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JENNIFER LINDENZWEIG
County Clerk, Hunt County, TX
By *J. Lindenzweig*

HUNT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019

RUTHERFORD, TAYLOR & COMPANY, P.C.
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Greenville, Texas 75401
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HUNT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019

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GENERAL INFORMATION

HUNT COUNTY, TEXAS
ROSTER OF PUBLIC OFFICIALS
SEPTEMBER 30, 2019

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Court:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hunt County, Texas (County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hunt County, Texas as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

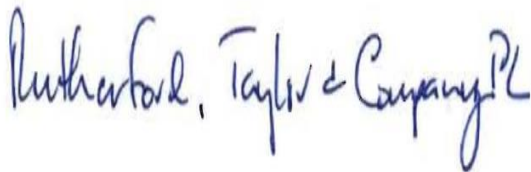
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020 , 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.



September 18, 2020
Greenville, Texas

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

Members of the Court:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hunt County, Texas (County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 18, 2020 .

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Report on Internal Control – Continued

Purpose of this Report

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

Rutherford, Taylor & Company PC

September 18, 2020
Greenville, Texas

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019

Financial Statement Findings (Section II)

NONE

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019

Prior Year Findings (Section III)

NONE

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019

Federal Award Findings and Questioned Costs (Section IV)

NONE

HUNT COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019

Corrective Action Plan (Section V)

NONE

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplemental Information)

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019

As management of Hunt County, Texas (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2019. This discussion includes comparative data for the prior year. Please read it in conjunction with the basic financial statements and related notes which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

- The County's combined total net position is \$ 41,320,662 at September 30, 2019.
- For the year, the County's expenses were \$ 1,171,162 more than the \$ 47,640,270 generated in local property taxes and other revenues for governmental activities.
- Overall costs for the County were similar to prior years with little change in the types of services or programs operated this year.
- The General Fund reported a fund balance of \$ 13,831,685 which is a decrease of \$ 5,586,471 from the prior year.
- The County executed debt agreements amounting to \$ 456,676 for various pieces of equipment.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019

Fund Financial Statements. (Continued)

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

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

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

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

Notes to the Financial Statements

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

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets:

The following table is a condensed Statement of Net Position as of September 30, 2019 and 2018.

<u>Summary of Statement of Net Position</u>			
	Governmental Activities		Total Percentage Change
	<u>2019</u>	<u>2018</u>	<u>2018-2019</u>
Assets			
Current and Other Assets	\$ 39,747,720	\$ 34,946,457	13.74%
Capital Assets	<u>29,228,939</u>	<u>29,497,083</u>	-0.91%
Total Assets	<u>\$ 68,976,659</u>	<u>\$ 64,443,540</u>	7.03%
Deferred Outflows of Resources			
Deferred Outflows	<u>\$ 6,656,120</u>	<u>\$ 1,627,782</u>	308.91%
Liabilities			
Current and Other Liabilities	\$ 3,424,057	\$ 2,336,129	46.57%
Non-Current Liabilities	<u>29,116,852</u>	<u>19,534,137</u>	49.06%
Total Liabilities	<u>\$ 32,540,909</u>	<u>\$ 21,870,266</u>	48.79%
Deferred Inflows of Resources			
Deferred Inflows	<u>\$ 1,771,208</u>	<u>\$ 1,763,232</u>	0.45%
Net Position			
Net Investment in Capital Assets	\$ 24,034,316	\$ 24,488,676	-1.86%
Restricted	10,511,173	364,477	2783.91%
Unrestricted	<u>6,775,173</u>	<u>17,584,671</u>	-61.47%
Total Net Position	<u>\$ 41,320,662</u>	<u>\$ 42,437,824</u>	-2.63%

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of Hunt County, assets and other deferred outflows exceeded liabilities and other deferred inflows by \$ 41,320,662 at the close of the most recent fiscal year, a decrease from the previous fiscal year due primarily to a combination of increased revenues and expenditures. The largest portion of the County's net position represents investments in capital assets (e.g. road and bridge infrastructure; buildings and other improvements; furniture, machinery and equipment; and land), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending. An additional portion of the net position is restricted for specific and legal purposes. Included as restricted are the funds held for the repayment of debt. The remaining balance of unrestricted net position represents resources available for future operations.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS, (CONTINUED)

Statement of Activities:

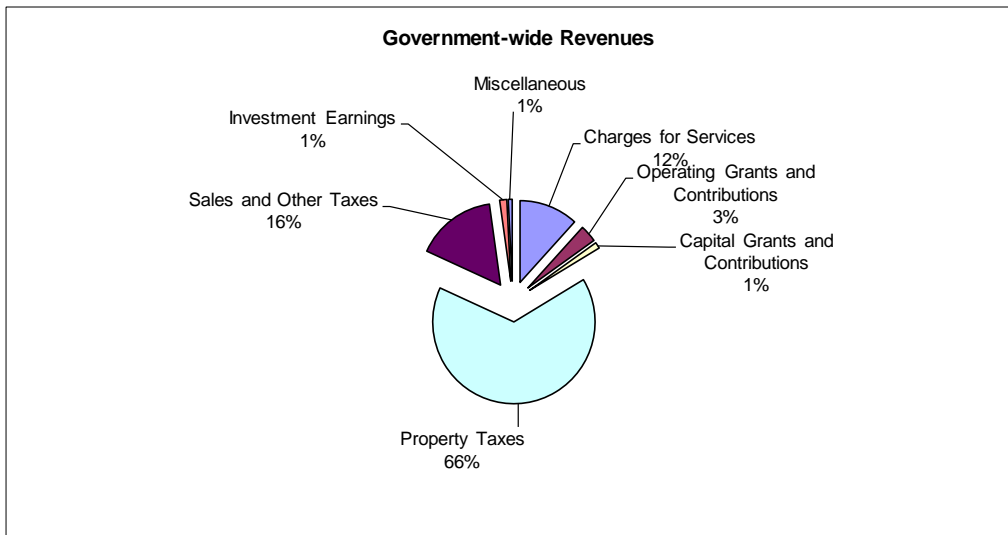
The following table provides a summary of the County's Statement of Activities for the years ended September 30, 2019 and 2018.

