

**COUNTY OF GAINES
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2020**

COUNTY OF GAINES

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Judge and Commissioners' Court
County of Gaines
P.O. Box 847
Seminole, Texas 79360

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Gaines, Seminole, Texas, 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Gaines, Seminole, Texas, as of September 30, 2020, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the County's basic financial statements. The management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and the schedule of employer contributions on pages 3 – 10 and 41 – 50, which are the responsibility of management, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Davis, Ray & Co.

Seminole, Texas
December 14, 2020

COUNTY OF GAINES

Esmeralda Felan
County Auditor



December 14, 2020

Honorable Reed A. Filley, District Judge, 106th Judicial District

Honorable Commissioners Court:

Tom N. Keyes	County Judge		
Brian Rosson	Commissioner, PCT 1	Craig Belt	Commissioner, PCT 2
David Murphree	Commissioner, PCT 3	Biz Houston	Commissioner, PCT 4

In accordance with Chapter 114.025(c) VTCA, I submit herewith my report of the financial position of County of Gaines, Texas as of September 30, 2020 together with the results of the operations for the fiscal year of 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Audited Financial Report, the management of County of Gaines, Texas, discusses and analyzes the County's financial performance for the fiscal year ended September 30, 2020. Please read it in conjunction with the independent auditors' report and the County's basic financial statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- At the close of the most recent fiscal year, County of Gaines's net position was \$66,800,009 an increase of \$1,204,720 from the prior year. Of this amount, \$28,748,256 was unrestricted net position.
- The County has no capital long term debt, but does have various operating leases for computer equipment and copiers, as well as a capital lease for golf course maintenance equipment. Everything else is on a cash basis.
- During the year, the County had expenses of \$22,818,979 which were \$1,204,720 less than the \$24,023,699 generated in Program and General Revenues. This compares to last year when revenues exceeded expenses by \$544,789.
- The General Fund ended the year with a fund balance of \$6,773,675 as compared to last year's fund balance of \$5,769,341.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to County of Gaines' basic financial statements. County of Gaines' basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 11 and 12). These provide information about the activities of the County as a whole and present a long-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 13) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the County were sold to departments within the County or to external consumers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of other County funds or those outside of the County. They show what assets these funds have and who they belong to.

The notes to the financial statements (starting on page 20) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

REPORTING THE COUNTY AS A WHOLE – THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The analysis of the County's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. The County has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the County's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities and in the fund financial statements for proprietary fund activities.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

These two statements report the County's net position and changes in position. The County's net position (the difference between assets and liabilities) provides one measure of the County's financial health or financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider non-financial factors as well, such as changes in the County's property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County reports governmental activities:

Governmental activities – Most of the basic services are reported here, including general administration, law enforcement, judicial, road and bridge maintenance, cemetery, parks, airport and library services. Property taxes, courts and services revenue and vehicle registration fees finance most of these activities.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS – THE FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 13 and provide detailed information about the most significant funds—not the County as a whole. A fund is a group 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. Laws and contracts require the County to establish some funds. The County's administration can establish many other funds to help it control and manage money for particular purposes (e.g. capital projects). All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. Each category uses a different accounting approach.

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 statements, governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. These funds use modified cash basis of accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) to reflect that focus. The governmental fund statements provide a detailed near-term view of the County's general operations and the basic services it provides.

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

Fiduciary funds – The County is the trustee, or fiduciary, for money received in numerous offices. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 19. We report the resources these activities produce that are due to County operating funds as an interfund receivable in those funds and as an interfund payable in the Statement of Fiduciary Net Position. All other resources within the fiduciary activities are excluded from the County's other financial reports because the County cannot use those assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental and business-type activities.

Net position of the County's governmental activities increased from \$65,595,289 to \$66,800,009. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – was \$28,748,256 at September 30, 2020.

Table I
County of Gaines, Texas
NET POSITION

	Governmental Activities 2020	Governmental Activities 2019
Assets:		
Current and Other Assets	28,748,256	28,170,020
Capital Assets	38,251,668	37,682,873
Total Assets	66,999,924	65,852,893
Liabilities:		
Lease Obligation Payable-Current Portion	50,166	57,689
Noncurrent Liabilities		
Lease Obligation Payable-Noncurrent Portion	149,749	199,915
Total Liabilities	199,915	257,604
Net Assets:		
Net Investment in Capital Assets	38,051,753	37,425,269
Unrestricted Net Position	28,748,256	28,170,020
Total Net Position	66,800,009	65,595,289

Table II
County of Gaines, Texas
CHANGES IN NET POSITION

	Governmental Activities 2020	Governmental Activities 2019
Revenues:		
Program Revenues:		
Charges for Services	2,329,795	2,128,884
Operating Grants and Contributions	525,836	318,115
Capital Grants and Contributions	69,460	-
Total Program Revenues	2,925,091	2,446,999
General Revenues:		
Taxes		
Property Taxes, Levied for General Purposes	20,591,021	19,210,576
Investment Earnings	298,100	781,247
Miscellaneous Revenue	87,698	47,641
Gain on Sale of Assets	121,789	76,577
Total General Revenue and Special Items	21,098,608	20,116,041
Total Program & General Revenues	24,023,699	22,563,040

Table II (Continued)
County of Gaines, Texas
CHANGES IN NET POSITION

	Governmental Activities 2020	Governmental Activities 2019
Expenses:		
General Administration	1,736,011	1,794,119
Judicial	1,882,524	1,905,080
Elections	209,872	201,173
Financial Administration	682,422	614,856
Tax Administration	654,096	596,711
Facilities Management	1,742,389	1,641,217
Law Enforcement	1,923,385	1,693,965
Fire Protection	382,452	533,642
Corrections	2,909,291	2,963,797
Civil Defense	89,831	103,560
Road and Bridge	7,438,823	6,852,909
Sanitation	22,508	22,519
Airport	73,213	84,016
Health	785,853	785,311
Human Services	75,433	72,974
Golf Course	900,701	721,182
Parks	304,647	394,696
Museums	147,536	143,287
County Extension Service	166,927	172,909
Libraries	397,483	426,801
Senior Citizens	293,582	293,527
Total Expenses	22,818,979	22,018,251
Change in Net Position	1,204,720	544,789
Net Position at Beginning of Year	65,595,289	65,050,500
Net Position at End of Year	66,800,009	65,595,289

