

ANNUAL FINANCIAL REPORT

Lee County, Texas

Fiscal Year Ended
September 30, 2020

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Lee County, Texas

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September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge
Members of the Commissioners' Court
Lee County, Texas:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The County's 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 opinion.

Opinion

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 County as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.F. to the financial statements, the County restated beginning fund balance within a nonmajor governmental fund due to an accounting error occurring in the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information for the debt service fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2021 on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s 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.



Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
May 17, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Lee County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

As management of Lee County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

- The general fund reported revenues over expenditures and other financing sources and uses of \$2,717,510 compared to a budgeted reduction of \$4,972,000, which results in a total positive budget variance of \$7,689,510.
- The County's net position increased by \$3,816,069.
- The County's total net position was \$39,779,807 at September 30, 2020.
- The County's net pension liability and other postemployment benefits liability were \$1,130,530 and \$7,584,072, respectively, at September 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

Lee County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

Both of the government-wide financial statements present functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the County include general government, public safety, highways and streets, sanitation, and culture and recreation.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

The County maintains twenty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, which are considered to be major funds. The debt service fund is not considered to be a major fund, but has been presented as such. Data from the other twenty governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its general, road and bridge, and debt service funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with these budgets.

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements provide more information about the County's most significant funds, not the County as a whole.

Lee County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains one type of fiduciary fund. The *Agency fund* reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

Notes to Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension and Other Postemployment Benefits ("OPEB") benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on OPEB.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$39,779,807 at the close of the most recent fiscal year.

Lee County, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2020	2019
Current and other assets	\$ 24,004,171	\$ 20,399,360
Capital assets, net	27,797,056	27,406,304
Investment in airport	1,023,361	1,024,506
Total Assets	52,824,588	48,830,170
Total Deferred		
Outflows	1,811,689	1,517,383
Current liabilities	1,398,514	1,410,750
Long-term liabilities	12,724,311	12,973,065
Total Liabilities	14,122,825	14,383,815
Total		
Deferred Inflows	733,645	-
Net position:		
Net investment		
in capital assets	23,189,310	22,389,307
Restricted	8,410,350	7,540,641
Unrestricted	8,180,147	6,033,790
Total Net Position	\$ 39,779,807	\$ 35,963,738

The County's net position increased to \$39,779,807 from \$35,963,738. The County's unrestricted net position was \$8,180,147. The County's current and other assets increased primarily as a result of increased cash on hand and investment balances, which is a direct result of revenues exceeding expenditures throughout the year. The County's net investment in capital assets continued to increase as improvements were made to the County's infrastructure and courthouse. Total liabilities decreased primarily as a result of the decreased actuarial valuation of the County's TCDRS pension liability.

Lee County, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Statement of Activities

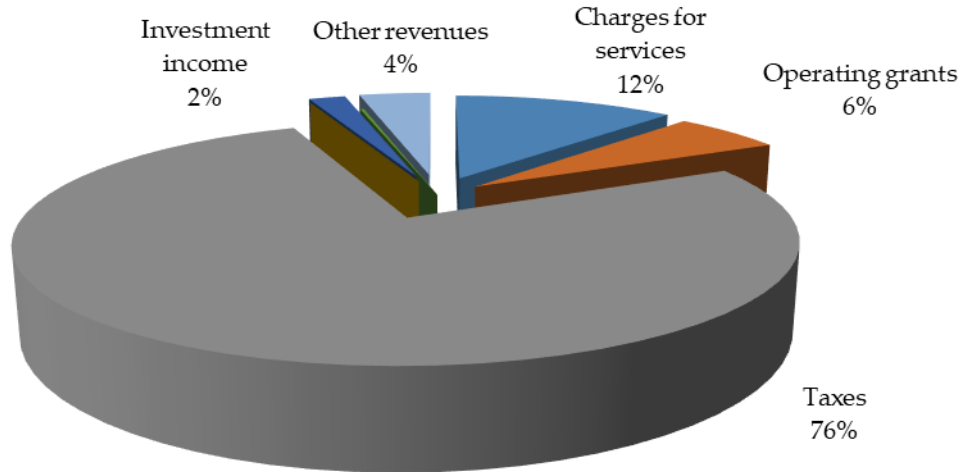
The following table provides a summary of the County's changes in net position for the years ended:

	Governmental Activities	
	2020	2019
Revenues		
Program revenues:		
Charges for services	\$ 2,082,366	\$ 2,514,531
Operating grants	1,018,152	431,752
General revenues:		
Taxes	13,373,067	11,592,631
Investment income	347,247	520,878
Rents and royalties	34,610	28,994
Other revenues	675,544	450,785
Total Revenues	17,530,986	15,539,571
Expenses		
General government	4,127,089	3,922,553
Public safety	4,701,381	4,836,704
Roads and bridges	3,759,633	3,674,654
Health and welfare	610,848	611,909
Culture and recreation	6,763	2,385
Conservation and development	386,007	373,112
Interest and fiscal agent fees on long-term debt	123,196	134,492
Total Expenses	13,714,917	13,555,809
Change in Net Position	3,816,069	1,983,762
Beginning net position	35,963,738	33,979,976
Ending Net Position	\$ 39,779,807	\$ 35,963,738

Lee County, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities.

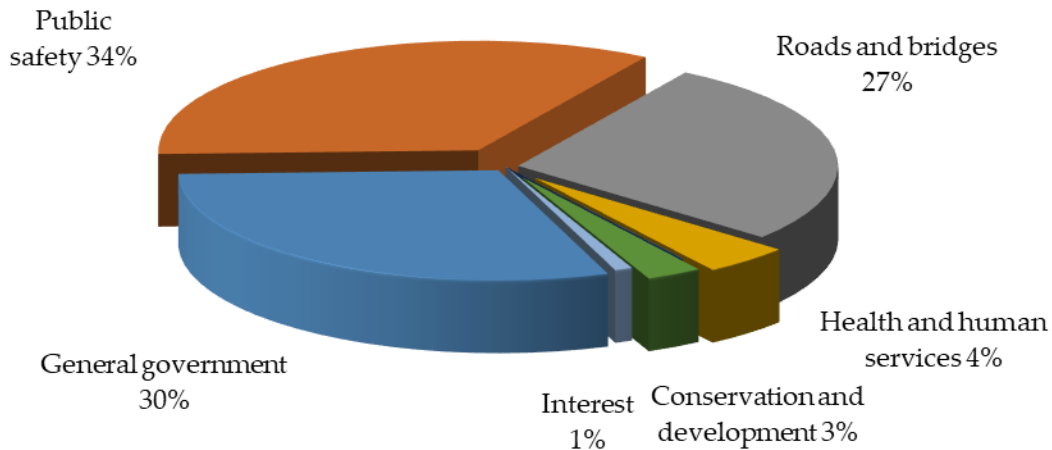
Governmental Revenues



Total governmental revenues increased by \$1,991,415 or 13% from the prior year. Charges for services decreased by \$432,165 or 17% primarily as a result of decreased road permit and development permit fees. Operating grant revenue increased by \$586,400 due to nonrecurring grants received in the current year relating to the County's COVID-19 response. Tax revenue increased by \$1,780,436 or 15% primarily as a result of increased sales tax receipts fueled by economic growth within the County. In addition, property taxes increased due to greater appraised values in the current year. Investment income decreased by \$173,631 or 33% primarily as a result of the realization of lower interest rates in the current year. Other revenues increased by \$224,759 or 50% primarily due to nonrecurring insurance claims income received in the current year.

Lee County, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Governmental Expenses



Total governmental expenses increased by \$159,108 or 1% from the prior year, which is considered minimal. General government increased by \$204,536 or 5% primarily due greater personnel costs, local election expenses, and insurance related expenses in the current year. All other expenses remained relatively consistent compared to the prior year.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County’s governing body.