	<u>Governmental</u>		<u>Total Percentage Change 2018-2019</u>
	<u>Activities</u>		
	<u>2019</u>	<u>2018</u>	
Revenues			
Program Revenues:			
Charges for Services	\$ 5,588,582	\$ 5,535,431	0.96%
Operating Grants and Contributions	1,621,545	1,948,853	-16.79%
Capital Grants and Contributions	581,437	509,765	14.06%
General Revenues:			
Property Taxes	31,187,703	28,251,984	10.39%
Sales and Other Taxes	7,609,541	7,326,947	3.86%
Investment Earnings	675,310	387,650	74.21%
Miscellaneous	376,152	115,231	226.43%
Total Revenues	\$ 47,640,270	\$ 44,075,861	8.09%
Expenses			
Current Expenses:			
General Government	\$ 8,126,369	\$ 7,638,185	6.39%
Judicial	11,934,486	10,636,605	12.20%
Public Safety	8,465,951	7,238,608	16.96%
Corrections and Rehabilitation	7,476,073	6,463,766	15.66%
Health and Human Services	1,441,842	1,263,438	14.12%
Community Development	599,721	336,592	78.17%
Infrastructure	10,386,817	8,810,401	17.89%
Debt Service	326,173	244,646	33.32%
Total Expenses	\$ 48,757,432	\$ 42,632,241	14.37%
Special Item Increase (Decrease)	\$ -	\$ -	100.00%
Change in Net Position	\$ (1,117,162)	\$ 1,443,620	-2.63%
Net Position - Beginning (October 1)	42,437,824	40,994,204	3.52%
Net Position - Ending (September 30)	\$ 41,320,662	\$ 42,437,824	-2.63%

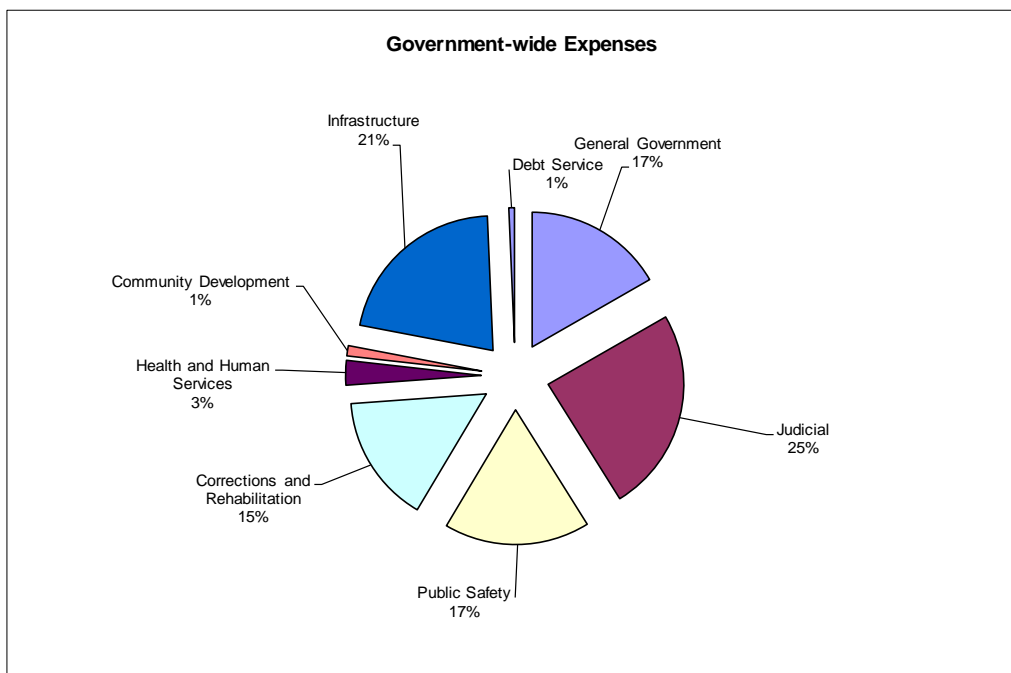
HUNT COUNTY, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED SEPTEMBER 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS, (CONTINUED)

Governmental activities. Revenues for the County's governmental activities were \$ 47,640,270 up by 8.09% from the prior year while total expenses were \$ 48,757,432, up by 14.37% compared to the prior year. The decrease in net position of \$ 1,117,162 reflects a decrease of 2.63% for the year, from \$ 42,437,824 at the beginning of the year to \$ 41,320,662 at the end of the year. The following charts graphically display the components of governmental revenues and expenses for the year.



Revenues for the County's governmental activities totaled \$ 47,640,270 for the year ended September 30, 2019. As graphically portrayed above, the County continues to be heavily reliant on ad valorem taxes to support governmental operations. Ad valorem taxes increased slightly at 66% of the County's total governmental revenues. In general, the County's tax revenues are dependent on the property values and local economy of Hunt County, Texas. Sales and other taxes as a percentage of total revenues remained at 16% in the current period. Fees, fines and charges for services provided 12% of the County's total governmental revenues during the fiscal year compared to 13% in the prior year. Other components of total revenues remained relatively stable as compared to the prior year.



HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS, (CONTINUED)

Expenses for the County's governmental activities totaled \$ 48,757,432 for the year ended September 30, 2019. Of this amount, the largest operating services areas were judicial which totaled \$ 11,934,486, for the year compared to \$ 10,636,605 in the prior year, approximately 25% for each year, and infrastructure which totaled \$ 10,386,817 for the year compared to \$ 8,810,401 for the prior year, increasing for the public infrastructure bond program currently in progress. Costs related to general government (\$ 8,126,369) and public safety (\$ 8,465,591) continued to absorb significant percentages of the County's total expenditures for the current year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

The County's governmental funds reflect a combined fund balance of \$ 33,540,896 as of year-end, up \$ 3,746,148 as compared to \$ 29,794,749 at the end of the previous fiscal year. Approximately 41% (\$ 13,640,060) of the combined fund balances for the governmental funds constitutes unassigned fund balance, which is available to meet the County's current and future operating needs. The other components of the fund balance are nonspendable (\$ 193,625), restricted (\$ 6,422,478), or committed (\$ 13,284,733).

The General Fund is the principal operating fund of the County and the largest source of day-to-day service delivery. In the General Fund, the County spent \$ 31,385,539 on County services and collected revenues of \$ 35,616,458, netting an increase of revenues over expenditures of \$ 4,230,919 for the fiscal year ended September 30, 2019 as compared to an increase of revenues over expenditures of \$ 2,734,844 during the previous fiscal year. Also during the current year, General Fund assets amounting to \$ 10,457,848 were transferred to other funds. Additionally, support of \$ 640,458 was received from other funds for support of General Fund activities. Overall, the General Fund's fund balance decreased \$ 5,586,471 during the current year. This decrease combined with a beginning fund balance of \$ 19,418,156, leaves the General Fund with a fund balance of \$ 13,831,685 as of September 30, 2019, a decrease from the end of the previous fiscal year.