Key factors related to the County's financial performance over the last year include the following:

1. Mineral values increased about 22.26% while real property taxable values stayed about the same.
2. The court worked hard this year to keep the tax rate as low as possible, but did increase the budget by about 7.9%, which included a pay raise for county employees and restoring some funding to various items from the prior year budget including personnel positions, capital expenditure and reserve funding.
3. The county began work on a complete renovation of the old Seagraves post office building (acquired through an interlocal agreement with Seagraves ISD) which will become the new location of the Seagraves Library, a project being funded out of the Capital Projects Fund. This work will ensure a more suitable facility for county citizens for years to come.
4. Local officials, department heads and employees are committed to staying within their budgets and not asking for unnecessary things. This attention to budget discipline really helps the county control its costs.
5. FY 2020 had some unforeseen circumstances due to a worldwide pandemic. Due to Covid-19 and the many closures and restrictions in the state, revenue lines, interest lines and conference/school expense lines were much lower than projected.

The cost of all governmental activities this year was \$22,818,979 which was a 3.64% increase over the prior year. However, as shown in the Statement of Activities on page 12, the amount that our taxpayers ultimately financed for these activities was \$20,591,021 because some of the costs were paid with charges for services of \$2,329,795 a \$200,911 increase from the year before and operating and capital grants and contributions of \$595,296 a \$277,181 increase.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as reported on the balance sheet on page 13-14) reported a combined fund balance of \$28,748,256 which is \$578,236 more than last year's total of \$28,170,020.

For fiscal year 2020, actual expenditures out of the General Fund were \$13,321,601 compared to the final expenditure budget of \$14,609,970. Actual revenue on a budgetary basis was \$15,912,279 compared to the final budget of \$15,480,145. Reasons for the actual numbers varying from the budget follow:

- The various categories of revenues were significantly higher than budgeted for a variety of reasons.
 - Property tax received was higher than budgeted because the Court only budgets 97% of the levy.
 - Charges for services was significantly higher because of higher utilization of services, not fee raises.
- Total disbursements were \$1,288,369 less than budgeted.
- In fact, virtually every expenditure category came in under budget as the court and the various officials and department heads really limited spending to only what was necessary.

Over the course of the year, the County's Commissioners' Court revised the County budget several times. These revisions include amendments and supplemental appropriations that were approved during the year to address mid-year situational changes and amendments. This was accomplished by moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. The primary amendments include moving contingency/reserve budgeted amounts to amend other lines to allow:

- Finishing various capital and non-capital projects,
- Increasing several line items in a variety of departments to purchase or replace various items,
- Upgrading or replacing office computers and hardware as they wore out,
- Purchasing furniture and equipment.

Page 41 provides a comparison of these changes as they relate to the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2020, the County had \$38,251,668, an increase of \$568,795, invested in a broad range of capital assets, including land, buildings and equipment. The County's fiscal year 2020 capital outlay expenditures in all funds totaled \$3,312,793. This includes the following:

- Various pieces of heavy machinery were purchased.
- Various pieces of fleet replacement equipment were purchased.
- Continued renovations on the Seagraves library.

More detailed information about the County's capital assets is presented in Note III, Item D to the financial statements.

At year end, the County had \$304,198 in commitments under operating and capital leases.

More detailed information about the County's long-term liabilities is presented in Note III, Item E and F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County Judge and Commissioners' Court members considered many factors when setting the FY 2021 budget and tax rates. Some key items that should be noted are as follows:

1. Mineral and related taxable values decreased 9.93%. Local property tax values increased slightly as well. The Court decreased the budget and adopted a tax rate increase of 3% to fund the approved budget and to help mitigate any future budgetary constraints. Therefore, in anticipation of increases in prices for services & supplies, Gaines County postured the budget to meet these future needs.
2. Elected official/employee base pay did not increase and the Court did allow longevity increases for the employees. There were no changes to the retirement system or other employee benefits.
3. The Court continues to save and pay cash for projects. By paying cash for these projects, the county continues to be able to say that it is debt free and saves the taxpayers a small fortune in debt servicing costs. In the end, the Court adopted a tax rate of \$0.545616 which was about 2.5821 cents per hundred higher than last year's tax rate.
4. The court believes in maintaining all county facilities, and the Capital Projects fund may be used to upgrade and modify existing county buildings this year. There are a few capital projects anticipated to be completed, which includes building a safe water supply for the park and the renovations to the new Seagraves Library. Money is set aside for these projects, and the capital projects fund will decrease substantially.
5. Gaines County is growing as is all of West Texas. The oil and agriculture industries in our area have had a stressful year due to the pandemic and continue to be very unpredictable. This year is a classic example of the boom and bust cycle of the oil industry and agriculture continues to be challenging for those that work in this vital industry. These two industries remain the largest parts of our local business activity, and the uncertainty that goes along with them makes it a challenge to accurately predict long-term economic and population numbers for County of Gaines. Possibilities that will help strengthen and expand existing business and industry remain a focal point for economic development, along with seeking and pursuing opportunities not directly linked to oil and agriculture to help create stability and diversification for our local economy.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, consumers, investors and creditors with a general overview of the County of Gaines' finances and to show the County's accountability for the money it receives. For questions concerning any information provided in this report or requests for additional financial information, contact County Auditor, County of Gaines, Texas, PO Box 847, Seminole, Texas 79360.

ACKNOWLEDGMENTS

For their assistance and cooperation already and during the upcoming year, we thank the District Judge, County Judge, Commissioners' Court, Treasurer's Office and other elected officials, department heads, foremen and employees in the various departments. The interest and involvement of the Commissioners' Court in planning and conducting the financial operations of the County is appreciated.