The County’s governmental funds reflect a combined fund balance of \$21,969,988. Of this, \$12,614,189 is unassigned and available for day-to-day operations of the County, \$4,991,106 is restricted for road and bridge expenditures, and \$166,635 is restricted for debt service. The County has nonspendable funds of \$94,867 that consists of prepaid items. Committed fund balance is \$850,582 and restricted fund balance for special revenue funds is \$3,252,609.

Lee County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

There was an increase in the combined fund balance of \$3,608,301 over the prior year. Included in this change is an increase of \$294,756 in the road and bridge fund, a decrease in the debt service fund of \$10,258, an increase in nonmajor governmental funds of \$606,293, and an increase of \$2,717,510 in the general fund. The County's fund balance policy for the general fund is a three-month reserve. With the previously noted increase, the general fund balance of \$12,710,785 is estimated to be \$10,514,569 over policy.

General Fund Budgetary Highlights

Actual general fund revenues were over final budgeted revenues by \$1,748,365 during the year. This increase is primarily attributable to property taxes, sales taxes, fines and forfeitures, intergovernmental revenues, interest income, and other revenues exceeding the anticipated amount in the original budget projections. Actual general fund expenditures were under the final budgeted expenditures by \$1,699,797.

Capital Assets

At the end of the year, the County's governmental activities funds had invested \$27,797,056 in a variety of capital assets and infrastructure, net of depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34.

The significant capital asset transactions occurring during the current year were as follows:

- New restoration and foundation improvements for courthouse totaling \$188,254.
- Investment in new infrastructure assets amounting to \$968,467.
- Purchase of new vehicles and equipment totaling \$685,967.

More detailed information about the County's capital assets is presented in the notes to the financial statements.

Long-Term Debt

At the end of the year, the County reported outstanding bond issuances of \$4,550,000. Principal payments on bonds of \$595,000 were made during the year on these outstanding bonds.

More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

Economic Factors

The County continues to grow as seen in the increase in assessed property valuations for both residential and commercial entities. The County has continued to solidify the infrastructure of the County by investing in roads and bridges within the County.

Lee County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2020

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County's business office at Lee County, Texas, 200 S. Main, Room 201, Giddings, Texas 78942.

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BASIC FINANCIAL STATEMENTS

Lee County, Texas
STATEMENT OF NET POSITION
September 30, 2020

		Primary Governmental Activities
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$	18,581,797
Investments		3,008,575
Receivables, net		2,195,209
Due from agency fund		109,422
Prepaid items		94,867
Total Current Assets		23,989,870
Non-Current Assets:		
Restricted cash		14,301
Nondepreciable capital assets		1,674,784
Capital assets (net of accumulated depreciation)		26,122,272
Investment in airport		1,023,361
Total Non-Current Assets		28,834,718
	Total Assets	52,824,588
<u>Deferred Outflows of Resources</u>		
Pension contributions		383,751
Pension gains on investments		96,648
Pension assumption changes		55,140
OPEB changes in assumptions		1,255,580
Deferred charge on refunding		20,570
Total Deferred Outflows of Resources		1,811,689

Lee County, Texas
STATEMENT OF NET POSITION (Continued)
September 30, 2020

	Primary Government
	Governmental Activities
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 626,476
Accrued interest payable	8,668
Compensated absences, current	130,289
Long-term debt due within one year	633,081
Total Current Liabilities	1,398,514
Non-Current Liabilities:	
Net pension liability	1,130,530
OPEB liability	7,584,072
Compensated absences, noncurrent	14,477
Long-term debt due in more than one year	3,995,232
Total Liabilities	14,122,825
<u>Deferred Inflows of Resources</u>	
Pension investment earnings	470,426
OPEB investment experience	263,219
Total Deferred Inflows of Resources	733,645
<u>Net Position</u>	
Net investment in capital assets	23,189,310
Restricted	8,410,350
Unrestricted	8,180,147
Total Net Position	\$ 39,779,807

See Notes to Financial Statements.

Lee County, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General government	\$ 4,127,089	\$ 677,984	\$ 387,656
Public safety	4,701,381	550,888	596,090
Roads and bridges	3,759,633	853,494	21,808
Health and welfare	610,848	-	12,598
Culture and recreation	6,763	-	-
Conservation and development	386,007	-	-
Interest and fiscal agent fees on long-term debt	123,196	-	-
Total Governmental Activities	<u>13,714,917</u>	<u>2,082,366</u>	<u>1,018,152</u>
Total Primary Government	<u>\$ 13,714,917</u>	<u>\$ 2,082,366</u>	<u>\$ 1,018,152</u>

General Revenues:

Property taxes
Sales taxes
Other taxes
Investment income
Rents and royalties
Insurance claims revenues
Other revenues

Total General Revenues

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

**Net (Expense)
Revenue and
Changes in Net
Position**

**Governmental
Activities**

\$ (3,061,449)
(3,554,403)
(2,884,331)
(598,250)
(6,763)
(386,007)

(123,196)

(10,614,399)

(10,614,399)

10,667,199
2,695,311
10,557
347,247
34,610
119,249
556,295

14,430,468

3,816,069

35,963,738

\$ 39,779,807

Lee County, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	General	Road and Bridge	Debt Service
<u>Assets</u>			
Cash and cash equivalents	\$ 9,693,580	\$ 5,070,351	\$ 162,803
Investments	3,008,575	-	-
Restricted cash	14,301	-	-
Receivables, net	1,412,237	182,772	57,994
Due from other funds	436	29,899	4,599
Due from agency fund	118,073	-	-
Prepaid items	87,233	7,634	-
Total Assets	\$ 14,334,435	\$ 5,290,656	\$ 225,396
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 373,088	\$ 123,306	\$ 767
Due to other governments	19,900	76	-
Due to agency fund	13,727	-	-
Due to other funds	35,756	-	-
Total Liabilities	442,471	123,382	767
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	563,855	168,534	57,994
Unavailable revenue - fines and forfeitures	617,324	-	-
Total Deferred Inflows of Resources	1,181,179	168,534	57,994
<u>Fund Balances</u>			
Nonspendable:			
Prepaid items	87,233	7,634	-
Restricted:			
Debt service	-	-	166,635
Road and bridge	-	4,991,106	-
Special revenue funds	-	-	-
Committed:			
Capital improvements	-	-	-
Special revenue funds	-	-	-
Unassigned	12,623,552	-	-
Total Fund Balances	12,710,785	4,998,740	166,635
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,334,435	\$ 5,290,656	\$ 225,396

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,655,063	\$ 18,581,797
-	3,008,575
-	14,301
542,206	2,195,209
10,199	45,133
5,076	123,149
-	94,867
<u>\$ 4,212,544</u>	<u>\$ 24,063,031</u>
\$ 109,339	\$ 606,500
-	19,976
-	13,727
9,377	45,133
<u>118,716</u>	<u>685,336</u>
-	790,383
-	617,324
<u>-</u>	<u>1,407,707</u>
-	94,867
-	166,635
-	4,991,106
3,252,609	3,252,609
772,015	772,015
78,567	78,567
(9,363)	12,614,189
<u>4,093,828</u>	<u>21,969,988</u>
<u>\$ 4,212,544</u>	<u>\$ 24,063,031</u>

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Lee County, Texas
RECONCILIATION OF THE BALANCE SHEET
OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2020

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

Total fund balances - governmental funds	\$	21,969,988
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.		
Nondepreciable capital assets		1,674,784
Depreciable capital assets		45,351,069
Accumulated depreciation		(19,228,797)
The investment in airport is considered a long-term investment		1,023,361
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as:		
Unavailable revenue - property taxes		790,383
Unavailable revenue - fines and forfeitures		617,324
Deferred outflows of resources represent a consumption of net position that applies to a future period and is not recognized as an outflow of resources (expense/expenditures) until then		
Pension contributions		383,751
Pension assumption changes		55,140
Pension (gains) losses		96,648
OPEB changes in assumptions		1,255,580
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not recognized as an outflow of resources (revenues) until then		
Pension investment earnings		(470,426)
OPEB investment experience		(263,219)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest payable		(8,668)
Bonds, capital leases, & other liabilities		(4,628,313)
Deferred loss on advance refunding		20,570
Net pension liability		(1,130,530)
OPEB liability		(7,584,072)
Compensated absences		(144,766)
Net Position of Governmental Activities	\$	39,779,807

See Notes to Financial Statements.

