-	-	-
Judicial and law enforcement	-	5,000	3,202
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>5,000</u>	<u>3,202</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>954</u>	<u>(3,794)</u>	<u>(399)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	-	-	2,500
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,500</u>
<b>NET CHANGE IN FUND BALANCE</b>	954	(3,794)	2,101
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,715</u>	<u>5,440</u>	<u>12,934</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,669</u>	<u>\$ 1,646</u>	<u>\$ 15,035</u>



<u>Election Services Contracts</u>	<u>Right of Way</u>	<u>Road &amp; Bridge Fines</u>	<u>Timber &amp; Mineral Funds</u>	<u>Records Management &amp; Preservation</u>	<u>Co Clerk Records Preservation</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	91,620	-	-	8,842	45,341
-	-	-	-	-	-
-	-	128,176	-	-	-
5,523	-	-	353,033	-	-
-	-	-	-	-	-
46	409	252	774	104	177
-	-	-	-	-	-
<u>5,569</u>	<u>92,029</u>	<u>128,428</u>	<u>353,807</u>	<u>8,946</u>	<u>45,518</u>
1,045	-	-	-	7,866	56,011
-	-	-	-	-	-
-	2,545	35,676	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	164,427	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,045</u>	<u>2,545</u>	<u>35,676</u>	<u>164,427</u>	<u>7,866</u>	<u>56,011</u>
<u>4,524</u>	<u>89,484</u>	<u>92,752</u>	<u>189,380</u>	<u>1,080</u>	<u>(10,493)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	13,213	-	-	22,622
-	(60,000)	(75,000)	(200,000)	-	-
<u>-</u>	<u>(60,000)</u>	<u>(61,787)</u>	<u>(200,000)</u>	<u>-</u>	<u>22,622</u>
4,524	29,484	30,965	(10,620)	1,080	12,129
<u>4,409</u>	<u>54,760</u>	<u>66,450</u>	<u>238,335</u>	<u>12,473</u>	<u>19,066</u>
<u>\$ 8,933</u>	<u>\$ 84,244</u>	<u>\$ 97,415</u>	<u>\$ 227,715</u>	<u>\$ 13,553</u>	<u>\$ 31,195</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	District Clerk Records <u>Preservation</u>	County Clerk Vital <u>Records</u>	County Clerk <u>Archives</u>
<b>REVENUES</b>			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	430	2,263	45,946
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	-	-
Investment earnings	9	5	399
Other revenue	-	-	-
Total revenues	<u>439</u>	<u>2,268</u>	<u>46,345</u>
<b>EXPENDITURES</b>			
General government	279	3,039	-
Judicial and law enforcement	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>279</u>	<u>3,039</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>160</u>	<u>(771)</u>	<u>46,345</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	160	(771)	46,345
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>865</u>	<u>1,192</u>	<u>27,602</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,025</u>	<u>\$ 421</u>	<u>\$ 73,947</u>

<u>District Clerk Archives</u>	<u>Co Attorney Pre-trial Intervention</u>	<u>Hot Check Fees</u>	<u>District Attorney Hot Checks</u>	<u>County Attorney Forfeiture</u>	<u>District Attorney Forfeiture</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,555	-	-	-	-	-
-	-	-	-	-	-
-	1,300	690	471	-	1,260
-	-	-	-	-	-
-	-	-	-	-	-
91	65	9	5	-	182
-	-	-	-	-	-
<u>2,646</u>	<u>1,365</u>	<u>699</u>	<u>476</u>	<u>-</u>	<u>1,442</u>
-	-	-	-	-	-
-	9,713	-	874	-	1,734
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>9,713</u>	<u>-</u>	<u>874</u>	<u>-</u>	<u>1,734</u>
<u>2,646</u>	<u>(8,348)</u>	<u>699</u>	<u>(398)</u>	<u>-</u>	<u>(292)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,646</u>	<u>(8,348)</u>	<u>699</u>	<u>(398)</u>	<u>-</u>	<u>(292)</u>
<u>8,510</u>	<u>9,727</u>	<u>1,010</u>	<u>554</u>	<u>1,382</u>	<u>21,588</u>
<u>\$ 11,156</u>	<u>\$ 1,379</u>	<u>\$ 1,709</u>	<u>\$ 156</u>	<u>\$ 1,382</u>	<u>\$ 21,296</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	DA Salary <u>Supplement</u>	Sheriff Forfeiture <u>                    </u>	Permanent Improvement <u>                    </u>
<b>REVENUES</b>			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	-	-	-
Contributions and donations from private sources	-	1,500	43
Investment earnings	1	110	123
Other revenue	-	-	-
Total revenues	<u>1</u>	<u>1,610</u>	<u>166</u>
<b>EXPENDITURES</b>			
General government	-	-	-
Judicial and law enforcement	42,721	5,880	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>42,721</u>	<u>5,880</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
OVER EXPENDITURES	<u>(42,720)</u>	<u>(4,270)</u>	<u>166</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	-
Proceeds from debt issuance	-	-	-
Transfers in	45,273	-	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>45,273</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,553	(4,270)	166
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>(1,614)</u>	<u>13,590</u>	<u>12,543</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 939</u>	<u>\$ 9,320</u>	<u>\$ 12,709</u>