Kudos also to the Auditor's staff for their hard work, knowledge and willingness to help the great folks serving the County of Gaines. Please remember that County Auditor's Office is here to help, and looks forward to the opportunity of working with anyone who calls upon them.

Respectfully submitted,

Esmeralda Felan

County of Gaines Auditor

BASIC FINANCIAL STATEMENTS

COUNTY OF GAINES
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
SEPTEMBER 30, 2020

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 28,170,117
Inventory	578,139
Total Current Assets	28,748,256
Capital assets:	
Land	557,675
Infrastructure, net	8,834,692
Buildings, net	19,737,285
Machinery and equipment, net	8,166,216
Construction in progress	955,800
Total Assets	66,999,924
<u>LIABILITIES</u>	
Current Liabilities:	
Lease obligation payable-current portion	50,166
Total Current Liabilities	50,166
Noncurrent Liabilities:	
Lease obligation payable-noncurrent portion	149,749
Total Liabilities	199,915
<u>NET POSITION</u>	
Net investment in capital assets	38,051,753
Unrestricted	28,748,256
Net Position	\$ 66,800,009

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

COUNTY OF GAINES

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental
Governmental Activities:					
General administration	\$ 1,736,011	\$ 23,171	\$ 234,913	\$ 69,460	\$ (1,408,467)
Judicial	1,882,524	730,263	179,963	-	(972,298)
Elections	209,872	8,761	-	-	(201,111)
Financial administration	682,422	-	-	-	(682,422)
Tax administration	654,096	226,577	-	-	(427,519)
Facilities management	1,742,389	-	-	-	(1,742,389)
Law enforcement	1,923,385	70,158	2,686	-	(1,850,541)
Fire protection	382,452	-	-	-	(382,452)
Corrections	2,909,291	102,355	-	-	(2,806,936)
Civil defense	89,831	-	-	-	(89,831)
Road and bridge	7,438,823	714,238	37,416	-	(6,687,169)
Sanitation	22,508	-	-	-	(22,508)
Airport	73,213	29,388	69,858	-	26,033
Health	785,853	-	-	-	(785,853)
Human services	75,433	-	-	-	(75,433)
Golf course	900,701	352,838	-	-	(547,863)
Parks	304,647	52,967	-	-	(251,680)
Museums	147,536	72	-	-	(147,464)
County extension	166,927	-	-	-	(166,927)
Libraries	397,483	19,007	1,000	-	(377,476)
Senior citizens	293,582	-	-	-	(293,582)
Total Primary Government	\$ 22,818,979	\$ 2,329,795	\$ 525,836	\$ 69,460	\$ (19,893,888)
General Revenues:					
Property taxes					\$ 20,591,021
Interest income					298,100
Miscellaneous income					87,698
Gain on sale of assets					121,789
Total General Revenues					21,098,608
Changes in Net Position					
Net Position - Beginning					1,204,720
Net Position - Ending					\$ 66,800,009

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

COUNTY OF GAINES
GOVERNMENTAL FUNDS BALANCE SHEET
MODIFIED CASH BASIS
SEPTEMBER 30, 2020

	General Fund	Road & Bridge Fund	Precinct #1
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,773,675	\$ 64,563	\$ 3,650,183
Inventory	-	-	240,233
Total Assets	<u>\$ 6,773,675</u>	<u>\$ 64,563</u>	<u>\$ 3,890,416</u>
Fund Balances:			
Non-Spendable:			
Inventory	\$ -	\$ -	\$ 240,233
Assigned:			
Road and bridge	-	64,563	3,650,183
Capital projects	-	-	-
Special revenue funds	-	-	-
Unassigned:	6,773,675	-	-
Total Fund Balances	<u>6,773,675</u>	<u>64,563</u>	<u>3,890,416</u>
Total Liabilities and Fund Balances	<u>\$ 6,773,675</u>	<u>\$ 64,563</u>	<u>\$ 3,890,416</u>

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

Precinct #2	Precinct #3	Precinct #4	Farm to Market Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,212,469	\$ 3,143,354	\$ 2,910,131	\$ -	\$ 6,378,814	\$ 2,036,928	\$ 28,170,117
68,212	67,615	202,079	-	-	-	578,139
<u>\$ 3,280,681</u>	<u>\$ 3,210,969</u>	<u>\$ 3,112,210</u>	<u>\$ -</u>	<u>\$ 6,378,814</u>	<u>\$ 2,036,928</u>	<u>\$ 28,748,256</u>
\$ 68,212	\$ 67,615	\$ 202,079	\$ -	\$ -	\$ -	\$ 578,139
3,212,469	3,143,354	2,910,131	-	-	-	12,980,700
-	-	-	-	6,378,814	-	6,378,814
-	-	-	-	-	2,036,928	2,036,928
-	-	-	-	-	-	6,773,675
<u>3,280,681</u>	<u>3,210,969</u>	<u>3,112,210</u>	<u>-</u>	<u>6,378,814</u>	<u>2,036,928</u>	<u>28,748,256</u>
<u>\$ 3,280,681</u>	<u>\$ 3,210,969</u>	<u>\$ 3,112,210</u>	<u>\$ -</u>	<u>\$ 6,378,814</u>	<u>\$ 2,036,928</u>	<u>\$ 28,748,256</u>

COUNTY OF GAINES
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET - MODIFIED CASH BASIS
SEPTEMBER 30, 2020

Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities:

Governmental Fund Balances	\$ 28,748,256
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	38,251,668
Long-term liabilities, including capital lease obligations are not due and payable in the current period and therefore are not reported in the funds.	<u>(199,915)</u>
Net Position of Governmental Activities	<u>\$ 66,800,009</u>