Lee County, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>
<u>Revenues</u>			
Property taxes	\$ 7,784,478	\$ 2,188,497	\$ 695,482
Sales taxes	2,530,737	164,574	-
Other taxes	10,557	-	-
Fines and forfeitures	419,243	-	-
Charges for services	608,654	853,494	-
Intergovernmental revenue	251,338	21,808	-
Investment income	211,410	88,503	8,624
Rents and royalties	21,384	13,226	-
Other revenue	234,663	112,701	-
Total Revenues	12,072,464	3,442,803	704,106
<u>Expenditures</u>			
Current:			
General government	3,753,742	-	-
Public safety	4,109,596	-	-
Public works	404,625	3,647,279	-
Health and welfare	327,405	-	-
Culture and recreation	-	-	-
Conservation and development	189,497	-	-
Debt Service:			
Principal	-	84,522	595,000
Interest and fiscal charges	-	1,736	119,364
Total Expenditures	8,784,865	3,733,537	714,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,287,599	(290,734)	(10,258)
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	451,460	-
Transfers (out)	(699,060)	(33,000)	-
Insurance claims income	119,249	-	-
Lease issuance	-	143,750	-
Proceeds from sale of capital assets	9,722	23,280	-
Total Other Financing Sources (Uses)	(570,089)	585,490	-
Net Change in Fund Balances	2,717,510	294,756	(10,258)
Beginning fund balances	9,993,275	4,703,984	176,893
Ending Fund Balances	\$ 12,710,785	\$ 4,998,740	\$ 166,635

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 10,668,457
-	2,695,311
-	10,557
-	419,243
174,161	1,636,309
745,006	1,018,152
38,710	347,247
-	34,610
186,796	534,160
1,144,673	17,364,046
337,703	4,091,445
25,692	4,135,288
-	4,051,904
261,343	588,748
200	200
194,042	383,539
-	679,522
-	121,100
818,980	14,051,746
325,693	3,312,300
280,600	732,060
-	(732,060)
-	119,249
-	143,750
-	33,002
280,600	296,001
606,293	3,608,301
3,487,535	18,361,687
\$ 4,093,828	\$ 21,969,988

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Lee County, Texas
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
September 30, 2020

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

Net changes in fund balances - total government funds	\$	3,608,301
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay		1,842,688
Depreciation expense		(1,439,403)
Net effect of capital asset disposals		(12,533)
Change in investment in joint venture		(1,145)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Unavailable revenue - property taxes		(1,258)
Unavailable revenue - fines and forfeitures		29,625
<p>Bonds and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.</p>		
Principal payment		679,522
Lease issuance		(143,750)
Deferred charge on refunding		(2,938)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting and the net change in compensated absences.</p>		
OPEB expense		(568,431)
Pension expense		(188,325)
Compensated absences		12,874
Accrued interest		842
Change in Net Position of Governmental Activities	\$	<u><u>3,816,069</u></u>

See Notes to Financial Statements.

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Lee County, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
September 30, 2020

		<u>Total Agency Funds</u>
<u>Assets</u>		
Cash and cash equivalents	\$	1,511,439
Due from County		13,727
Total Assets	\$	<u>1,525,166</u>
 <u>Liabilities</u>		
Accounts payable	\$	14,168
Due to County		123,149
Due to other entities		1,387,849
Total Liabilities	\$	<u>1,525,166</u>

See Notes to Financial Statements.

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Lee County, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

Lee County, Texas, (the "County") is an independent government entity created in 1874 from Washington County by an act of the Texas Legislature. The County is governed by Commissioners' Court, composed of four County Commissioners and the County Judge, all of which are elected officials.

The County's financial statements include the accounts of all County operations. The County provides a vast array of services including public safety, environmental protections, public transportation, health and welfare, culture and recreation, conservation, public facilities, judicial, legal, and election functions, and general and financial administrative services.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds. Major individual governmental are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

The *road & bridge fund* is used to account for revenues of property taxes levied and vehicle registration fees for the road & bridge fund. Uses of funds are restricted for the maintenance of roads, bridges, and the operations of related facilities. All precinct operations as well as permanent road monies are accounted for in this fund.

The *debt service fund* is used to account for the payment of interest and principal on all certificate of obligation bonds and other long-term debt of the County. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Additionally, the government reports the following fund types:

The *agency fund* reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The *special revenue funds* account for resources restricted to, or designated for, specific purposes in a special revenue fund.

Lee County, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met,

Lee County, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary information

1. *Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, road & bridge fund, and debt service fund. The capital improvements fund is appropriated on a project-length basis.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Commissioner's Court. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. While all appropriations lapse at year end, surpluses may be re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. *Cash and cash equivalents*

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. *Investments*

Investments for the government are reported at fair value (generally based on quoted market prices.) Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

The Local Government Code of Texas authorizes the County to invest in:

- (1) obligations of the United States or its agencies and instrumentalities;
- (2) direct obligations of the State of Texas or its agencies and instrumentalities;
- (3) collateral mortgage obligations although significantly limited;
- (4) other obligations, the principal and interest on which are unconditionally guaranteed or insured or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities;
- (5) obligations of state, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent;
- (6) certificates of deposit issued by state and national banks or savings and loan domiciled in Texas which are:
 - (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or
 - (b) secured by obligations of paragraphs (1) to (5) above and that have a market value of not less than the principal amount of the certificates but excluding certain mortgage-backed securities;
 - (c) fully collateralized repurchase agreements, bankers' acceptances, commercial paper, mutual funds, guaranteed investment contracts, and investment pools all of which are required to meet certain restrictive criteria.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level

Lee County, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives.

<u>Asset Description</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings & improvements	20-50
Machinery & equipment	5-10

4. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Lee County, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

5. *Net position flow assumptions*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

6. *Fund balance flow assumptions*

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

7. *Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The commissioner's court is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body has by resolution authorized the county auditor to assign fund balance. The court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The County's policy is to maintain an unassigned fund balance in the general and debt service funds of approximately 25% of budgeted expenditures or debt service to be used during the subsequent fiscal year.

8. Pensions

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

9. Other Postemployment Benefits

The District has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The County provides medical and dental benefits to eligible retirees. The County pays \$500 of the monthly contribution for the individual medical coverage for retirees age 50 with 25 years of service at retirement. The retiree pays the remainder of the individual contribution and 100% of the contribution for medical dependent coverage and dental coverage. All eligible retirees receive a subsidy at age 65 and older equal to the Plan F Medicare supplement premium.

GASB 75 governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (Total OPEB Liability for unfunded plans), to be recognized on the balance sheets of participating employers. Changes in the Net OPEB Liability (Total OPEB Liability for unfunded plans) will be immediately recognized as OPEB Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

H. Revenues and expenditures/expenses

1. *Program revenues*

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. *Property taxes*

Property taxes attach as an enforceable lien on real property and are levied as of October 1st. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Uncollected amounts at year end are reported as deferred revenue. Delinquent property taxes collected within 60 days subsequent to year end were not considered material.

3. *Compensated absences*

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The original budget is adopted by the Commissioners' Court prior to the beginning of the year. The legal level of control is the department level in the general fund and road and bridge fund and fund level for all other funds. The budget cannot be amended without the approval of Commissioners' Court.

Appropriations lapse at the end of the year except in the road and bridge – special revenue fund. Budgets are adopted for all funds. Budgets are adopted on a GAAP basis for all budget funds except for the capital projects fund, which adopts a project length budget. Several supplemental budget appropriations were made for the year ended September 30, 2020.