<u>Tax Anticipation Notes</u>	<u>LEOSE Education Funds</u>	<u>District Attorney Apportionment</u>	<u>Sheriff's Commissary</u>	<u>Vehicle Inventory Tax Interest</u>	<u>Miscellaneous Grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	82,718	-	-
-	-	-	-	-	-
-	6,171	27,241	-	-	7,007
-	-	-	-	-	-
59	103	-	-	269	6,064
-	-	-	-	-	-
<u>59</u>	<u>6,274</u>	<u>27,241</u>	<u>82,718</u>	<u>269</u>	<u>13,071</u>
-	-	-	-	20	-
-	6,377	12,415	77,296	-	78,310
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>6,377</u>	<u>12,415</u>	<u>77,296</u>	<u>20</u>	<u>78,310</u>
<u>59</u>	<u>(103)</u>	<u>14,826</u>	<u>5,422</u>	<u>249</u>	<u>(65,239)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	70,449
<u>(7,111)</u>	<u>-</u>	<u>(16,051)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(7,111)</u>	<u>-</u>	<u>(16,051)</u>	<u>-</u>	<u>-</u>	<u>70,449</u>
(7,052)	(103)	(1,225)	5,422	249	5,210
<u>7,051</u>	<u>9,871</u>	<u>2,670</u>	<u>6,714</u>	<u>750</u>	<u>11,958</u>
<u>\$ (1)</u>	<u>\$ 9,768</u>	<u>\$ 1,445</u>	<u>\$ 12,136</u>	<u>\$ 999</u>	<u>\$ 17,168</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Emergency Management Grant	Victims Assistance Grant	HAVA Grant
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Selective sales and use taxes	\$ -	\$ -	\$ -
Fees, licenses, and permits	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Intergovernmental revenue and grants	26,782	38,430	159,088
Contributions and donations from private sources	-	-	-
Investment earnings	10	-	473
Other revenue	1,457	-	-
Total revenues	<u>28,249</u>	<u>38,430</u>	<u>159,561</u>
<b>EXPENDITURES</b>			
General government	-	-	180,731
Judicial and law enforcement	126,045	46,724	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Pass-through expenditures	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	11,833	-	-
Interest	653	-	-
Total expenditures	<u>138,531</u>	<u>46,724</u>	<u>180,731</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(110,282)</u>	<u>(8,294)</u>	<u>(21,170)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of real and personal property	-	-	2,500
Proceeds from debt issuance	-	-	-
Transfers in	222,144	22,003	17,522
Transfers out	(8,504)	-	-
Net other financing sources (uses)	<u>213,640</u>	<u>22,003</u>	<u>20,022</u>
<b>NET CHANGE IN FUND BALANCE</b>	103,358	13,709	(1,148)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>(33,086)</u>	<u>(6,769)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 70,272</u>	<u>\$ 6,940</u>	<u>\$ (1,148)</u>