The Capital Projects Fund accounts for the debt proceeds issued for long term road improvements. Bonds totaling \$ 6,084,750 were issued to fund various road projects in the County in previous years. The Commissioners Court committed \$ 10,000,000 of funds from the General Fund for future capital improvements. Expenses totaled \$ 1,253,866 for the year offset by \$ 97,423 of investment and other income resulting in an ending fund balance of \$ 13,217,524. The equity balance is either restricted which can only be used as described in the bond covenants or committed to be spent under the direction of the Commissioner Court.

Other Governmental Funds ended the year with a fund balance of \$ 6,491,688, up 8% from the balance of \$ 6,002,626 at September 30, 2018. 49% or \$ 3,204,955 of the year-end fund balance is restricted for debt service and other outside controlled items. Most of the remaining 51% (\$ 3,284,733) of the fund balance is committed.

General Fund Budgetary Highlights

The General Fund expenditure budget for fiscal year 2019, as amended, was \$ 33,797,906 compared to \$ 32,925,637 for fiscal year 2018. Amendments to the original 2019 budget increased revenues by 3.6% and expenditures by 3.8%. Significant budget amendments approved by the Commissioners Court during the period ended September 30, 2019 are as follows:

- General Government budget increased by \$ 443,765. This line item budgets for contingency expenses that cannot be anticipated during the budgeting process. The budget increase represents additional amounts that were expected to be needed during the year because of higher than normal transfers of budgetary authority to other budget areas to cover unanticipated costs including facility repairs and maintenance.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019

General Fund Budgetary Highlights, (Continued)

- Judicial budget increased by \$ 249,072 due largely to additional costs of court appointed attorneys in the District and County courts and capital offense trials as well as judicial court computer software upgrades.
- Public Safety budget increased by \$ 359,209 due mainly to increased costs related to vehicles, tools, equipment, supplies and certifications related to law enforcement, along with increased costs for autopsy and transport of bodies.

Actual revenues for the year were \$ 35,616,458 or \$ 2,533,338 greater than expectations primarily due to higher than expected revenues from sales taxes and other taxes reduced by reductions in fees collected. In addition, General Fund expenditures amounted to \$ 31,385,539 or \$ 2,412,367 under budget. All functional areas came in within budget.

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

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities funds as of September 30, 2019 amounts to \$ 29,228,939 compared to \$ 29,497,084 at September 30, 2018 (net of accumulated depreciation). Capital Assets include land, buildings and improvements, road and bridge infrastructure, and furniture, machinery and equipment which are used by the County in performance of the County's functions. During the year, \$ 1,696,966 was added to buildings, roads, furniture, machinery, and equipment for courthouse renovations, roads, automobiles and trucks offset by deductions of \$ 320,000 related to disposals of vehicles and heavy equipment. Depreciation provided for the current fiscal period was \$ 1,965,111 as compared to \$ 2,036,793 for the year ended September 30, 2018. Additional information on capital assets can be found in Note C of this report.

Long-term Debt. As of September 30, 2019, the County had total long-term debt outstanding of \$ 9,759,853, of which \$ 5,500,000 was general obligation bonds and \$ 1,875,000 of tax notes. The remainder of the County's long-term debt is primarily amounts due to the state for sales tax overpayments. In total, long-term debt decreased \$ 998,283 from the previous year-end balance of \$ 10,758,136. The County believes they are currently in compliance with all significant debt limitations and restrictions. Additional information on the County's long-term debt can be found in Note D of this report.

HUNT COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Hunt County Commissioner's Court considered many factors when setting the fiscal year 2019/2020 budget, tax rates and fees that will be charged for its activities. The key factors that affected the formulation of next year's budget and rates are discussed below.

The County's total population continues on a steady upward trend increasing to approximately 98,000 for 2019, up by 28% from the year 2000 level of 76,596. In recent years, the County has experienced relatively low inflation rates which have closely followed the national trends. In compiling next year's budget, no significant change in the inflation rate was anticipated.

Amounts available for appropriation in the 2019/2020 General Fund budget are \$ 34,769,788, an increase of 7.41% from the prior year budget of \$ 32,374,208. An increase in the County's tax roll allowed the County's tax rate per \$100 of valuation to remain steady for fiscal year 2019/2020 as compared to the prior year. The County will use available revenues to finance services we currently offer and the effect that we expect inflation and other economic factors to have on the cost of performing County functions. Significant factors that affected the 2019/2020 budget include increased investment earnings along with increases in the County's wages, employee retirement costs, unemployment insurance, health insurance, and worker's compensation insurance. No other major new services or programs were added to the 2019/2020 budget.

There appears to be a potential for structural problems for the County's criminal justice center. As of the report date, the cost of any necessary repairs, if any, has not been determined. No liability is reflected in the County's balance sheet for this contingency at September 30, 2019. The County received funds from plaintiffs in settlement of various actions and claims during prior years. These funds have been committed by the Commissioners Court to provide for future repairs to the center.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

HUNT COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 35,414,573
Receivables (Net of Allowance for Uncollectable Amounts)	
Property Taxes	2,918,019
Sales Tax	852,991
Fines, Fees and Court Costs	249,971
Others	118,516
Due from Fiduciary Funds	25
Prepaid Items	193,625
Other Assets	
Capital Assets:	
Land	897,896
Buildings and Improvements, net	12,541,826
Infrastructure, net	12,714,310
Furniture and Equipment, net	<u>3,074,907</u>
Total Assets	<u>\$ 68,976,659</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	\$ 5,721,799
Deferred Outflows - OPEB	<u>934,321</u>
Total Deferred Outflows of Resources	<u>\$ 6,656,120</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	1,930,838
Wages and Benefits Payable	1,134,514
Due to Others	339,984
Interest Payable	18,721
Long-term Liabilities	
Due within one year	954,939
Due in more than one year	8,804,914
Net Pension Liability	8,323,051
Net OPEB Liability	<u>11,033,948</u>
Total Liabilities	<u>\$ 32,540,909</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue	\$ 94,681
Deferred Inflows - Pensions	463,124
Deferred Inflows - OPEB	<u>1,213,403</u>
Total Other Deferred Inflows Resources	<u>\$ 1,771,208</u>
NET POSITION	
Net Investment in Capital Assets	\$ 24,034,316
Restricted for:	
Debt Retirement	488,530
Capital Projects	10,022,643
Unrestricted	<u>6,775,173</u>
Total Net Position	<u>\$ 41,320,662</u>

The accompanying notes are an integral part of this statement.