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

A. Deficit Fund Equity

The Flood Grant fund had a deficit fund balance of \$9,363 as of September 30, 2020 due to cumulative flood grant related expenditures exceeding cumulative revenues.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2020, the County had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity</u>
External investment pool (TexPool)	\$ 4,367,957	38 days
External investment pool (Texas Class)	3,008,575	56 days
	<u>\$ 7,376,532</u>	
Portfolio weighted average maturity		47 days

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less.

Credit risk. State law and the County's investment policy limits investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. Further, commercial paper must be rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2020, the County's investments in TexPool and Texas CLASS was rated AAAM by Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of September 30, 2020, market values of pledged securities and FDIC insurance exceeded bank balances.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and

Lee County, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. There are no limitations or restrictions on withdrawals. Finally, Standard & Poors rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poors, as well as to the office of the Comptroller of Public Accounts for review.

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”) was created as a local government investment pool pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. Finally, Standard & Poor’s rate Texas CLASS AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Nonmajor Govt.</u>	<u>Total</u>
Taxes receivable	\$ 776,767	\$ 181,092	\$ 57,994	\$ -	\$ 1,015,853
Fines receivable	5,897,526	-	-	-	5,897,526
Other receivables	39,452	-	-	542,206	581,658
Less allowance	(5,307,773)	-	-	-	(5,307,773)
	<u>\$ 1,405,972</u>	<u>\$ 181,092</u>	<u>\$ 57,994</u>	<u>\$ 542,206</u>	<u>\$ 2,187,264</u>

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2020, follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases/ Transfers)</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,306,042	\$ -	\$ -	\$ 1,306,042
Construction in progress	180,488	188,254	-	368,742
Total capital assets not being depreciated	<u>1,486,530</u>	<u>188,254</u>	<u>-</u>	<u>1,674,784</u>
Other capital assets:				
Infrastructure	10,485,859	-	-	10,485,859
Buildings & improvements	13,609,990	685,967	(82,486)	14,213,471
Machinery & equipment	19,683,272	968,467	-	20,651,739
Total other capital assets	<u>43,779,121</u>	<u>1,654,434</u>	<u>(82,486)</u>	<u>45,351,069</u>
Less accumulated depreciation for:				
Buildings & improvements	(4,912,726)	(421,015)	-	(5,333,741)
Machinery & equipment	(7,913,947)	(593,802)	69,953	(8,437,796)
Infrastructure	(5,032,674)	(424,586)	-	(5,457,260)
Total accumulated depreciation	<u>(17,859,347)</u>	<u>(1,439,403)</u>	<u>69,953</u>	<u>(19,228,797)</u>
Other capital assets, net	<u>25,919,774</u>	<u>215,031</u>	<u>(12,533)</u>	<u>26,122,272</u>
Total	<u>\$ 27,406,304</u>	<u>\$ 403,285</u>	<u>\$ (12,533)</u>	<u>\$ 27,797,056</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 249,181
Public Safety	278,039
Public Works	898,689
Health and Welfare	13,494
Total Governmental Activities Depreciation Expense	<u>\$ 1,439,403</u>

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

D. Investment in Airport

The City of Giddings and Lee County co-own and co-operate an airport. Each entity has a 50 percent ownership interest in the airport. The County's share is reported as "investment in airport" on the statement of net position.

The following is the condensed balance sheet and income statement for the airport as of and for the year ended September 30, 2020:

Balance Sheet	
Assets	
Current assets	\$ 204,117
Fixed assets, net	1,842,711
Total Assets	\$ 2,046,828
 Liabilities and Retained Earnings	
Current liabilities	\$ 106
Total Liabilities	106
Retained earnings	2,046,722
Total Liabilities and Retained Earnings	\$ 2,046,828
Lee County Investment in Airport (50%)	\$ 1,023,361

Income Statement	
<u>Operating Income</u>	
Charges for services	\$ 123,112
Total Operating Income	123,112
 <u>Operating Expenses</u>	
Cost of sales	50,558
Depreciation	78,486
Total Operating Expenses	129,044
 <u>Other Income (Expense)</u>	
Interest income	3,642
Total Other Income (Expense)	3,642
<u>Net Income (Loss)</u>	\$ (2,290)
Net Income (Loss) Attributable to Lee County (50%)	\$ (1,145)

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

E. Deferred Charge on Refunding

A deferred charge resulting from the issuance of the 2015 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental activities totaled \$20,570. Current year amortization expense for governmental activities totaled \$2,938.

F. Long-Term Debt

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended September 30, 2020. In general, the County uses the road and bridge and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2015 General Obligation Refunding Bond	\$ 5,145,000	\$ -	\$ (595,000)	\$ 4,550,000	\$ 605,000
Capital leases	19,085	143,750	(84,522)	78,313	28,081
Total Governmental Activities	\$ 5,164,085	\$ 143,750	\$ (679,522)	\$ 4,628,313	\$ 633,081
Long-term liabilities due in more than one year				\$ 3,995,232	

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

In September 2015, the County issued \$7,375,000 in bonds, bearing an annual interest rate of 2.32%. Principal payments are due annually on September 1 through September 2027.

In June 2019, the County purchased a John Deere M15 flex wing rotary cutter through capital lease financing for \$36,142. An initial principal payment of \$17,057 was made in the current year. Annual payments of \$7,057 (principal and interest) are due through June 2022. The lease bears interest of 5.78%.

In August 2020, the County purchased a piece of Anderson machinery equipment through capital lease financing for \$143,750. An initial down payment of \$75,000 was made in the current year. Annual payments of \$2,100 (principal and interest) are due through July 2023. The lease bears interest of 6.91%.

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Long-term debt obligations of the County as of September 30, 2020, are as follows:

GO Refunding Bonds			
Fiscal Year	Principal	Interest	Total
2021	\$ 605,000	\$ 105,560	\$ 710,560
2022	620,000	91,524	711,524
2023	635,000	77,140	712,140
2024	650,000	62,408	712,408
2025	665,000	47,328	712,328
2026	680,000	31,900	711,900
2027	695,000	16,124	711,124
Total	\$ 4,550,000	\$ 431,984	\$ 4,981,984

Capital Lease - John Deere			
Fiscal Year	Principal	Interest	Total
2021	\$ 6,355	\$ 702	\$ 7,057
2022	6,699	360	7,059
Total	\$ 13,054	\$ 1,062	\$ 14,116

Capital Lease - Anderson			
Fiscal Year	Principal	Interest	Total
2021	\$ 21,726	\$ 3,474	\$ 25,200
2022	23,128	2,072	25,200
2023	20,405	591	20,996
Total	\$ 65,259	\$ 6,137	\$ 71,396

G. Other Long-term Liabilities

The following summarizes the changes in the compensated absences balances of the primary government during the year. In general, the County uses the general fund to liquidate compensated absences.