911 Addressing Grant	Juvenile Probation	TDA 7218216 Grant	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 26,373
-	-	-	278,354
20	-	-	156,290
-	630	-	159,022
30,000	158,715	2,900	1,290,538
-	-	-	6,323
-	577	-	15,498
-	-	-	2,449
<u>30,020</u>	<u>159,922</u>	<u>2,900</u>	<u>1,934,847</u>
-	-	-	268,494
-	222,441	-	981,998
44,578	-	-	82,799
-	-	-	306,517
-	-	-	37,299
-	-	-	164,427
-	-	-	202,231
-	-	-	11,833
-	-	-	653
<u>44,578</u>	<u>222,441</u>	<u>-</u>	<u>2,056,251</u>
<u>(14,558)</u>	<u>(62,519)</u>	<u>2,900</u>	<u>(121,404)</u>
-	-	-	2,500
-	-	-	-
18,504	65,000	-	867,973
-	-	-	(420,474)
<u>18,504</u>	<u>65,000</u>	<u>-</u>	<u>449,999</u>
3,946	2,481	2,900	328,595
<u>(5,214)</u>	<u>26,072</u>	<u>(2,900)</u>	<u>1,038,933</u>
<u>\$ (1,268)</u>	<u>\$ 28,553</u>	<u>\$ -</u>	<u>\$ 1,367,528</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2021**

	District Clerk Fee Fund	County Clerk Fee Fund	JP #1 Fee Fund
<b>ASSETS</b>			
Cash	\$ 24,451	\$ 35,678	\$ 15,509
Invested cash	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	24,451	35,678	15,509
<b>LIABILITIES</b>			
Accounts payable	-	-	829
Due to other funds	21,440	35,678	14,680
Due to other governmental units	-	-	-
TOTAL LIABILITIES	21,440	35,678	15,509
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	3,011	-	-
TOTAL NET POSITION	\$ 3,011	\$ -	\$ -



<u>JP #2 Fee Fund</u>	<u>Sheriff's Fee Fund</u>	<u>Criminal Justice Fee Fund</u>	<u>12th Circuit Court of Appeals</u>	<u>County Attorney Hot Check</u>	<u>DA Forfeiture Trust Fund</u>
\$ 10,344	\$ 2,173	\$ 45,783	\$ 285	\$ -	\$ 11,009
-	-	-	-	-	-
-	-	-	-	-	-
-	-	17,819	125	-	-
<u>10,344</u>	<u>2,173</u>	<u>63,602</u>	<u>410</u>	<u>-</u>	<u>11,009</u>
313	1,000	-	-	-	-
10,031	1,173	3,853	-	-	-
-	-	59,749	410	-	-
<u>10,344</u>	<u>2,173</u>	<u>63,602</u>	<u>410</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	11,009
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,009</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2021**

	Sheriff's Inmate Trust Fund	Tax Assessor's Ad Valorem	Tax Assessor's VIT Escrow
<b>ASSETS</b>			
Cash	\$ 14,865	\$ 76,309	\$ 42,708
Invested cash	-	-	-
Accounts receivable	-	-	-
Assets held in escrow	-	-	-
TOTAL ASSETS	14,865	76,309	42,708
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Due to Houston County funds	-	-	-
Due to other governmental units	-	76,309	-
TOTAL LIABILITIES	-	76,309	-
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	14,865	-	42,708
TOTAL NET POSITION	\$ 14,865	\$ -	\$ 42,708

<u>Tax Assessor's Boat Registration</u>	<u>Tax Assessor's Mobile Home Mvmt Escrow</u>	<u>Tax Assessor's Farm Fee</u>	<u>Tax Assessor's Highway Department</u>	<u>Tax Assessor's Hwy Emission Reg Fee</u>	<u>Tax Assessor's IVTRS Account</u>
\$ -	\$ 7,853	\$ -	\$ 224,568	\$ -	\$ -
-	-	-	-	-	-
-	-	-	12,347	-	-
-	-	-	-	-	-
-	<u>7,853</u>	-	<u>236,915</u>	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	<u>236,915</u>	-	-
-	-	-	<u>236,915</u>	-	-
-	<u>7,853</u>	-	-	-	-
<u>\$ -</u>	<u>\$ 7,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2021**

	County Clerk Trust Fund	District Clerk Trust Fund	Unclaimed Funds
<b>ASSETS</b>			
Cash	\$ 223,845	\$ 317,949	\$ 7,134
Invested cash	186,382	168,511	-
Accounts receivable	-	-	-
Assets held in escrow	-	-	-
TOTAL ASSETS	410,227	486,460	7,134
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Due to Houston County funds	-	-	-
Due to other governmental units	-	-	-
TOTAL LIABILITIES	-	-	-
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, or other governments	410,227	486,460	7,134
TOTAL NET POSITION	\$ 410,227	\$ 486,460	\$ 7,134