**HUNT COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

Programs Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
General Government	\$ 8,126,369	\$ 2,126,541	\$ 2,235	\$ -	\$ (5,997,593)
Judicial	11,934,486	1,171,585	1,037,245		(9,725,656)
Public Safety	8,465,951	188,956	233,176	69,236	(7,974,583)
Corrections and Rehabilitation	7,476,073	1,368,615			(6,107,458)
Health and Human Services	1,441,842	423,791	346,604		(671,447)
Community Development	599,721	13,083	2,285	375,521	(208,832)
Infrastructure	10,386,817	296,011		136,680	(9,954,126)
Debt Service	326,173				(326,173)
Total Governmental Activities	<u>\$ 48,757,432</u>	<u>\$ 5,588,582</u>	<u>\$ 1,621,545</u>	<u>\$ 581,437</u>	<u>\$ (40,965,868)</u>
Total Primary Government	<u>\$ 48,757,432</u>	<u>\$ 5,588,582</u>	<u>\$ 1,621,545</u>	<u>\$ 581,437</u>	<u>\$ (40,965,868)</u>
General Revenues:					
Property Taxes					\$ 31,187,703
Sales and Other Taxes					7,609,541
Investment Earnings					675,310
Miscellaneous Revenue					<u>376,152</u>
Total General Revenues					<u>\$ 39,848,706</u>
Change in Net Position					\$ (1,117,162)
Net Position - Beginning (October 1)					<u>42,437,824</u>
Net Position - Ending (September 30)					<u>\$ 41,320,662</u>

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 23,559,438	\$ 13,360,627	\$ 7,094,253	\$ 44,014,318
Receivables				
Property Taxes	2,529,753		785,973	3,315,726
Allowance for Uncollectible Taxes	(303,570)		(94,137)	(397,707)
Sales Tax	852,991			852,991
Other Receivables	45,116		73,400	118,516
Due from Other Funds	1,556,297		6,717	1,563,014
Prepaid Items	191,625		2,000	193,625
Other Assets				-
Total Assets	<u>\$ 28,431,650</u>	<u>\$ 13,360,627</u>	<u>\$ 7,868,206</u>	<u>\$ 49,660,483</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 2,449,524	\$ 143,104	\$ 498,886	\$ 3,091,514
Wages and Other Benefits Payable	972,581	-	161,933	1,134,514
Due to Others	339,510	-	473	339,983
Due to Other Funds	8,720,424	-	300	8,720,724
Total Liabilities	<u>\$ 12,482,039</u>	<u>\$ 143,104</u>	<u>\$ 661,592</u>	<u>\$ 13,286,735</u>
DEFERRED INFLOW OF RESOURCES				
Property Taxes and Other	\$ 2,117,926	\$ -	\$ 714,926	\$ 2,832,852
Total Deferred Inflow of Resources	<u>\$ 2,117,926</u>	<u>\$ -</u>	<u>\$ 714,926</u>	<u>\$ 2,832,852</u>
FUND EQUITY				
Nonspendable	\$ 191,625	\$ -	\$ 2,000	\$ 193,625
Restricted		3,217,523	3,204,955	6,422,478
Committed		10,000,000	3,284,733	13,284,733
Assigned		-		-
Unassigned	13,640,060	-		13,640,060
Total Fund Equity	<u>\$ 13,831,685</u>	<u>\$ 13,217,523</u>	<u>\$ 6,491,688</u>	<u>\$ 33,540,896</u>
Total Liabilities and Fund Equity	<u>\$ 28,431,650</u>	<u>\$ 13,360,627</u>	<u>\$ 7,868,206</u>	<u>\$ 49,660,483</u>

The accompanying notes are an integral part of this statement.

**HUNT COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Total Fund Equity - Governmental Funds	\$ 33,540,896
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore not reported in the balance sheet	29,228,939
Property taxes receivable are unavailable to pay for current period expenditures and are not recognized as a fund receivable	2,738,171
Fines and fees receivable are unavailable to pay for current period expenditures and are not recognized as a fund receivable	249,971
Interest payable on noncurrent liabilities are not due and payable in the current period and are not reported in the funds	(18,721)
Noncurrent liabilities are not due and payable in the current period and therefore not reported in the funds as follows:	
Bonds and Related Premium	(5,760,795)
Loans	(1,875,000)
Compensated Absences	(482,062)
Comptroller Overpayment	(888,288)
Capital Leases	(753,709)
Recognition of the Net Pension Liability not reported in the funds.	(8,323,051)
Deferred Resources Inflows related to TCDRS are not reported in the funds.	(463,124)
Deferred Resource Outflows related to TCDRS are not reported in the funds.	5,721,799
Recognition of the OPEB Liability not reported in the funds.	(11,033,948)
Deferred Resources Inflows related to TCDRI are not reported in the funds.	(1,213,403)
Deferred Resource Outflows related to TCDRO are not reported in the funds.	934,321
Interfund Transfers and Eliminations	<u>(281,334)</u>
Total Net Position - Governmental Activities (Exhibit A-1)	<u>\$ 41,320,662</u>

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes - Property	\$ 24,221,637	\$ -	\$ 6,894,116	\$ 31,115,753
Taxes - Sales and Other	5,668,958	-	-	5,668,958
Fees and Fines	3,407,497	-	1,007,089	4,414,586
Motor Vehicle Fees	419,761	-	1,313,822	1,733,583
Intergovernmental Support	476,323	-	1,631,916	2,108,239
Investment Earnings	479,418	97,423	98,481	675,322
Miscellaneous	942,864	-	591,686	1,534,550
Total Revenues	<u>\$ 35,616,458</u>	<u>\$ 97,423</u>	<u>\$ 11,537,110</u>	<u>\$ 47,250,991</u>
EXPENDITURES				
Current:				
General Government	\$ 7,242,071	\$ -	\$ 34,173	\$ 7,276,244
Judicial	9,241,689	-	1,300,170	10,541,859
Public Safety	7,411,319	-	117,323	7,528,642
Corrections and Rehabilitation	6,335,322	-	55,783	6,391,105
Health and Human Services	873,062	-	394,128	1,267,190
Community Development	223,397	-	375,815	599,212
Infrastructure	500	1,253,866	7,716,476	8,970,842
Debt Service	58,179	-	1,752,377	1,810,556
Total Expenditures	<u>\$ 31,385,539</u>	<u>\$ 1,253,866</u>	<u>\$ 11,746,245</u>	<u>\$ 44,385,650</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 4,230,919</u>	<u>\$ (1,156,443)</u>	<u>\$ (209,135)</u>	<u>\$ 2,865,341</u>
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	\$ -	\$ -	\$ 456,676	\$ 456,676
Transfers In	640,458	10,000,000	528,063	11,168,521
Transfers Out	(10,457,848)	-	(429,337)	(10,887,185)
Capital Asset Sale Proceeds	-	-	142,795	142,795
Net Other Financing Sources (Uses)	<u>\$ (9,817,390)</u>	<u>\$ 10,000,000</u>	<u>\$ 698,197</u>	<u>\$ 880,807</u>
Net Change in Fund Equity	\$ (5,586,471)	\$ 8,843,557	\$ 489,062	\$ 3,746,148
Fund Equity - October 1 (Beginning)	19,418,156	4,373,967	6,002,626	29,794,749
Fund Equity - September 30 (Ending)	<u>\$ 13,831,685</u>	<u>\$ 13,217,524</u>	<u>\$ 6,491,688</u>	<u>\$ 33,540,897</u>

The accompanying notes are an integral part of this statement.