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 157,640	\$ 191,203	\$ (204,077)	\$ 144,766	\$ 130,289
Total Governmental Activities	<u>\$ 157,640</u>	<u>\$ 191,203</u>	<u>\$ (204,077)</u>	<u>\$ 144,766</u>	<u>\$ 130,289</u>
Long-term Liabilities Due in More than One Year				<u>\$ 14,477</u>	

H. Interfund Transactions

Operating transfers between the primary governmental funds during the 2020 year were as follows:

<u>Transfer In:</u>	<u>Transfers out:</u>		<u>Total</u>
	<u>General</u>	<u>Road & Bridge</u>	
Road & Bridge	\$ 451,460	\$ -	\$ 451,460
Nonmajor governmental	247,600	33,000	280,600
Total	<u>\$ 699,060</u>	<u>\$ 33,000</u>	<u>\$ 732,060</u>

The composition of interfund balances as of September 30, 2020, is as follows:

<u>Due from (Receivable fund):</u>	<u>Due to (Payable fund):</u>			<u>Total</u>
	<u>General</u>	<u>Nonmajor govt.</u>	<u>Agency</u>	
General Fund	\$ -	\$ 436	\$ 118,073	\$ 118,509
Debt Service Fund	4,599	-	-	4,599
Road and Bridge Fund	20,958	8,941	-	29,899
Nonmajor Governmental Fund	10,199	-	5,076	15,275
Agency Fund	13,727	-	-	13,727
	<u>\$ 49,483</u>	<u>\$ 9,377</u>	<u>\$ 123,149</u>	<u>\$ 182,009</u>

Amounts

recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

I. Restricted Net Position and Fund Balance

The County records restricted and committed fund balances for the following items:

Nonspendable for:	
Prepaid insurance	\$ 94,867
Restricted for:	
Debt service	\$ 162,822
Road and bridge	4,991,106
*Special revenue funds	3,243,246
Total Restricted	\$ 8,397,174
Committed for:	
Capital improvements	\$ 772,015
Special revenue funds	78,567
Total Committed	\$ 850,582

*Restricted by enabling legislation or grant restrictions

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the County carries commercial insurance. In addition, the County participates along with 338 other entities in the Texas Association of Counties Workers' Compensation Self-Insurance Fund. The Texas Association of Counties created this pool in 1974 to insure the County for worker compensation related claims. The County also provides its employees benefits, including medical and life insurance, which the County obtains through the Texas Association of Counties Insurance Trust Fund. This pool purchases commercial insurance at group rates for participants in the pool. The County has no additional risk or responsibility to either of the pools in which it participates, outside of payment of insurance premiums. The County has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

The County reports liabilities when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency, and amount of payout and other economic and social factors. The liability for claims and judgments is reported in the government-wide

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

financial statements because it is not expected to be liquidated with expendable available financial resources. However, none are reported at September 30, 2020.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the County could result. Although the County does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations.

D. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies.

Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The County's deferred compensation plan is administered by a private corporation under contract with the County.

Lee County, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

E. Defined Benefit Pension Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and County Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nearly 800 nontraditional defined benefit pension plans. TCDRS in the aggregate 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.

Benefits Provided

The plan provisions are adopted by the Commissioners' Court within the options available in Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Funding Policy

The County has elected the annually determined contribution rate (ACDR) plan provisions of 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. The County contributed using the actuarially determined rate of 10.00% for the months of the accounting year in 2020 and 8.58% for the months of the accounting year in 2019.

The Commissioners' Court adopted the rate of 5% as the contribution rate payable by the employee members for calendar year 2020. The Commissioners' Court may change the

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

employee contribution rate and the employer contribution rate within the options available in the TCDRS Act.

Contributions (Fiscal Year)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual Req. Contribution (ARC)	\$ 502,705	\$ 441,515	\$ 377,633
Contributions Made	(502,705)	(441,515)	(430,291)
Excess / (Deficiency)	\$ -	\$ -	\$ 52,658

Annual Pension Costs

The County's schedule of funding information can be found in the Required Supplemental Information section of this report.

The required contribution rates for fiscal year 2020 were determined as part of the December 31, 2019 actuarial valuation.

Additional information as of the three latest actuarial valuations also follows:

Valuation Date	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percent of payroll, closed	Level Percent of payroll, closed	Level Percent of payroll, closed
Amortization Period in years	12.9 years	12.7 years	9.9 years
Asset Valuation Method	5-year Smoothed Fund	5-year Smoothed Fund	5-year Smoothed Fund
Actuarial Assumptions:			
Investment Rate of Return *	8.1%	8.1%	8.1%
Projected Salary Increases *	4.90%	4.90%	4.90%
* Includes Inflation at stated-rate	3.0%	3.0%	2.75%
Cost-of Living Adjustments	0.0%	0.0%	0.0%

Lee County, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	76
Active employees	126
Total	<u>268</u>

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.25% per year depending on experience
Investment Rate of Return	8.1%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table.

Actuarial assumptions used in the December 31, 2019, valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 8.1% gross of administrative expenses. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities – Developed	MSCI World Ex USA (net)	7.00%	5.20%
International Equities – Emerging	MSCI Emerging Markets (net)	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

(1) Target asset allocation adopted at the June 2020 TCDRS Board meeting.

(2) Geometric real rates of return in addition to assumed inflation of 1.80%, 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.

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Discount Rate:

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance at 12/31/18	\$ 19,184,602	\$ 16,813,635	\$ 2,370,967
Changes for the year:			
Service cost	470,912	-	470,912
Interest on total pension liability ⁽¹⁾	1,558,688	-	1,558,688
Effect of plan changes (2)	90,805	-	90,805
Effect on economic/demographic gains or losses	88,611	-	88,611
Effect of assumptions changes or inputs	-	-	-
Refund on contributions	(39,183)	(39,183)	-
Benefit payments	(802,107)	(802,107)	-
Administrative expense	-	(14,800)	14,800
Member contributions	-	259,552	(259,552)
Net investment income	-	2,761,273	(2,761,273)
Employer contributions	-	445,390	(445,390)
Other ⁽³⁾	-	(1,962)	1,962
Balance at 12/31/19	<u>\$ 20,552,328</u>	<u>\$ 19,421,798</u>	<u>\$ 1,130,530</u>

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

(2) No plan changes valued.

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

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (7.10%) or 1-percentage-point higher (9.10%) than the current rate:

1% Decrease 7.10%	Current Single Rate Assumption 8.10%	1% Increase 9.10%
\$ 3,562,507	\$ 1,130,530	\$ (938,274)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the internet at www.tcdrs.com.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2020, the County recognized pension expense of \$691,084.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between projected and investment earnings	\$ -	\$ (470,426)
Differences between expected and actual economic experience	96,648	-
Differences in assumptions	55,140	-
Contributions subsequent to the measurement date	383,751	-
Total	\$ 535,539	\$ (470,426)

The County reported \$383,751 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2021.

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

Year Ended	
September 30:	
2020	\$ (58,897)
2021	(97,066)
2022	100,692
2023	(263,367)
2022	-
	<u>\$ (318,638)</u>

Other Postemployment Benefits

The County provides medical and dental benefits to eligible retirees. The County pays \$500 of the monthly contribution for the individual medical coverage for retirees age 50 with 25 years of service at retirement. The retiree pays the remainder of the individual contribution and 100% of the contribution for medical dependent coverage and dental coverage. All eligible retirees receive a subsidy at age 65 and older equal to the Plan F Medicare supplement premium. All active employees who retire directly from the County and meet the eligibility criteria may participate.

Employees covered by benefit terms

At the September 30, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	0
Active employees	69
Total	103

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Schedule of Funding Progress

Below is the schedule of funding progress. Ultimately 10 years of funding progress will be presented in the financial statements.

Measurement Date	Fiduciary Net Position	Total OPEB Liability	Net OPEB Liability	Funded Ratio	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
30-Sep-18	\$ -	\$ 5,616,270	\$ 5,616,270	0.00%	\$ 4,511,731	124.48%
30-Sep-19	\$ -	\$ 6,023,280	\$ 6,023,280	0.00%	\$ 5,041,491	119.47%
30-Sep-20	\$ -	\$ 7,584,072	\$ 7,584,072	0.00%	\$ 4,569,346	165.98%

Total OPEB Liability

The District's Postemployment Benefits Other Than Pensions Liability for the benefit plan was measured as of September 30, 2020, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Discount Rate	2.25% (0.25% real rate of return plus 2.00% inflation)

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RPH-2014 Total Table with Projection MP-2019.

Sensitivity Analysis of the Trend and Discount Rate

GASB 75 requires that a sensitivity analysis of the trend and discount rates used in the valuation. The sensitivity is plus or minus 1% from the base rates used in the valuation. The values shown below are as of September 30, 2020.