Total  
Custodial  
Funds

---

\$ 1,060,463  
354,893  
12,347  
17,944  
1,445,647

2,142  
86,855  
373,383  
462,380

983,267  
\$ 983,267

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	District Clerk <u>Fee Fund</u>	County Clerk <u>Fee Fund</u>	JP #1 <u>Fee Fund</u>
<b>ADDITIONS</b>			
Taxes and fees collected for Houston County	\$ 201,298	\$ 360,464	\$ 127,079
Taxes and fees collected for other governments	71,007	44,224	117,486
Trust/escrow contributions	4,257	-	-
Inmate accounts	-	-	-
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	-	-	-
<b>TOTAL ADDITIONS</b>	<u>276,562</u>	<u>404,688</u>	<u>244,565</u>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Houston County	201,298	360,464	127,079
Taxes and fees collected for other governments	71,007	44,224	117,486
Disbursements to beneficiaries	2,442	-	-
Inmate accounts	-	-	-
<b>TOTAL DEDUCTIONS</b>	<u>274,747</u>	<u>404,688</u>	<u>244,565</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	1,815	-	-
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>1,196</u>	<u>-</u>	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,011</u>	<u>\$ -</u>	<u>\$ -</u>

<u>JP #2 Fee Fund</u>	<u>Sheriff's Fee Fund</u>	<u>Criminal Justice Fee Fund</u>	<u>12th Circuit Court of Appeals</u>	<u>County Attorney Hot Check</u>	<u>DA Forfeiture Trust Fund</u>
\$ 120,183	\$ 13,712	\$ -	\$ -	\$ -	\$ -
111,519	39,211	-	-	-	-
-	28,336	-	-	-	-
-	-	-	-	-	-
-	-	-	-	8,244	-
-	-	-	-	-	28,630
-	-	-	-	-	-
<u>231,702</u>	<u>81,259</u>	<u>-</u>	<u>-</u>	<u>8,244</u>	<u>28,630</u>
120,183	13,712	-	-	-	-
111,519	39,211	-	-	-	-
-	28,336	-	-	8,244	21,620
-	-	-	-	-	-
<u>231,702</u>	<u>81,259</u>	<u>-</u>	<u>-</u>	<u>8,244</u>	<u>21,620</u>
-	-	-	-	-	7,010
-	-	-	-	-	3,999
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,009</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Sheriff's Inmate Trust Fund</u>	<u>Tax Assessor's Ad Valorem</u>	<u>Tax Assessor's VIT Escrow</u>
<b>ADDITIONS</b>			
Taxes and fees collected for Houston County	\$ -	\$ 2,903,651	\$ 17,552
Taxes and fees collected for other governments	-	8,753,195	52,061
Trust/escrow contributions	-	-	-
Inmate accounts	111,779	-	-
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	-	796	219
<b>TOTAL ADDITIONS</b>	<u>111,779</u>	<u>11,657,642</u>	<u>69,832</u>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Houston County	-	2,904,447	17,552
Taxes and fees collected for other governments	-	8,753,195	46,286
Disbursements to beneficiaries	79,927	-	-
Inmate accounts	33,387	-	-
<b>TOTAL DEDUCTIONS</b>	<u>113,314</u>	<u>11,657,642</u>	<u>63,838</u>
<b>NET INCREASE (DECREASE) IN</b>			
<b>FIDUCIARY NET POSITION</b>	(1,535)	-	5,994
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>16,400</u>	<u>-</u>	<u>36,714</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 14,865</u>	<u>\$ -</u>	<u>\$ 42,708</u>



<u>Tax Assessor's Boat Registration</u>	<u>Tax Assessor's Mobile Home Mvmt Escrow</u>	<u>Tax Assessor's Farm Fee</u>	<u>Tax Assessor's Highway Department</u>	<u>Tax Assessor's Hwy Emission Reg Fee</u>	<u>Tax Assessor's IVTRS Account</u>
\$ 2,208	\$ 7,848	\$ -	\$ 685,850	\$ -	\$ 102,652
19,871	-	4,000	1,886,988	57,471	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6	-	1,736	23	5
<u>22,079</u>	<u>7,854</u>	<u>4,000</u>	<u>2,574,574</u>	<u>57,494</u>	<u>102,657</u>
2,208	4,244	-	687,586	23	102,657
19,871	-	4,000	1,886,988	57,471	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>22,079</u>	<u>4,244</u>	<u>4,000</u>	<u>2,574,574</u>	<u>57,494</u>	<u>102,657</u>
-	3,610	-	-	-	-
-	4,243	-	-	-	-
<u>\$ -</u>	<u>\$ 7,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report.

**HOUSTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>County Clerk Trust Fund</u>	<u>District Clerk Trust Fund</u>	<u>Unclaimed Funds</u>
<b>ADDITIONS</b>			
Taxes and fees collected for Houston County	\$ -	\$ -	\$ -
Taxes and fees collected for other governments	-	-	-
Trust/escrow contributions	140,270	124,940	33
Inmate accounts	-	-	-
Hot check collections	-	-	-
Seizures pending judgment	-	-	-
Investment interest	3,605	2,315	-
<b>TOTAL ADDITIONS</b>	<u>143,875</u>	<u>127,255</u>	<u>33</u>
<b>DEDUCTIONS</b>			
Taxes and fees collected for Houston County	-	-	-
Taxes and fees collected for other governments	-	-	-
Disbursements to beneficiaries	444,879	54,326	-
Inmate accounts	-	-	-
<b>TOTAL DEDUCTIONS</b>	<u>444,879</u>	<u>54,326</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN</b>			
<b>FIDUCIARY NET POSITION</b>	(301,004)	72,929	33
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>711,231</u>	<u>413,531</u>	<u>7,101</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 410,227</u>	<u>\$ 486,460</u>	<u>\$ 7,134</u>

Total  
Custodial  
Funds

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\$ 4,542,497  
11,157,033  
297,836  
111,779  
8,244  
28,630  
8,705

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16,154,724

4,541,453  
11,151,258  
639,774  
33,387

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16,365,872

(211,148)  
1,194,415

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\$ 983,267

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**COMPLIANCE SECTION**

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

To the Honorable County Judge and  
Members of the Commissioners Court  
Houston 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 Houston 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 Houston County, Texas' basic financial statements and have issued our report thereon dated June 30, 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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Houston County, Texas' 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

**INDEPENDENT AUDITORS' 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 – CONTINUED***

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

**Purpose of this Report**

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

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

June 30, 2022





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable County Judge and  
Members of the Commissioners Court  
Houston County, Texas

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

We have audited Houston County, Texas' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2021. The Organization's major federal programs are identified in the summary of auditors' 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.

***Auditors' Responsibility***

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

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

In our opinion, Houston County, Texas 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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – CONTINUED**

**Report on Internal Control over Compliance**

Management of Houston County, Texas 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 Houston County, Texas'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 Houston County, Texas' internal control over compliance.

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

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

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.

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

June 30, 2022

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/ Pass-through Grantor/Other Grantor Program Title/Grant Title	Federal CFDA Number	Grant Number	Total Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Agriculture</u>				
<i>Passed through Texas Comptroller</i>				
Schools and Roads - Grants to States - Title I	10.665	-	\$ 346,802	\$ 146,802
Total for CFDA 10.665			<u>346,802</u>	<u>146,802</u>
Total U.S. Department of Agriculture:			<u>346,802</u>	<u>146,802</u>
<u>U.S. Department of the Interior</u>				
<i>Passed through Texas Comptroller</i>				
National Forest Acquired Lands	15.438	-	17,625	17,625
Total for CFDA 15.438			<u>17,625</u>	<u>17,625</u>
Total U.S. Department of the Interior:			<u>17,625</u>	<u>17,625</u>
<u>U.S. Department of Transportation</u>				
<i>Passed through Texas Department of Transportation</i>				
COVID-19 Airports Programs	20.106	20AWCROCK	20,000	-
Airport Improvement Program	20.106	20CRCROCK	111,923	-
Total for CFDA 20.106			<u>131,923</u>	<u>-</u>
Total U.S. Department of Transportation:			<u>131,923</u>	<u>-</u>
<u>U.S. Election Assistance Commission</u>				
<i>Passed through Texas Secretary of State</i>				
COVID-19 HAVA Election Security Grants	90.404	TX20101 CARES-113	20,308	-
HAVA Election Security Grants	90.404	TX18101001 -01-113	120,000	-
Total for CFDA 90.404			<u>140,308</u>	<u>-</u>
Total U.S. Election Assistance Commission:			<u>140,308</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through Texas Department of Family and Protective Services</i>				
Title IV-E Legal Services Contract	93.658	HHS00025810038	\$ 11,261	\$ -
Total for CFDA 93.658			<u>11,261</u>	<u>-</u>
Total U.S. Department of Health and Human Services:			<u>11,261</u>	<u>-</u>

See Independent Auditors' Report and Notes to the Schedule of Expenditures of Federal Awards.