**HUNT COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND EQUITY OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

Net Change in Fund Equity - Total Governmental Funds	\$ 3,746,148
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital asset cost is allocated over the estimated useful life and reported as depreciation in the statement of activities	(1,965,111)
Acquisition of capital assets requires the use of current financial resources but has no effect on net assets	1,696,966
Disposal of Capital Assets are reported as revenues in the funds but the gain or loss from the sale is reported in the Statement of Activities.	-
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
Change in Property Taxes	245,608
Change in Fines and Court Costs	873
Repayment of debt principal is an expenditure in the funds but the payments reduce liabilities in the statement of net assets	
Debt principal payments are as follows:	
Bonds	1,020,000
Loans	40,000
Capital Leases	350,782
Comptroller Overpayment	58,178
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Change in Interest Expense	945
Bond Premium Amortization	14,478
Compensated Absence	(28,479)
OPEB Benefits	(4,520,854)
Issuance of debt proceeds are other resources in the funds but are not reflected in the Statement of Activities.	(456,676)
Net pension expense had to be recorded in the SOA but not the funds increasing net position.	(1,038,686)
Interfund Transfers and Eliminations	<u>(281,334)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,117,162)</u></u>

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 SEPTEMBER 30, 2019

	Agency Funds	Total
	<u> </u>	<u> </u>
ASSETS		
	-	
Cash and Investments	\$ 4,406,898	\$ 4,406,898
	<u> </u>	<u> </u>
Total Assets	\$ 4,406,898	\$ 4,406,898
	<u> </u>	<u> </u>
LIABILITIES		
Due to Other Funds	\$ 14,100	\$ 14,100
Due to Others	4,392,798	4,392,798
	<u> </u>	<u> </u>
Total Liabilities	\$ 4,406,898	\$ 4,406,898
	<u> </u>	<u> </u>
NET POSITION		
Held in Trust	\$ -	\$ -
	<u> </u>	<u> </u>
Total Net Position	\$ -	\$ -
	<u> </u>	<u> </u>

The accompanying notes are an integral part of this statement.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

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

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

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

Basic Financial Statements

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

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies – (Continued)

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

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

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

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

The County reports the following major governmental funds:

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

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

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies – (Continued)

The County reports the following fiduciary funds:

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

Cash and Investments

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies – (Continued)

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

Capital Assets

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

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

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

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

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

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

Pension Plan

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

Compensated Absences

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

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

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies – (Continued)

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

Fund Balances

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

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

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

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

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

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

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

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies – (Continued)

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

	General	Capital Projects	Other Governmental	Totals
Nonspendable				
Prepaid Items	\$ 191,625	\$ -	\$ 2,000	\$ 193,625
Restricted				
Retirement of Long Term Debt	-	-	357,060	357,060
Capital Projects	-	3,217,523		3,217,523
Public Health	-	-	(4,158)	(4,158)
Records Management	-	-	1,466,690	1,466,690
Law Enforcement Training	-	-	59,301	59,301
Court Security	-	-	140,348	140,348
Court Technology	-	-	42,596	42,596
Jail Commissary	-	-	698,770	698,770
Law Enforcement Activities	-	-	396,345	396,345
Attorney Activities	-	-	30,903	30,903
Historical Commission	-	-	17,099	17,099
Committed				
Capital Improvements	-	10,000,000	-	10,000,000
Law Library	-	-	10,879	10,879
Public Roads	-	-	2,469,769	2,469,769
Public Health	-	-	4,339	4,339
Justice Courts	-	-	136,530	136,530
Elections Administration	-	-	93,628	93,628
DWI Enforcement	-	-	14,147	14,147
Pretrial Intervention	-	-	43,107	43,107
Juvenile Detention/Probation	-	-	511,806	511,806
Law Enforcement Activities	-	-	529	529
Unassigned	13,640,060	-		13,640,060
Totals	\$ 13,831,685	\$ 13,217,523	\$ 6,491,688	\$ 33,540,896

Budgetary Principles

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

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Significant Accounting Policies – (Continued)

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

Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter (60 days) to be used to pay liabilities of the current period.

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

The County levied taxes on property within the County at \$ 0.490485 to fund general operations including road and bridge activities and \$ 0.21414 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 6,004,394,800.

Use of Estimates

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

B. Cash and Investments

The County's funds are deposited and invested under the terms of a depository agreement. The agreement requires the depository to pledge approved securities in an amount significant to protect the County's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2019, all County cash deposits were covered by FDIC insurance or by pledged collateral held by the County or by the depository in the County's name. The County's deposits appear to have been properly secured throughout the fiscal year.

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

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

B. Cash and Investments – (Continued)

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

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

<u>Investment or Investment Type</u>	<u>Interest Rate</u>	<u>Credit Rating</u>	<u>Fair Value</u>
TexSTAR		AAAm	\$ 2,850,838
TexPool		AAAm	4,797,091
LOGIC		AAAm	16,681,642
Certificates of Deposit		n/a	<u>1,117,205</u>
Total investments			<u>\$ 25,446,776</u>

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

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

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

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

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

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

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

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

B. Cash and Investments – (Continued)

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

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

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

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

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

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

C. Capital Assets

Capital asset activities during the fiscal year were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Assets:				
Land	\$ 897,896	\$ -	\$ -	\$ 897,896
Total	\$ 897,896	\$ -	\$ -	\$ 897,896
Depreciable Assets:				
Buildings and Improvements	\$ 25,376,911	\$ 171,555	\$ -	\$ 25,548,466
Roads and Infrastructure	45,291,621	-	-	45,291,621
Furniture, Machinery and Equipment	14,806,217	1,525,411	320,000	16,011,628
Total	\$ 85,474,749	\$ 1,696,966	\$ 320,000	\$ 86,851,715
Less Accumulated Depreciation				
Buildings and Improvements	\$ 12,453,747	\$ 552,893	\$ -	\$ 13,006,640
Roads and Infrastructure	31,898,626	678,685	-	32,577,311
Furniture, Machinery and Equipment	12,523,188	733,533	320,000	12,936,721
Total	\$ 56,875,561	\$ 1,965,111	\$ 320,000	\$ 58,520,672
Total Capital Assets being Depreciated, net	\$ 28,599,188	\$ (268,145)	\$ -	\$ 28,331,043
Total Governmental Activities Capital Assets	\$ 29,497,084	\$ (268,145)	\$ -	\$ 29,228,939