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

COUNTY OF GAINES
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Road & Bridge Fund	Precinct #1
REVENUES			
Property taxes	\$ 14,508,509	\$ -	\$ -
Intergovernmental revenue and grants	-	-	-
Charges for services	836,414	658,740	-
Fines	276,212	55,498	-
Investment income	207,968	-	-
Contributions & donations from private sources	69,460	-	-
Miscellaneous revenue	13,716	-	1,063
Total Revenues	15,912,279	714,238	1,063
EXPENDITURES			
General administration	1,262,570	-	-
Judicial	1,807,630	-	-
Elections	155,921	-	-
Financial administration	682,422	-	-
Tax administration	654,096	-	-
Facilities management	1,628,028	-	-
Public safety:			
Law enforcement	1,772,298	-	-
Fire protection	382,452	-	-
Corrections	2,653,966	-	-
Civil defense	89,831	-	-
Road and bridge	-	43,903	1,339,811
Sanitation	22,508	-	-
Airport	-	-	-
Health	761,833	-	-
Human services	75,433	-	-
Culture and recreation:			
Golf course	-	-	-
Parks	133,065	-	-
Museums	147,536	-	-
County extension	156,793	-	-
Libraries	391,587	-	-
Senior citizens	290,932	-	-
Principal on long-term debt	-	-	-
Interest on long-term debt	-	-	-
Capital outlay	252,700	-	676,183
Total Expenditures	13,321,601	43,903	2,015,994
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	74,949	-	7,064
Transfers in (out)	(1,661,293)	(670,425)	1,764,711
Total Other Financing Sources (Uses)	(1,586,344)	(670,425)	1,771,775
Net Change in Fund Balance	1,004,334	(90)	(243,156)
Fund Balances - Beginning	5,769,341	64,653	4,133,572
Fund Balances - Ending	\$ 6,773,675	\$ 64,563	\$ 3,890,416

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

Precinct #2	Precinct #3	Precinct #4	Farm to Market Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 6,082,512	\$ -	\$ -	\$ 20,591,021
-	-	-	37,416	-	380,803	418,219
-	-	-	-	-	494,836	1,989,990
-	-	-	-	-	8,095	339,805
-	-	-	87,117	-	3,015	298,100
-	-	-	-	63,829	43,788	177,077
3,293	1,813	17,688	-	50,125	-	87,698
<u>3,293</u>	<u>1,813</u>	<u>17,688</u>	<u>6,207,045</u>	<u>113,954</u>	<u>930,537</u>	<u>23,901,910</u>
-	-	-	-	41,052	59,088	1,362,710
-	-	-	-	-	73,689	1,881,319
-	-	-	-	-	9,418	165,339
-	-	-	-	-	-	682,422
-	-	-	-	-	-	654,096
-	-	-	-	-	94,355	1,722,383
-	-	-	-	-	4,420	1,776,718
-	-	-	-	-	-	382,452
-	-	-	-	-	-	2,653,966
-	-	-	-	-	-	89,831
1,454,059	1,486,485	1,578,386	-	-	-	5,902,644
-	-	-	-	-	-	22,508
-	-	-	-	-	47,589	47,589
-	-	-	-	-	24,020	785,853
-	-	-	-	-	-	75,433
-	-	-	-	-	760,632	760,632
-	-	-	-	-	1,035	134,100
-	-	-	-	-	-	147,536
-	-	-	-	-	-	156,793
-	-	-	-	-	3,727	395,314
-	-	-	-	-	-	290,932
-	-	-	-	-	57,689	57,689
-	-	-	-	-	998	998
197,091	726,949	206,780	-	1,016,371	236,719	3,312,793
<u>1,651,150</u>	<u>2,213,434</u>	<u>1,785,166</u>	<u>-</u>	<u>1,057,423</u>	<u>1,373,379</u>	<u>23,462,050</u>
44,245	12,118	-	-	-	-	138,376
1,736,926	1,785,240	1,590,594	(6,207,045)	769,000	892,292	-
<u>1,781,171</u>	<u>1,797,358</u>	<u>1,590,594</u>	<u>(6,207,045)</u>	<u>769,000</u>	<u>892,292</u>	<u>138,376</u>
133,314	(414,263)	(176,884)	-	(174,469)	449,450	578,236
<u>3,147,367</u>	<u>3,625,232</u>	<u>3,289,094</u>	<u>-</u>	<u>6,553,283</u>	<u>1,587,478</u>	<u>28,170,020</u>
<u>\$ 3,280,681</u>	<u>\$ 3,210,969</u>	<u>\$ 3,112,210</u>	<u>\$ -</u>	<u>\$ 6,378,814</u>	<u>\$ 2,036,928</u>	<u>\$ 28,748,256</u>

COUNTY OF GAINES
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
 OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 SEPTEMBER 30, 2020

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

Net changes in Governmental Fund Balances	\$	578,236
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		3,312,793
Depreciation expense		(2,727,411)
Net book value of disposed assets		(16,587)
Debt service payments are not reported as expenses in the Statement of Activities		57,689
Change in Net Position of Governmental Activities	\$	1,204,720

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

COUNTY OF GAINES
 STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS -
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2020

<u>ASSETS</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 1,147,972
Investments	<u>-</u>
Total Assets	<u>1,147,972</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Intergovernmental payable	90,331
Due to others	<u>1,057,641</u>
Total Liabilities	<u>1,147,972</u>
<u>NET POSITION</u>	
Total Net Position	<u>\$ -</u>

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

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. REPORTING ENTITY

Gaines County, Texas (the "County"), was created in 1905 by the Texas Legislature. The County operates under the authority of the Commissioners' Court and provides the following services: Law Enforcement, Judicial, Health, Safety, Welfare, Culture, Road & Bridge Maintenance and General Administrative Services. The Commissioners' Court (the "Court") consists of four County Commissioners and the County Judge who are elected by the public. The Court has the primary accountability for fiscal matters.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. They report information in all of Gaines County, Texas with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, intergovernmental revenues, and other non-exchange revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

The General Fund-The General Fund is the County's primary operating fund and is always classified as a major fund. It accounts for all financial resources except those required to be accounted for in another fund. This fund is operated and maintained separately by the Commissioners' Court decision. There are not any outside requirements for the self-imposed separation, and the funds can be used for general County operations.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Governmental Funds (Continued)

Other Major Governmental Funds-The Road & Bridge Fund is designated to receive the road and bridge taxes. A portion of these monies is expended in the fund, but the bulk (99%) is transferred to the four precinct funds. All of the precincts' funds have been presented as major funds to obtain a more meaningful presentation. The Farm to Market Fund and Capital Projects Fund are also major special revenue funds.