Healthcare Trend		
1% Decrease (3.50%)	Current Trend 4.50%	1% Increase (5.50%)
\$ 6,192,531	\$ 7,584,072	\$ 9,449,039

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Discount Rate		
1% Increase (3.25%)	Current Discount Rate 2.25%	1% Decrease (1.25%)
\$ 6,337,145	\$ 7,584,072	\$ 9,196,459

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 9/30/2019	\$ 6,023,280
Changes for the year:	
Service Cost	290,720
Interest	253,375
Difference between expected and actual experience	(308,524)
Changes of assumptions	1,471,687
Benefit payments	(146,466)
Net changes	1,560,792
Balance at 9/30/2020	\$ 7,584,072

Total OPEB Expense

This expense includes the service cost, interest cost, and the amortized amount for each basis required by GASB 75.

Total OPEB Expense	Fiscal Year 2020
Service Cost	\$ 290,720
Changes for the year:	
Interest Cost (including interest on Service Cost)	253,375
Change in assumptions	216,107
Difference between expected and actual experience	(45,305)
Total OPEB Expense as of 9/30/2020	\$ 714,897

Lee County, Texas
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

F. Restatement

The County restated beginning fund balance and beginning net position due to accounting errors occurring in a nonmajor governmental fund in the prior year.

The County restated beginning fund balance/net position as follows:

	<u>Governmental Activities</u>	<u>Nonmajor Governmental</u>
Prior year ending net position/ fund balance, as reported	\$ 35,976,199	\$ 3,499,996
Corrections to liabilities	<u>(12,461)</u>	<u>(12,461)</u>
Restated beginning net position/fund balance	<u>\$ 35,963,738</u>	<u>\$ 3,487,535</u>

G. Subsequent Events

There were no material subsequent events through May 17, 2021, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

Lee County, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Property taxes	\$ 7,585,444	\$ 7,585,444	\$ 7,784,478	\$ 199,034
Sales taxes	1,300,000	1,300,000	2,530,737	1,230,737
Other taxes	7,500	7,500	10,557	3,057
Fines and forfeitures	390,000	390,000	419,243	29,243
Charges for services	668,900	668,900	608,654	(60,246)
Intergovernmental revenue	117,700	128,955	251,338	122,383
Investment income	150,000	150,000	211,410	61,410
Rents and royalties	12,300	12,300	21,384	9,084
Other revenue	81,000	81,000	234,663	153,663
Total Revenues	10,312,844	10,324,099	12,072,464	1,748,365
<u>Expenditures</u>				
General government	4,606,181	4,524,523	3,753,742	770,781
Public safety	4,796,275	4,844,220	4,109,596	734,624
Public works	560,684	560,684	404,625	156,059
Health and welfare	346,059	351,027	327,405	23,622
Culture and recreation	5,600	5,600	-	5,600
Conservation and development	198,608	198,608	189,497	9,111
Total Expenditures	10,513,407	10,484,662	8,784,865	1,699,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,563)	(160,563)	3,287,599	3,448,162
<u>Other Financing Sources</u>				
<u>(Uses)</u>				
Transfers (out)	(4,774,437)	(4,814,437)	(699,060)	4,115,377
Insurance claims income	2,000	2,000	119,249	117,249
Proceeds from sale of capital assets	1,000	1,000	9,722	8,722
Total Other Financing Sources (Uses)	(4,771,437)	(4,811,437)	(570,089)	4,241,348
Net Change in Fund Balance	\$ (4,972,000)	\$ (4,972,000)	2,717,510	\$ 7,689,510
Beginning fund balance			9,993,275	
Ending Fund Balance			\$ 12,710,785	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

Lee County, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 2,184,708	\$ 2,184,708	\$ 2,188,497	\$ 3,789
Sales taxes	80,000	80,000	164,574	84,574
Charges for services	696,000	839,220	853,494	14,274
Intergovernmental revenue	-	-	21,808	21,808
Investment income	82,000	82,000	88,503	6,503
Rents and royalties	1,400	1,400	13,226	11,826
Other revenue	20,400	37,625	112,701	75,076
Total Revenues	<u>3,064,508</u>	<u>3,224,953</u>	<u>3,442,803</u>	<u>217,850</u>
<u>Expenditures</u>				
Public works	7,162,135	7,322,580	3,647,279	3,675,301
Debt Service:				
Principal	84,522	84,522	84,522	-
Interest and fiscal charges	1,736	1,736	1,736	-
Total Expenditures	<u>7,248,393</u>	<u>7,408,838</u>	<u>3,733,537</u>	<u>3,675,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,183,885)	(4,183,885)	(290,734)	3,893,151
<u>Other Financing Sources (Uses)</u>				
Transfers in	455,088	455,088	451,460	(3,628)
Transfers (out)	(33,000)	(33,000)	(33,000)	-
Lease issuance	-	-	143,750	143,750
Proceeds from sale of capital assets	3,000	3,000	23,280	20,280
Total Other Financing Sources (Uses)	<u>425,088</u>	<u>425,088</u>	<u>585,490</u>	<u>160,402</u>
Net Change in Fund Balance	<u>\$ (3,758,797)</u>	<u>\$ (3,758,797)</u>	294,756	<u>\$ 4,053,553</u>
Beginning fund balance			<u>4,703,984</u>	
Ending Fund Balance			<u>\$ 4,998,740</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

Lee County, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

For the Year Ended December 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 470,912	\$ 471,183	\$ 451,439
Interest	1,558,688	1,472,011	1,360,346
Effect of plan changes	90,805	-	150,235
Differences between expected and actual experience	88,611	(49,623)	73,375
Changes of assumptions	-	-	110,280
Benefit payments, including refunds of participant contributions	(841,290)	(805,842)	(768,548)
Net change in total pension liability	<u>1,367,726</u>	<u>1,087,729</u>	<u>1,377,127</u>
Total pension liability - beginning	<u>\$ 19,184,602</u>	<u>\$ 18,096,873</u>	<u>\$ 16,719,746</u>
Total pension liability - ending (a)	<u>\$ 20,552,328</u>	<u>\$ 19,184,602</u>	<u>\$ 18,096,873</u>
Plan fiduciary net position			
Contributions - employer	\$ 445,390	\$ 432,560	\$ 420,940
Contributions - members	259,552	252,075	245,303
Net investment income	2,761,273	(323,153)	2,213,410
Benefit payments, including refunds of participant contributions	(841,290)	(805,842)	(768,548)
Administrative expenses	(14,800)	(13,505)	(11,487)
Other	(1,962)	(1,878)	(1,479)
Net change in plan fiduciary net position	<u>2,608,163</u>	<u>(459,743)</u>	<u>2,098,139</u>
Plan fiduciary net position - beginning	<u>16,813,635</u>	<u>17,273,378</u>	<u>15,175,239</u>
Plan fiduciary net position - ending (b)	<u>\$ 19,421,798</u>	<u>\$ 16,813,635</u>	<u>\$ 17,273,378</u>
Fund's net pension liability - ending (a) - (b)	<u>\$ 1,130,530</u>	<u>\$ 2,370,967</u>	<u>\$ 823,495</u>
Plan fiduciary net position as a percentage of the total pension liability	94.50%	87.64%	95.45%
Covered payroll	\$ 5,191,039	\$ 5,041,491	\$ 4,906,064
Fund's net position as a percentage of covered payroll	21.78%	47.03%	16.79%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

	2016	2015	2014
	\$ 448,008	\$ 407,706	\$ 395,772
	1,256,711	1,190,768	1,122,324
	-	(50,835)	-
	94,226	(137,074)	(26,353)
	-	171,136	-
	<u>(734,713)</u>	<u>(722,264)</u>	<u>(701,325)</u>
	1,064,232	859,437	790,418
	<u>\$ 15,655,514</u>	<u>\$ 14,796,077</u>	<u>\$ 14,005,659</u>
	<u>\$ 16,719,746</u>	<u>\$ 15,655,514</u>	<u>\$ 14,796,077</u>
	\$ 401,701	\$ 218,299	\$ 357,606
	234,080	374,672	208,395
	1,049,163	51,611	926,430
	(734,713)	(722,264)	(701,325)
	(11,381)	(10,209)	(10,649)
	72,035	14,544	28,473
	<u>1,010,885</u>	<u>(73,347)</u>	<u>808,930</u>
	14,164,354	14,237,701	13,428,771
	<u>\$ 15,175,239</u>	<u>\$ 14,164,354</u>	<u>\$ 14,237,701</u>
	<u>\$ 1,544,507</u>	<u>\$ 1,491,160</u>	<u>\$ 558,376</u>
	90.76%	90.48%	96.23%
	\$ 4,681,455	\$ 4,365,978	\$ 4,167,905
	32.99%	34.15%	13.40%