**HOUSTON COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**  
**(CONTINUED)**

Federal Grantor/ Pass-through Grantor/Other Grantor Program Title/Grant Title	Federal CFDA Number	Grant Number	Total Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Homeland Security</u>				
<i>Passed through Texas Department of Public Safety - Division of Emergency Management</i>				
Disaster Grants – Public Assistance	97.036	DR 4416	418,036 <sup>5</sup>	-
Total for CFDA 97.036			<u>418,036</u>	<u>-</u>
Hazard Mitigation Grant	97.039	DR-4466-010	33,620	-
Total for CFDA 97.039			<u>33,620</u>	<u>-</u>
Total U.S. Department of Homeland Security:			<u>451,656</u>	<u>-</u>
<b>Total Expenditures of Federal Awards:</b>			<b><u>\$ 1,099,575</u></b>	<b><u>\$ 164,427</u></b>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**HOUSTON COUNTY, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 1 – Summary of Significant Accounting Policies**

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards (“Schedule”) are reported on the accrual basis of accounting and accordingly, all significant receivables, payables, and other liabilities are included. Where applicable, such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of Coronavirus Relief Funds are reported on the accrual basis of accounting and are recognized following the U.S. Treasury’s cost guidelines for Cares Act funds.

**NOTE 2 – Indirect Cost Rate**

Houston County has elected not to use the 10% de minimis indirect cost rate allowed under the *Uniform Guidance*.

**NOTE 3 – Basis of Presentation**

**General.** The Schedule includes the federal grant activity of Houston County, Texas under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance*. Because the Schedule presents only a selected portion of the operations of Houston County, Texas, it is not intended to and does not present the financial position, changes in net position, or cash flows of Houston County, Texas.

**Relationship to Federal Financial Reports.** For some grants, amounts included in federal financial reports filed by the County with grantor agencies are reported on the cash basis. Accordingly, the related cash basis reports may not agree with amounts reported in the accompanying Schedule.

**NOTE 4 – Presentation of Expenditures**

Expenditures included in the Schedule are reported exclusive of non-federal matching funds.

**NOTE 5 – Expenditures of FEMA Disaster Funds**

Consistent with FEMA guidelines providing for the reporting of Federal expenditures based on the year of award, expenditures reported in the Schedule include amounts expended in the County’s fiscal years ending September 30, 2018 through 2021 for FEMA Disaster funds awarded in the County’s fiscal year ending September 30, 2021. The expenditures are summarized by year as follows:

	<u>09/30/18</u>	<u>09/30/19</u>	<u>09/30/20</u>	<u>09/30/21</u>	<u>Total</u>
PA 4416	\$ (3,287)	\$ 143,735	\$ 31,330	\$ 246,258	\$ 418,036

**NOTE 6 – Other**

Pass-through entity identifying numbers are presented where available.

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**HOUSTON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Section I – Summary of Auditors’ Results

***Financial Statements***

Type of auditors’ report issued: unmodified

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes

Non-compliance material to financial statements noted? \_\_\_\_\_ yes  no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with § 516(a) of the *Uniform Guidance*? \_\_\_\_\_ yes  no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
10.665	Schools and Roads – Grants to States

Dollar threshold used to distinguish between type A and type B federal programs: \$ 750,000

Auditee qualified as a low-risk auditee?  yes \_\_\_\_\_ no

**HOUSTON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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Section II – Financial Statements Audit Findings

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None.



**HOUSTON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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Section III – Major Federal Award Programs Audit Findings and Questioned Costs

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None.

**HOUSTON COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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Financial Statements Audit Findings

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*None.*

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Major Federal Award Programs Audit Findings

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*None.*