Special Revenue Funds-The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor. Most of the County's special revenue funds are not from grants but simply have restrictions on their use.

Fiduciary Funds

Agency Funds-The County accounts for resources held for others in a custodial capacity in agency funds. The County's agency funds are the County Attorney's funds, Sheriff's funds, Justice of the Peace's funds, County Clerk's funds, Tax Assessor Collector's funds, District Clerk's funds, Golf Course fund, State Fee fund, Appellate Judicial fund, County Wide Equalization fund, Employee Flexible Spending fund, Employee Insurance fund and the Probation funds.

Proprietary Funds

The County has no proprietary funds at this time.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined on page 22.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

MEASUREMENT FOCUS (CONTINUED)

- b. Proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position. The County currently has no proprietary funds.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts or investments if they are in bank money market accounts, certificates of deposits maturing within 90 days or money market investment pools.

DUE FROM (TO) OTHER FUNDS

Interfund receivables and payables arise from interfund transactions and are recorded in the affected funds in the period in which transactions are executed. See Note III, C for additional discussion of interfund receivables, payables and transfers.

CONSUMABLE MATERIAL AND SUPPLIES/INVENTORY

Inventories consist of consumable materials and supplies held for future consumption. Inventory is accounted for under the purchases method. The cost is recorded as an expenditure at the time inventory is purchased. Quantities on hand at year-end are recorded at cost on a first-in, first-out basis with an offsetting nonspendable fund balance.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

CAPITAL ASSETS

The County's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over infrastructure, land, buildings, furniture and equipment, depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation on all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided on the assets' estimated useful lives using the straight-line method of depreciation. The County defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
Roads	40
Buildings	40-50
Building Improvements	15-25
Vehicles	5-10
Other Equipment	5-10

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

EQUITY CLASSIFICATION

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The County has no restricted net position.
- c. Unrestricted net position—Consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Fund Financial Statements

The Commissioner's Court meets regularly to manage and review cash financial activities and to ensure compliance with established policies. It is the County's policy to keep adequate fund balance to provide a stable financial foundation. The target level for the County's unassigned General Fund balance is set at 120 days of the budgeted General Fund expenditures, considering the annual budget, as amended, for any given fiscal year. Any shortfalls or excess fund balance shall be considered and remedied as set forth in the policy by the Commissioner's Court.

In accordance with GASB Statement No. 54, fund balances are required to be reported according to the following classifications:

- a. Nonspendable fund balance—Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories.
- b. Restricted fund balance—Constraints placed on the use of these resources are either externally imposed by creditors, grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).
- c. Committed fund balance—Includes amounts designated only by formal action of Commissioners Court.
- d. Assigned fund balance—Includes amounts that are constrained by the County's intent to use for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be determined by the County Judge, with assistance of the County Auditor and County Attorney, as needed. The Governmental Funds Balance Sheet provides details of the amounts that have been assigned for specific purposes.
- e. Unassigned fund balance—This is the residual classification for the general fund. The general fund is the only governmental fund that can report a positive unassigned fund balance. Other governmental funds might have a negative unassigned fund balance as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

E. REVENUES, EXPENDITURES, AND EXPENSES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the County's taxpayers are reported as program revenues. The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the County such as vehicle registrations.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. REVENUES, EXPENDITURES, AND EXPENSES (CONTINUED)

The "grants and contributions" columns includes amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function.

If a revenue is not program revenue, it is general revenue used to support all of the County's functions. Taxes are always general revenues.

The Fund financial statements provide reports on the financial condition and results of operations for three fund categories—governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. Grants and similar items are recognized as revenue when collected and all eligibility requirements imposed by the provider have been met.

F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

Interfund activity, if any, within and among the governmental category is reported as follows in the fund financial statements:

1. Interfund loans—Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services—Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements—Repayments from funds responsible for certain expenditures/adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers—Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances—Amounts reported in the fund financial statement as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities—Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount between governmental and business-type activities, which are reported as Transfers—Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. USE OF ESTIMATES

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the County requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY COMPLIANCE

The Commissioners' Court adopts an "appropriated budget" for the General Fund and all other funds. The adopted and final amended budgeted revenues and expenditures for the General Fund are presented in the Other Supplementary Information.

The following procedures are used in establishing the budgetary data reflected in the general purpose financial statements:

- a. In July, the County Judge, with the assistance of the County Auditor, prepares a budget for the succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The budget is filed with the County Clerk and is open to public inspection. The Commissioners' Court is required to hold at least one public hearing on the budget no less than 15 days subsequent to the filing by the County Judge.
- c. Prior to October 1, the budget is legally enacted through passage of a resolution by the Commissioners' Court. Once a budget is approved, it can only be amended at the department and fund level by approval of a majority of the members of the Commissioners' Court. The law requires that such amendments are made before the fact, are reflected in the official minutes of the Commissioners' Court and are not made after fiscal year end. The County had several routine budget amendments during the year. The largest amendments were mainly to purchase capital items, and to fund miscellaneous projects throughout the County.
- d. Each budget is controlled at the revenue and expenditure function level in accordance with Texas statutory guidance. The County Auditor audits and approves legal expenditures. The Commissioners' Court audits and settles claims against the County but can spend money only in accordance with the adopted budget. The Treasurer disburses money after ordered by the Court if the expenditure is in accordance with Texas statutes. All budget appropriations lapse at year end.