<u>2017</u>	<u>2016</u>	<u>2015</u>	¹
\$ 433,157	\$ 376,901	\$ 357,606	
<u>\$ 485,035</u>	<u>\$ 396,467</u>	<u>\$ 357,606</u>	
\$ 51,878	\$ 19,566	\$ -	
\$ 5,653,086	\$ 4,620,824	\$ 3,155,974	
9%	9%	11%	

Lee County, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS RETIREE HEALTHCARE

Year Ended:

	12/31/2019	12/31/2018	12/31/2017 ¹
Total OPEB liability			
Service cost	\$ 290,720	\$ 290,720	\$ 278,261
Interest	253,375	231,582	221,489
Differences between expected and actual experience	(308,524)	-	-
Changes of assumptions	1,471,687	-	-
Benefit payments, including refunds of participant contributions	(146,466)	(115,292)	(121,202)
Net change in total OPEB liability	1,560,792	407,010	378,548
Total OPEB liability - beginning	\$ 6,023,280	\$ 5,616,270	\$ 5,237,722
Total OPEB liability - ending	\$ 7,584,072	\$ 6,023,280	\$ 5,616,270 ²
 Covered payroll	 \$ 4,569,346	 \$ 5,041,491	 \$ 4,511,731
County's total OPEB liability as a percentage of covered	166%	119%	124%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

***COMBINING STATEMENTS
AND SCHEDULES AND
OTHER SUPPLEMENTARY INFORMATION***

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Indigent Defense Fund - Funds received for the legal defense of the indigent in Lee County.

Economic Development Fund - This fund is used to account for revenue collected for the purpose of economic development within Lee County.

911 Tower Fund - This fund is used for the maintenance and operation costs of a communications tower to support emergency 911 operations within the County.

Election Contract - This fund accounts for the revenue collected for the purpose of facilitating local elections

Indigent Care Fund - This fund is used to account for funds dedicated for the healthcare of the indigent within Lee County.

Flood Grant - This fund is used to account for grant funds collected for flood related repairs and maintenance

Law Library Fund - This fund accounts for the operation of a law library for use by members of the Texas Bar Association. Financing is provided from fees assessed in each civil case filed in the County and District Courts.

Recycling Fund - This fund is used to account for recycling expenses incurred by the County.

Court Appointed Attorney Fund - This fund is used to account for funds dedicated to and expenses incurred for court appointed attorneys.

Right of Way Fund - This fund is used to for the upkeep and expenses related to the County's right of ways.

Historical Commission Fund - Revenues received by the Historical Commission are recorded in this fund. The purpose of the fund is to preserve the heritage of the Lee County area and to promote its history.

County Clerk Records Management Fund - Fees collected by the County Clerk, as approved by the Texas Legislature, are accounted for in this fund. The requests to expend funds collected are addressed to Commissioners Court.

Hot Check Fund - This fund is used to collect and remit restitution for insufficient checks.

Sheriff's Office Seizure Fund - Funds collected in connection with gambling, drug seizures and forfeitures, for the use of the District Attorney or Sheriff are deposited into this fund.

Hospital District Fund - This fund is used to account for property tax revenue collected and expenses incurred related to the County's now defunct Hospital District. All revenue received in this fund is from past due property taxes. Funds are spent on health and welfare within the County.

Dedicated Funds - Fees collected by the County and District Clerk for various agencies are accumulated in this fund until payment is made.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (continued)

Court Appointed Seizure Fund - Funds collected in connection with gambling, drug seizures and forfeitures, for the use of the District Attorney to help offset the additional costs of the District Clerk's office are recorded in this fund.

Capital Improvements Fund - Funds dedicated to capital improvement projects are recorded in this fund.

Law Enforcement Center Fund - This fund accounts for revenues and expenditures to maintain the County's law enforcement center.

Courthouse Restoration Phase II Fund - This fund is a capital improvement fund used to account for the restoration of the County's courthouse

Gambling Seizure Fund - This fund accounts for money seized from illegal gambling to be used in for law enforcement expenses.

Hava Grant Fund - This fund accounts for revenues and expenditures related to the Hava Grant.

CARES Act Fund - This fund accounts for revenues and expenditures related to the CARES Act grants .

Fletcher Buildings Fund - This fund accounts for donated money dedicated for the repair and maintenance of the Fletcher buildings

Lee County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 2)
September 30, 2020

	Special Revenue Funds				
	Indigent Defense	Economic Development	911 Tower	Election Contract	Indigent Care
<u>Assets</u>					
Cash and cash equivalents	\$ 44,324	\$ 129,128	\$ 13,950	\$ 6,872	\$ 169,212
Receivables, net	-	-	-	-	-
Due from agency fund	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	\$ 44,324	\$ 129,128	\$ 13,950	\$ 6,872	\$ 169,212
<u>Liabilities</u>					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 1,298
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	-	-	1,298
<u>Fund Balances</u>					
Restricted	44,324	129,128	-	6,872	167,914
Committed	-	-	13,950	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	44,324	129,128	13,950	6,872	167,914
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 44,324	\$ 129,128	\$ 13,950	\$ 6,872	\$ 169,212

See Notes to Financial Statements.

Special Revenue Funds

<u>Flood Grant</u>	<u>Law Library</u>	<u>Recycling</u>	<u>Court Appointed Attorney</u>	<u>Right of Way</u>	<u>Historical Commission</u>	<u>County Clerk Records Mgmt.</u>
\$ 14	\$ 11,746	\$ 25,232	\$ 215,870	\$ 26,620	\$ 12,941	\$ 105,936
34,917	-	-	-	-	-	-
-	240	-	2,890	-	-	-
-	120	-	-	-	-	3,853
<u>\$ 34,931</u>	<u>\$ 12,106</u>	<u>\$ 25,232</u>	<u>\$ 218,760</u>	<u>\$ 26,620</u>	<u>\$ 12,941</u>	<u>\$ 109,789</u>
\$ 34,917	\$ -	\$ 176	\$ -	\$ -	\$ -	\$ 12
9,377	-	-	-	-	-	-
<u>44,294</u>	<u>-</u>	<u>176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
-	12,106	-	218,760	-	-	109,777
-	-	25,056	-	26,620	12,941	-
(9,363)	-	-	-	-	-	-
<u>(9,363)</u>	<u>12,106</u>	<u>25,056</u>	<u>218,760</u>	<u>26,620</u>	<u>12,941</u>	<u>109,777</u>
<u>\$ 34,931</u>	<u>\$ 12,106</u>	<u>\$ 25,232</u>	<u>\$ 218,760</u>	<u>\$ 26,620</u>	<u>\$ 12,941</u>	<u>\$ 109,789</u>

Lee County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (page 2 of 2)
September 30, 2020

	Special Revenue Funds				
		Sheriff's			Court
	Hot Check	Office Seizure	Hospital District	Dedicated Funds	Appointed Seizure
Assets					
Cash and cash equivalents	\$ 68,633	\$ 15,357	\$ 25,051	\$ 690,838	\$ 111,332
Receivables, net	-	-	-	-	-
Due from agency fund	-	-	-	1,946	-
Due from other funds	195	-	-	6,031	-
Total Assets	\$ 68,828	\$ 15,357	\$ 25,051	\$ 698,815	\$ 111,332
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 191	\$ 71,132
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	-	191	71,132
Fund Balances:					
Restricted	68,828	15,357	25,051	698,624	40,200
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	68,828	15,357	25,051	698,624	40,200
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 68,828	\$ 15,357	\$ 25,051	\$ 698,815	\$ 111,332

See Notes to Financial Statements.