Depreciation was charged to governmental activities functions as follows:

Governmental Activities:	
General Government	\$ 233,281
Judicial	168,719
Public Safety	358,515
Corrections and Rehabilitation	291,071
Health and Human Services	5,542
Infrastructure	907,983
Total	\$ 1,965,111

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

D. Long-Term Obligations

Changes in Long Term Obligations

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	\$ 6,520,000	\$ -	\$ 1,020,000	\$ 5,500,000	\$ 10,000
Capital Leases	647,815	456,676	350,782	753,709	271,760
Loans	1,915,000	-	40,000	1,875,000	615,000
Unmortized Premium	275,272	-	14,478	260,794	-
Comptroller	946,466	-	58,178	888,288	58,179
Compensated Absences	453,583	493,610	465,131	482,062	-
Total	\$ 10,758,136	\$ 950,286	\$ 1,948,569	\$ 9,759,853	\$ 954,939

Bonds

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

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

	Interest Rate	Date of Maturity	Original Issue	Balance Outstanding
Permanent Improvement Bonds, Series 2017	2.49%	2037	\$ 5,795,000	\$ 5,500,000
Totals				\$ 5,500,000

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

Year Ending September 30	Principal	Interest	Total Requirements
2020	\$ 10,000	\$ 179,350	\$ 189,350
2021	15,000	178,975	193,975
2022	15,000	178,525	193,525
2023	290,000	172,500	462,500
2024	300,000	160,699	460,699
2025-2029	1,630,000	619,975	2,249,975
2030-2034	1,910,000	346,800	2,256,800
2035-2039	1,330,000	60,900	1,390,900
Totals	\$ 5,500,000	\$ 1,897,724	\$ 7,397,724

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

D. Long-Term Obligations - (Continued)

Authorized but Unissued Bonds

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

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

Compliance with Debt Covenants

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

Loans

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

The following schedule lists the outstanding loans at year end:

Description	Interest Rate	Original Amount	Outstanding Balance
Hunt County, Texas, Tax Notes, Series 2015	2.05%	\$ 2,035,000	\$ 1,875,000

Maturity requirements on outstanding loans are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
2019	615,000	32,133	647,133
2020	625,000	19,423	644,423
2021	635,000	6,509	641,509
2022	-	-	-
2023	-	-	-
Totals	\$ 1,875,000	\$ 58,065	\$ 1,933,065

Comptroller Overpayment

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

D. Long-Term Obligations - (Continued)

The County received notification from the State of additional sales tax chargebacks totaling \$ 213,111 during the 2015 year. The State has allowed a 6 year repayment term beginning in the 2018 fiscal year. No interest is to be incurred on this repayment schedule. The repayment terms require 72 monthly payments of \$ 2,960 with the final payment to be made September 2022.

Capital Leases

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

The following schedule lists personal property leased:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
BB&T Financing - Motor Grader	2.96%	\$ 245,950	\$ 125,165
John Deere Financial - Motor Grader	5.25%	160,059	82,126
BCI Capital - Part 2 Equipment	3.59%	226,650	215,313
BCI Capital - Part 4 Equipment	2.71%	230,026	218,520
Signature Public Finance - Motor Grader/Truck	1.71%	351,968	112,585
Total			<u>\$ 753,709</u>

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

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

<u>Year Ending September 30</u>	<u>Total Requirements</u>
2020	\$ 420,505
2021	189,049
2022	140,746
2023	35,087
Total Minimum Lease Payment	\$ 785,387
Less Amount Representing Interest	31,678
Present Value of Minimum Lease Payments	<u>\$ 753,709</u>

Compensated Absences

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

E. Commitments and Contingencies

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

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

Other – There appears to be a potential for structural problems for the County's criminal justice center. As of the report date, the cost of any necessary repairs, if any, has not been determined. No liability is reflected in the County's balance sheet for this contingency as of September 30, 2019. The County received funds from plaintiffs in settlement of various actions and claims. These funds have been set aside by the Commissioners Court to provide for future repairs to the center.

F. Pension Plan

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

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

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

Employees of the County were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the County were 10.49% and 9.93% in calendar years 2018 and 2019, respectively. The County's contributions to TCDRS for the year ended September 30, 2019 were \$ 1,710,954 and were equal to the required contributions.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

F. Pension Plan (Continued)

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

The long-term rate of return on pension plan investment is 8.1%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’ investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2018.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones US Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net) Index	10.00%	5.40%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc (HFR) Fund of Funds Composite Index	13.00%	3.90%
Total		100.00%	

(1) Target asset allocation adopted at the April 2019 TCDRS board meeting.
(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater’s 2019 capital market assumptions.
(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs
(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs
(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs

Membership Information – The County membership information follows:

Members	December 2019	December 2018
Inactive Employees not receiving Benefits	347	358
Active Employees	397	375
Average Monthly Salary	3,428	3,537
Average Age	45.62	46.04
Average Length of Service	9.99	9.95
Inactive Employees receiving Benefits	197	219
Average Monthly Benefits	\$ 1,151	\$ 1,239

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

F. Pension Plan (Continued)

Changes in the Net Pension Liability – At December 31, 2018, the County reported a net pension liability/(asset) of \$ 8,323,051. The changes in net pension liability (asset) were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/17	\$ 69,457,430	\$ 67,473,605	\$ 1,983,825
Changes for the year:			
Service cost	2,158,848	-	2,158,848
Interest	5,676,173	-	5,676,173
Change in benefit terms	-	-	-
Diff between expected/actual experience	129,703	-	129,703
Changes of assumptions	-	-	-
Contributions - employer	-	1,756,979	(1,756,979)
Contributions - employee	-	1,180,104	(1,180,104)
Net investment income	-	(1,259,301)	1,259,301
Benefit payments, including refunds of employee contributions	(3,141,292)	(3,141,292)	-
Administrative expenses	-	(52,978)	52,978
Other charges	-	694	(694)
Net changes	\$ 4,823,432	(1,515,794)	6,339,226
Balance at 12/31/18	\$ 74,280,862	\$ 65,957,811	\$ 8,323,051

The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and for the year then ended.