COUNTY OF GAINES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had planned deficit spending as reflected by budgeted expenditures in excess of expected revenue:

General Fund	\$ 790,118
Farm to Market Fund	2
Precinct #1 Fund	1,000,000
Precinct #2 Fund	1,000,000
Precinct #3 Fund	1,000,000
Precinct #4 Fund	1,000,000
Sheriff Forfeiture Fund	46,175
Donations Fund	18,753
Records Management Fund	3,700
911 Addressing Fund	10,052
Court Reporting Fund	500
District Clerk Record Preservation Fund	1,221
Higginbotham Community Center Fund	1,532
(RAF) Record Archive Fund	31,336
(RMF) District Clerk Record Management Fund	948
Unclaimed Capital Credits Fund	16,000
Appellate Judicial Fund	15
Fire Truck Fund	51,619
Capital Projects Fund	1,956,630

III. NOTES ON FUNDS AND ACCOUNTS

A. DEPOSITS AND INVESTMENTS

County Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits (cash and savings accounts)-The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository banks place approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The County's depository during the year was Commercial State Bank. There were no instances of uninsured or uncollateralized deposits during the year.

At September 30, 2020, the carrying amount of the County's deposits (cash, certificates of deposits and interest-bearing savings accounts) was \$1,630,371, and the bank balance was \$2,604,294. The County's cash deposits as of September 30, 2020 were fully covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

COUNTY OF GAINES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

III. NOTES ON FUNDS AND ACCOUNTS (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

A Summary of the County's cash and cash equivalents and investments at September 30, 2020 is shown below:

	Checking and Savings Accounts	Certificate of Deposit	Investment Pools	Total
General	\$ 335,251	\$ 16,560	\$ 6,421,864	\$ 6,773,675
Road & Bridge	-	-	64,563	64,563
Precinct #1	-	-	3,650,183	3,650,183
Precinct #2	-	-	3,212,469	3,212,469
Precinct #3	-	-	3,143,354	3,143,354
Precinct #4	-	-	2,910,131	2,910,131
Capital Projects Fund	-	-	6,378,814	6,378,814
Other Governmental Funds	130,588	-	1,906,340	2,036,928
Total Governmental Funds	<u>\$ 465,839</u>	<u>\$ 16,560</u>	<u>\$ 27,687,718</u>	<u>\$ 28,170,117</u>
Agency Funds	987,286	160,686	-	1,147,972
Total	<u>\$ 1,453,125</u>	<u>\$ 177,246</u>	<u>\$ 27,687,718</u>	<u>\$ 29,318,089</u>

Legal and Contractual Provisions Governing Investments

The Public Funds Investments Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The County's investments at September 30, 2020, are shown below:

Investment Type	Fair Value	Yield
Certificate of Deposit-		
Commercial State Bank	\$ 177,246	.10%-1.35%
Texas Class Investment Pool	8,567,584	0.25%
Tex Pool Investment Pool	9,586,800	0.15%
Tex Star Investment Pool	9,533,334	0.13%
Total	<u>\$ 27,864,964</u>	

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

III. NOTES ON FUNDS AND ACCOUNTS (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

The County's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless there is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is a pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Policies Governing Deposits and Investments

Interest Rate Risk-Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The County invests in certificates of deposit and securities with short-term maturity dates to limit the interest rate risk.

Custodial Credit Risk for Deposits (cash, savings account and certificates of deposit)-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 policy regarding types of deposits allowed and collateral requirements is that all deposits must be insured by FDIC or secured by another manner provided by law.

Custodial Credit Risk for Investments-To limit the risk that an issuer or other counter-party to an investment will not fulfill its obligations, the County limits investments to certificates of deposit and public funds investment pools.

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

The public fund investment pool invests only in securities issued or backed by the U.S. Government or its agencies. An investment in these securities is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in the security. At September 30, 2020, the County had approximately \$8,567,584 uninsured with Texas Class Investment Pool, \$9,586,800 uninsured with Tex Pool Investment Pool, and \$9,533,334 uninsured with Tex Star Investment Pool.

B. PROPERTY TAXES

In accordance with State Law, The Gaines County Appraisal District makes all appraisals for tax purposes. Assessed values are based upon 100 percent of market value and reviewed every three years. Taxpayers have the right to challenge the assessed value.

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are not considered available in the funds until the County collects them.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

III. NOTES ON FUNDS AND ACCOUNTS (CONTINUED)

B. PROPERTY TAXES (CONTINUED)

The tax rate for the fiscal year ended September 30, 2020, (2019 tax levy) was \$.366 per \$100 assessed value for County General Fund operations and \$.154 for Farm-Market Lateral Road maintenance and operations for a total rate of \$.520. The County is subject to tax rate rollback if the total amount of the property taxes imposed in any year, as defined by statute, exceeds the total amount of property taxes imposed in the preceded year by 8 percent.

C. INTERFUND BALANCES AND TRANSFERS

The interfund transfers reflected on the Statements of Revenues and Expenditures were for routine purposes. Transfers from the Road and Bridge and the Farm to Market funds were to the corresponding precinct funds for precinct operations. Transfers from the General Fund were for operations of the Special Revenue Fund for indigent health care, airport operations, cemetery maintenance, capital projects, fire department purchases, Texas vine grant fund establishment, and golf course operations.

D. CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Land	\$ 488,215	\$ 69,460	\$ -	\$ 557,675
Infrastructure	19,230,473	-	-	19,230,473
Buildings and Improvements	34,263,900	183,424	-	34,447,324
Furniture and Equipment	19,631,709	2,387,842	(778,586)	21,240,965
Construction in Progress	159,216	796,584	-	955,800
Totals at Historic Cost	<u>\$ 73,773,513</u>	<u>\$ 3,437,310</u>	<u>\$ (778,586)</u>	<u>\$ 76,432,237</u>
Less Accumulated Depreciation for:				
Infrastructure	\$ (9,915,019)	\$ (480,762)	\$ -	\$ (10,395,781)
Buildings and Improvements	(13,895,025)	(815,014)	-	(14,710,039)
Furniture and Equipment	(12,280,596)	(1,431,635)	637,482	(13,074,749)
Total Accumulated Depreciation	<u>\$ (36,090,640)</u>	<u>\$ (2,727,411)</u>	<u>\$ 637,482</u>	<u>\$ (38,180,569)</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,682,873</u>	<u>\$ 709,899</u>	<u>\$ (141,104)</u>	<u>\$ 38,251,668</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 373,301
Justice System	1,205
Elections	44,533
Facilities Management	20,006
Law Enforcement	146,667
Corrections	255,325
Roads and Bridges	1,536,179
Airport	25,624
Golf Course	139,071
Parks	170,547
County Extension Service	10,134
Libraries	2,169
Senior Citizens	2,650
Total Depreciation Expense	<u>\$ 2,727,411</u>

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

III. NOTES ON FUNDS AND ACCOUNTS (CONTINUED)

E. COMMITMENTS

Commitments under operating (noncapitalized) lease agreements for several copiers, a postage machine and software provide for minimum future rental payments as of September 30, 2020, as follows:

	2021	\$	112,411
	2022		74,010
	2023		65,533
	2024		44,144
	2025		8,100
Total Minimum Rentals		\$	304,198

In the prior year, the County entered into a contract for the construction of a well house/water treatment facility at the Gaines County Park. The construction of this project is still ongoing as of September 30, 2020. Contractual commitments and estimated costs to complete this project were approximately \$28,600 as of September 30, 2020.

In the current year, the County entered into a contract for the construction/remodel of the county library in Seagraves. Contractual commitments and estimated costs to complete this project were approximately \$675,907 as of September 30, 2020.

F. LONG-TERM OBLIGATIONS

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Capital leases	\$ 257,604	\$ -	\$ 57,689	\$ 199,915	\$ 50,166

Commitments under capitalized lease agreements for equipment provide for minimum future rental payments as of September 30, 2020, as follows:

	2021	\$	50,166
	2022		52,054
	2023		54,013
	2024		43,682
Total Minimum Rentals		\$	199,915

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. OTHER NOTES

A. HEALTH CARE COVERAGE

During the current fiscal year, the employees of Gaines County were covered by a health insurance plan. The coverage is purchased through Blue Cross Blue Shield. The County's cost per employee per month was \$835. The employees, at their option, authorized payroll withholdings to pay contributions for dependents.

B. CAFETERIA PLAN

The County entered into a Pre-Tax Premium Plan that qualifies as a "cafeteria plan." The insurance premiums that qualify for the plan are medical, life and accidental death and dismemberment. The individuals who are eligible to participate are all employees who are covered or who are eligible to be covered under the County's group health plan.

C. EMPLOYEE RETIREMENT BENEFITS

The County provides two separate retirement benefit plans. One plan is the defined benefit plan that is provided through the Texas County and District Retirement System. The County also offers a deferred compensation plan to its employees.

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PLAN

Plan Description. Gaines County, Texas 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 District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting 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, P.O. Box 2034, Austin, Texas 78768-0234.

The plan provisions are adopted by the governing body of the employer within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits 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 deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy. The employer has elected the annually determined contribution rate (variable-rate) 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. It varied from 5.75% to 6.30% for the year ending September 30, 2020. The deposit rate payable by the employee members is 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

COUNTY OF GAINES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. OTHER NOTES (CONTINUED)

C. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions. All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2019 funding valuation, except as noted below and throughout this report. Please see the employer summary actuarial valuation report as of December 31, 2019 for further details.

Following are the key assumptions and methods used in this GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C of TCDRS report.
Salary Increases	Same as funding valuation: See Appendix C of TCDRS report.
Investment Rate of Return	8.10% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for County of Gaines are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation: See Appendix C of TCDRS report.
Turnover	Same as funding valuation: See Appendix C of TCDRS report.
Mortality	Same as funding valuation: See Appendix C of TCDRS report.

⁽¹⁾ Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. OTHER NOTES (CONTINUED)

C. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

Long-Term Expected Rate of Return. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10 year time horizon.

Note the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013-December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected 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) Index	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% S&P Global REIT (net) 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 equal the expected return minus the assumed inflation of 1.80%, per Cliffwater's 2020 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.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. OTHER NOTES (CONTINUED)

C. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

Depletion of Plan Assets/GASB Discount Rate. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

COUNTY OF GAINES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. OTHER NOTES (CONTINUED)

C. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

Depletion of Plan Assets/GASB Discount Rate (Continued). Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Sensitivity Analysis. The following presents the net pension liability/(asset) of the County, calculated using the discount rate of 8.10%, as well as what the County of Gaines 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	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$44,406,967	\$39,873,847	\$35,997,949
Fiduciary net position	41,447,831	41,447,831	41,447,831
Net pension liability/(asset)	<u>\$2,959,136</u>	<u>\$(1,573,984)</u>	<u>\$(5,449,882)</u>

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. OTHER NOTES (CONTINUED)

C. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

Changes in Net Pension Liability/(Asset). The following presents the increases/(decreases) in net pension liability/(asset):

Changes in Net Pension Liability/ (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balances as of December 31, 2018	\$37,630,104	\$36,549,605	\$1,080,499
Changes for the year:			
Service cost	991,267	0	991,267
Interest on total pension liability ⁽¹⁾	3,044,232	0	3,044,232
Effect of plan changes	0	0	0
Effect of economic/demographic losses	326,003	0	326,003
Effect of assumptions changes or inputs	0	0	0
Refund of contributions	(29,158)	(29,158)	0
Benefit payments	(2,088,601)	(2,088,601)	0
Administrative expenses	0	(31,585)	31,585
Member contributions	0	589,807	(589,807)
Net investment income	0	6,003,234	(6,003,234)
Employer contributions	0	484,481	(484,481)
Other ⁽²⁾	0	(29,952)	29,952
Balances as of December 31, 2019	<u>\$39,873,847</u>	<u>\$41,447,831</u>	<u>\$(1,573,984)</u>

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

⁽²⁾ Relates to allocation of system-wide items.