Special Revenue Funds

Courthouse Restoration Phase II	Gambling Seizure	Hava Grant	CARES Act	Fletcher Buildings	Capital Improvements	Total Nonmajor Governmental
\$ 1,032,063	\$ 6,706	\$ 16,290	\$ 106,435	\$ 48,498	\$ 772,015	\$ 3,655,063
30,000	-	-	476,872	417	-	542,206
-	-	-	-	-	-	5,076
-	-	-	-	-	-	10,199
<u>\$ 1,062,063</u>	<u>\$ 6,706</u>	<u>\$ 16,290</u>	<u>\$ 583,307</u>	<u>\$ 48,915</u>	<u>\$ 772,015</u>	<u>\$ 4,212,544</u>
\$ 601	\$ -	\$ 159	\$ 205	\$ 648	\$ -	\$ 109,339
-	-	-	-	-	-	9,377
<u>601</u>	<u>-</u>	<u>159</u>	<u>205</u>	<u>648</u>	<u>-</u>	<u>118,716</u>
1,061,462	6,706	16,131	583,102	48,267	-	3,252,609
-	-	-	-	-	772,015	850,582
-	-	-	-	-	-	(9,363)
<u>1,061,462</u>	<u>6,706</u>	<u>16,131</u>	<u>583,102</u>	<u>48,267</u>	<u>772,015</u>	<u>4,093,828</u>
<u>\$ 1,062,063</u>	<u>\$ 6,706</u>	<u>\$ 16,290</u>	<u>\$ 583,307</u>	<u>\$ 48,915</u>	<u>\$ 772,015</u>	<u>\$ 4,212,544</u>

Lee County, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (page 1 of 2)
For the Year Ended September 30, 2020

	Special Revenue Funds				
	Indigent Defense	Economic Development	911 Tower	Election Contract	Indigent Care
Revenues					
Charge for services	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	12,598
Investment income	-	2,084	-	-	-
Other revenue	-	7,979	-	12,842	1,874
Total Revenues	-	10,063	-	12,842	14,472
Expenditures					
Current:					
General government	-	928	-	15,151	475
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	261,343
Culture and recreation	-	-	-	-	-
Conservation and development	-	-	-	-	-
Total Expenditures	-	928	-	15,151	261,818
Excess (Deficiency) of Revenues Over Expenditures	-	9,135	-	(2,309)	(247,346)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	200,000
Total Other Financing Sources (Uses)	-	-	-	-	200,000
Net Change in Fund Balances	-	9,135	-	(2,309)	(47,346)
Beginning fund balances	44,324	119,993	13,950	9,181	215,260
Ending Fund Balances	\$ 44,324	\$ 129,128	\$ 13,950	\$ 6,872	\$ 167,914

See Notes to Financial Statements.

Special Revenue Funds

<u>Flood Grant</u>	<u>Law Library</u>	<u>Recycling</u>	<u>Court Appointed Attorney</u>	<u>Right of Way</u>	<u>Historical Commission</u>	<u>County Clerk Records Mgmt</u>
\$ -	\$ 4,760	\$ -	\$ -	\$ -	\$ 848	\$ 46,043
-	-	-	-	-	-	-
11	169	-	3,478	368	215	1,766
53,100	-	921	15,750	-	-	799
<u>53,111</u>	<u>4,929</u>	<u>921</u>	<u>19,228</u>	<u>368</u>	<u>1,063</u>	<u>48,608</u>
53,100	2,564	52,545	12,350	-	-	33,076
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	200	-
-	-	-	-	-	-	-
<u>53,100</u>	<u>2,564</u>	<u>52,545</u>	<u>12,350</u>	<u>-</u>	<u>200</u>	<u>33,076</u>
<u>11</u>	<u>2,365</u>	<u>(51,624)</u>	<u>6,878</u>	<u>368</u>	<u>863</u>	<u>15,532</u>
<u>-</u>	<u>-</u>	<u>75,600</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>75,600</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
11	2,365	23,976	6,878	5,368	863	15,532
(9,374)	9,741	1,080	211,882	21,252	12,078	94,245
<u>\$ (9,363)</u>	<u>\$ 12,106</u>	<u>\$ 25,056</u>	<u>\$ 218,760</u>	<u>\$ 26,620</u>	<u>\$ 12,941</u>	<u>\$ 109,777</u>

Lee County, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS (page 2 of 2)

For the Year Ended September 30, 2020

	Special Revenue Funds				
	Hot Check	Sheriff's Office Seizure	Hospital District	Dedicated Funds	Court Appointed Seizure
Revenues					
Charge for services	\$ 480	\$ -	\$ -	\$ 120,980	\$ -
Intergovernmental	-	-	-	-	-
Investment income	-	254	-	10,520	639
Other revenue	-	1,180	91	6,904	6,895
Total Revenues	480	1,434	91	138,404	7,534
Expenditures					
Current:					
General government	6,353	-	-	14,086	2,326
Public safety	-	-	-	25,692	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Conservation and development	-	-	-	-	-
Total Expenditures	6,353	-	-	39,778	2,326
Excess (Deficiency) of Revenues Over Expenditures	(5,873)	1,434	91	98,626	5,208
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(5,873)	1,434	91	98,626	5,208
Beginning fund balances	74,701	13,923	24,960	599,998	34,992
Ending Fund Balances	\$ 68,828	\$ 15,357	\$ 25,051	\$ 698,624	\$ 40,200

Special Revenue Funds

Courthouse Restoration Phase II	Gambling Seizure	Hava Grant	CARES Act	Fletcher Buildings	Capital Improvements	Total Nonmajor Governmental
\$ -	\$ -	\$ 1,050	\$ -	\$ -	\$ -	\$ 174,161
-	-	136,318	596,090	-	-	745,006
17,414	-	377	617	798	-	38,710
72,980	115	-	-	5,366	-	186,796
<u>90,394</u>	<u>115</u>	<u>137,745</u>	<u>596,707</u>	<u>6,164</u>	<u>-</u>	<u>1,144,673</u>
-	-	124,274	13,605	6,870	-	337,703
-	-	-	-	-	-	25,692
-	-	-	-	-	-	261,343
-	-	-	-	-	-	200
194,042	-	-	-	-	-	194,042
<u>194,042</u>	<u>-</u>	<u>124,274</u>	<u>13,605</u>	<u>6,870</u>	<u>-</u>	<u>818,980</u>
(103,648)	115	13,471	583,102	(706)	-	325,693
-	-	-	-	-	-	280,600
-	-	-	-	-	-	280,600
(103,648)	115	13,471	583,102	(706)	-	606,293
1,165,110	6,591	2,660	-	48,973	772,015	3,487,535
<u>\$ 1,061,462</u>	<u>\$ 6,706</u>	<u>\$ 16,131</u>	<u>\$ 583,102</u>	<u>\$ 48,267</u>	<u>\$ 772,015</u>	<u>\$ 4,093,828</u>

Lee County, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2020

	Budgeted Amounts <u>Original & Final</u>	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Taxes	\$ 660,084	\$ 695,482	\$ 35,398
Investment income	6,000	8,624	2,624
Total Revenues	<u>666,084</u>	<u>704,106</u>	<u>38,022</u>
<u>Expenditures</u>			
Principal	595,000	595,000	-
Interest and fiscal charges	119,364	119,364	-
Total Expenditures	<u>714,364</u>	<u>714,364</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (48,280)</u>	<u>(10,258)</u>	<u>\$ 38,022</u>
Beginning fund balance		<u>176,893</u>	
Ending Fund Balance		<u>\$ 166,635</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.