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

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

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

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	Increase in Discount Rate (9.1%)
County's net pension liability	\$ 18,512,049	\$ 8,323,051	\$ (155,265)

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

For the year ended September 30, 2019, the County recognized pension expense of \$ 2,836,344

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

F. Pension Plan (Continued)

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience (net of current year amortization)	\$ 97,277	\$ 463,124
Changes in actuarial assumptions	201,886	-
Differences between projected and actual investment earnings (net of current year amortization)	4,186,782	-
Contributions subsequent to the measurement date	1,235,854	-
Total	\$ 5,721,799	\$ 463,124

\$ 1,235,854 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year ending September 30	Amount
2020	\$ 1,483,969
2021	636,520
2022	559,435
2023	1,342,897
2024	-
Thereafter	-

Actuarial Methods and Assumptions

All Actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2018 funding valuation, except as noted below and throughout this report. Please see Hunt County December 31, 2018 Summary Valuation Report for further details.

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

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

G. Risk Management

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

H. Receivables

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

	Governmental Activities
Receivables	
Property Taxes	\$ 3,315,726
Sales Taxes	852,991
Grants and Other	118,516
Fines, Fees and Court Costs	4,999,418
 Total Gross Receivables	 \$ 9,286,651
Less: Allowance for Uncollectibles	
Taxes	(397,707)
Fines, Fees and Court Costs	(4,749,447)
 Net Total Receivables	 \$ 4,139,497

I. Post-Employment Benefits Other than Pension Benefits

From an accrual accounting perspective, the cost of post-employment benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 75 during the year ended September 30, 2019, the County recognizes the cost of postemployment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the County's future cash flows.

Plan Description

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

Plan Participants

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

HUNT COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2019

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

Normal Retirement Benefits

Health Care Benefit Eligibility Conditions

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

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

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

Health Care Benefit Provided by Plan

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

Early Retirement Benefits

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

Deferred Retirement Benefits

NONE

Death in Service Retirement Benefits

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

Disability Retirement Benefits

Same as Normal Retirement

Dental Coverage

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

Life Insurance

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

Monthly Premiums

	Employee	Employee & Spouse *
BlueCross BlueShield of Texas (Medical)	\$ 939	\$ 1,985
BlueCross BlueShield of Texas (Dental)	\$ 26	\$ 71
Lincoln Life	\$ 7	-

* Various premiums are incurred in other categories including child, children and family.

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

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

Funding Policy and Annual OPEB Cost

The County's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 75. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ended September 30, 2019, is as follows:

Total OPEB Liability	
Service Cost	\$ 910,840
Interest on the total OPEB liability	391,351
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(1,292,980)
Change of assumptions	(84,476)
Benefit Payments	(517,331)
Net change in total OPEB liability	(592,596)
Total OPEB liability - Beginning	11,626,554
Total OPEB liability - ending	11,033,958
Covered-employee payroll	\$ 12,353,112
Total OPEB liability as a percentage of covered-employee payroll	89.32%

The ending Total OPEB Liability was as of December 31, 2019 was \$11,033,958.

Membership Information – the following Schedule presents information about Member participants:

Inactive Plan Members or Beneficiaries Receiving Benefits	29
Inactive Plan Members Entitled to but Not yet Receiving Benefits	0
Active Plan Members	314
Total Plan Members	343

Statement of OPEB Expense under GASB Statement No. 75

Service Cost	\$ 910,840
Interest on the Total OPEB liability	391,351
Current-Period Changes	-
OPEB Plan Administrative Expense	-
Recognition of Current Year Outflows (Inflows) due to liabilities	(164,053)
Amortization of Prior Year Outflows (Inflows) due to liabilities	67,354
Total OPEB Expense	\$ 1,205,492

HUNT COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2019

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

Actuarial Methods and Assumptions

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

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

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

The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018. Additionally, the health care trend rates were updated to reflect the plan's anticipated experience.

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

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

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

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

1% Decrease 2.71%	Current Discount Rate Assumption 3.71%	1% Increase 4.71%
\$ 12,060,714	\$ 11,033,948	\$ 10,099,108

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

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 9,809,173	\$ 11,033,948	\$ 12,501,961

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

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB Liability (December 31, 2018) and prior to the end of the employer's reporting period (September 30, 2019) should be reported by the employer as a deferred outflow related to OPEB.

The deferred outflow related to benefit payments made subsequent to the measurement date was \$429,445 (\$293,337 of explicit premium subsidies and \$136,108 of implicit subsidies). The implicit subsidy was estimated by multiplying the explicit costs by 0.464 factor equals the ratio of the expected implicit subsidy to the expected costs.

Year Ending September 30	Amount
2020	\$ (96,699)
2021	(96,699)
2022	(96,699)
2023	(96,699)
2024	(96,699)
Thereafter	(225,032)
Total	<u>\$ (708,527)</u>

HUNT COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

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

Discount Rate

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

K. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all County employees, permits them 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.

L. Subsequent Events

The County's management has evaluated subsequent events through September 18, 2020, the date which the financial statements were available for issue.

Management has evaluated all events or transactions that occurred after December 31, 2019 up through September 18, 2020, the date the financial statements were issued. The global outbreak of coronavirus disease 2019 ("COVID-19") presents various global risks. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management of the Corporation is actively monitoring the global situation on its financial condition, liquidity, operations, supplies, vendors, and industry. Given the evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects, if any, of the COVID-19 outbreak on its results of operations and financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

HUNT COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Amended		Final Budget
				Positive (Negative)
REVENUES				
Taxes - Property	\$ 23,411,173	\$ 23,411,173	\$ 24,221,637	\$ 810,464
Taxes - Sales Tax and Other	4,095,500	4,095,500	5,668,958	1,573,458
Fees	2,096,461	3,075,877	3,407,497	331,620
Motor Vehicle Fees	1,028,000	1,028,000	419,761	(608,239)
Intergovernmental Support	468,292	466,978	476,323	9,345
Investment Earnings	60,000	60,000	479,418	419,418
Miscellaneous	754,573	945,592	942,864	(2,728)
Total Revenues	\$ 31,913,999	\$ 33,083,120	\$ 35,616,458	\$ 2,533,338
EXPENDITURES				
Current:				
General Government	\$ 7,631,018	\$ 8,074,783	\$ 7,242,071	\$ 832,712
Judicial	9,972,616	10,221,688	9,241,689	979,999
Public Safety	7,224,605	7,583,814	7,411,319	172,495
Corrections and Rehabilitation	6,562,224	6,717,829	6,335,322	382,507
Health and Human Services	897,518	908,899	873,062	35,837
Community Development	224,279	232,214	223,397	8,817
Infrastructure	500	500	500	-
Debt Service	58,179	58,179	58,179	-
Total Expenditures	\$ 32,570,939	\$ 33,797,906	\$ 31,385,539	\$ 2,412,367
Excess (Deficiency) of Revenues over Expenditures	\$ (656,940)	\$ (714,786)	\$ 4,230,919	\$ 4,945,705
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 517,332	\$ 673,628	\$ 640,458	\$ (33,170)
Transfers Out	(200,000)	(50,000)	(10,457,848)	(10,407,848)
Net Other Financing Sources (Uses)	\$ 317,332	\$ 623,628	\$ (9,817,390)	\$ (10,441,018)
Net Change in Fund Equity	\$ (339,608)	\$ (91,158)	\$ (5,586,471)	\$ (5,495,313)
Fund Equity - October 1 (Beginning)	19,418,156	19,418,156	19,418,156	-
Fund Equity - September 30 (Ending)	\$ 19,078,548	\$ 19,326,998	\$ 13,831,685	\$ (5,495,313)

HUNT COUNTY, TEXAS
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 YEAR ENDED SEPTEMBER 30, 2019

	Measurement Period Ended December 31				
	2018*	2017*	2016*	2015*	2014*
Total Pension Liability					
Service cost	\$ 2,158,848	\$ 2,235,523	\$ 2,420,713	\$ 2,176,453	\$ 2,098,215
Interest (on the total pension liability)	5,676,173	5,339,592	4,938,827	4,635,362	4,346,201
Changes of benefit terms	-	-	-	(434,675)	-
Difference between expected and actual experience	129,703	(559,889)	(508,761)	(554,351)	(359,552)
Change of assumptions	-	336,478	-	653,694	-
Benefit payments, including refunds of employee contributions	(3,141,292)	(3,098,949)	(2,810,263)	(2,677,078)	(2,644,960)
Net Change in Total Pension Liability	\$ 4,823,432	\$ 4,252,755	\$ 4,040,516	\$ 3,799,405	\$ 3,439,904
Total Pension Liability - Beginning	69,457,430	65,204,673	61,164,157	57,364,752	53,924,848
Total Pension Liability - Ending (a)	\$ 74,280,862	\$ 69,457,428	\$ 65,204,673	\$ 61,164,157	\$ 57,364,752
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,756,979	\$ 1,633,665	\$ 1,591,206	\$ 1,660,857	\$ 1,600,226
Contributions - Employee	1,180,104	1,143,560	1,130,807	1,149,951	1,075,007
Net investment income	(1,259,301)	8,637,102	4,085,843	(334,002)	3,515,409
Benefit payments, including refunds of employee contributions	(3,141,292)	(3,098,949)	(2,810,263)	(2,677,078)	(2,644,960)
Administrative expense	(52,978)	(44,872)	(44,458)	(39,852)	(41,408)
Other	694	(4,735)	(21,850)	29,749	(23,263)
Net Change in Plan Fiduciary Net Position	\$ (1,515,794)	\$ 8,265,771	\$ 3,931,285	\$ (210,375)	\$ 3,481,011
Plan Fiduciary Net Position - Beginning	67,473,605	59,207,833	55,276,549	55,486,925	52,005,914
Plan Fiduciary Net Position - Ending (b)	\$ 65,957,811	\$ 67,473,604	\$ 59,207,834	\$ 55,276,550	\$ 55,486,925
Net Pension Liability - Ending (a) - (b)	\$ 8,323,051	\$ 1,983,824	\$ 5,996,839	\$ 5,887,607	\$ 1,877,827
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.80%	97.14%	103.30%	90.37%	96.73%
Covered Employee Payroll	\$ 16,747,752	\$ 16,336,568	\$ 16,154,392	\$ 16,427,865	\$ 15,357,244
Net Pension Liability as a Percentage of Covered Employee Payroll	49.70%	12.14%	37.12%	35.84%	12.23%

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

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 12 month delay for financial reporting in accordance with GASB 68.

HUNT COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2018

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,180,104	\$ 1,619,194	\$ 1,509,903	\$ 1,507,954	\$ 1,604,822
Contributions in relation to actuarially determined contribution	<u>(1,180,104)</u>	<u>(1,619,194)</u>	<u>(1,509,903)</u>	<u>(1,507,954)</u>	<u>(1,604,822)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 16,801,274	\$ 15,633,646	\$ 15,160,277	\$ 15,191,059	\$ 15,761,313
Contributions as a percentage of covered employee payroll	7.02%	10.36%	9.96%	9.93%	10.18%

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

HUNT COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2019

	2018*	2017*
Total Pension Liability		
Service cost	\$ 910,840	\$ 779,335
Interest (on the total OPEB liability)	391,351	399,662
Changes of benefit terms	-	-
Difference between expected and actual experience	(1,292,980)	134,547
Change of assumptions	(84,476)	505,037
Benefit payments	(517,331)	(584,357)
Net Change in Total OPEB Liability	\$ (592,596)	\$ 1,234,224
Total OPEB Liability - Beginning	11,626,544	10,392,320
Total OPEB Liability - Ending	<u>\$ 11,033,948</u>	<u>\$ 11,626,544</u>
Covered Employee Payroll	\$ 12,353,122	\$ 11,075,027
Net OPEB Liability as a Percentage of Covered Employee Payroll	89.32%	104.98%

Note: FYE19- The healthcare trend assumption was modified to better reflect anticipated experience. Changes of assumptions reflect the effects of changes in the discount rate each period.

* Measurement period is December 31, ending date.

**HUNT COUNTY, TEXAS
 NOTES TO SCHEDULE OF CONTRIBUTIONS
 YEAR ENDED SEPTEMBER 30, 2019**

A. TCDRS Retirement Plan

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

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.2 years
Asset Valuation Method	5-yr; smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service, 4.9% average over career including inflation
Investment Rate of Return	8.0%, net investment expenses, including inflation
	Retirement Age Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Other Information:	There were no benefit changes during the year.

B. OPEB Benefit Plan

Plan Participants

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

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

**HUNT COUNTY, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2019**

B. OPEB Benefit Plan (Continued)

Normal Retirement Benefits

Health Care Benefit Eligibility Conditions

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

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

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

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

Health Care Benefit Provided by the Plan

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

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

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

Death in Service Retirement Benefits

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

Disability Retirement Benefits

Same as Normal Retirement

Dental Coverage

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