COUNTY OF GAINES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. OTHER NOTES (CONTINUED)

C. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

Breakdown of Pension Expense. The following presents the components of pension expense:

Pension Expense/(Income)	January 1, 2019 to December 31, 2019
Service cost	\$991,267
Interest on total pension liability ⁽¹⁾	3,044,232
Effect of plan changes	0
Administrative expenses	31,585
Member contributions	(589,807)
Expected investment return net of investment expenses	(2,916,637)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(62,491)
Recognition of assumption changes or inputs	115,064
Recognition of investment gains or losses	196,916
Other ⁽²⁾	29,952
Pension expense/(income)	\$840,081

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

⁽²⁾ Relates to allocation of system-wide items.

Deferred Inflows/Outflows of Resources. As of December 31, 2019, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources:	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$89,217	\$286,136
Changes in assumptions	0	85,660
Net difference between projected and actual earnings	1,062,661	0
Contributions subsequent to measurement date ⁽³⁾	N/A	402,797

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$(226,400)
2021	(212,743)
2022	211,183
2023	(552,122)
2024	0
Thereafter ⁽⁴⁾	0

⁽³⁾ If eligible employer contributions were made subsequent to the measurement date through the employer's fiscal year-end, the employer should reflect these contributions, adjusted as outlined in Appendix D of the TCDRS report.

⁽⁴⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

COUNTY OF GAINES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. OTHER NOTES (CONTINUED)

C. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

Schedule of Deferred Inflows and Outflows of Resources. The following presents the components of deferred inflows and outflows of resources:

	Original Amount	Date Established	Original Recognition Period ⁽¹⁾	Amount Recognized in 12/31/2019 Expense ⁽¹⁾	Balance of Deferred Inflows 12/31/2019	Balance of Deferred Outflows 12/31/2019
Investment (gains) or losses						
	\$(3,086,597)	12/31/2019	5.0	\$(617,319)	\$ 2,469,278	\$ 0
	3,774,285	12/31/2018	5.0	754,857	0	2,264,571
	(2,243,608)	12/31/2017	5.0	(448,722)	897,443	0
	197,449	12/31/2016	5.0	39,490	0	39,489
	2,343,054	12/31/2015	5.0	468,610	0	0
Economic/demographic (gains) or losses						
	326,003	12/31/2019	5.0	65,201	0	260,802
	42,224	12/31/2018	5.0	8,445	0	25,334
	(90,184)	12/31/2017	5.0	(18,037)	36,073	0
	(265,723)	12/31/2016	5.0	(53,145)	53,144	0
	(324,776)	12/31/2015	5.0	(64,955)	0	0
Assumption changes or inputs						
	0	12/31/2019	5.0	0	0	0
	0	12/31/2018	5.0	0	0	0
	214,150	12/31/2017	5.0	42,830	0	85,660
	0	12/31/2016	5.0	0	0	0
	361,169	12/31/2015	5.0	72,234	0	0
Employer contributions Made subsequent to measurement date						
	N/A	12/31/2019	N/A	N/A	N/A	402,797
	N/A	12/31/2018	N/A	N/A	N/A	0
	N/A	12/31/2017	N/A	N/A	N/A	0
	N/A	12/31/2016	N/A	N/A	N/A	0
	N/A	12/31/2015	N/A	N/A	N/A	0

⁽¹⁾ Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.

⁽²⁾ If eligible employer contributions were made subsequent to the measurement date, the employer should reflect these contributions, adjusted as outlined in Appendix C of the TCDRS report.

DEFERRED COMPENSATION PLAN

The County offers a deferred compensation plan for employees who elect to participate. In a plan set up under Section 457 of the Internal Revenue Code, Participants may defer up to \$19,500 per year. Withdrawals are permitted because of death, emergency as defined by the Internal Revenue Service, termination of employment or retirement. The County does not contribute to the plan, and all assets in the plan belong to the employees.

COUNTY OF GAINES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

IV. OTHER NOTES (CONTINUED)

D. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, thefts, damage or destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2020, the County purchased commercial insurance to cover these risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

E. JOINT VENTURE ARRANGEMENTS

The County is involved in joint ventures with the City of Seminole, Northeast Gaines County Emergency Service District and South Plains Public Health District. These shared costs are for fire protection, landfill operations, emergency medical service, and public health services. Many of these agreements result in the County paying approximately half of the budget, but significant accumulations of financial resources or deficits are not generated from these joint ventures.

F. SUBSEQUENT EVENTS

Subsequent to year-end, the United States continues to experience uncertainty surrounding the world-wide coronavirus pandemic. Management is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the impact of this unprecedented situation.

Management has evaluated subsequent events through December 14, 2020, the date the financial statements were issued.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF GAINES
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
RECEIPTS:				
Taxes-property	\$ 14,165,000	\$ 14,165,000	\$ 14,508,509	\$ 343,509
Charges for services	665,615	665,615	836,414	170,799
Fines	234,710	234,710	276,212	41,502
Investment income	300,000	300,000	207,968	(92,032)
Contributions & donations from private sources	-	-	69,460	69,460
Miscellaneous revenue	114,820	114,820	13,716	(101,104)
<i>Total receipts</i>	<u>15,480,145</u>	<u>15,480,145</u>	<u>15,912,279</u>	<u>432,134</u>
DISBURSEMENTS:				
Current:				
General administrative	2,586,406	2,103,284	1,262,570	840,714
Judicial	1,813,013	1,817,633	1,807,630	10,003
Elections	170,529	170,529	155,921	14,608
Financial administration	768,160	768,160	682,422	85,738
Tax administration	680,213	680,213	654,096	26,117
Facilities management	1,622,713	1,689,825	1,628,028	61,797
Public safety:				
Law enforcement	1,745,800	1,800,590	1,772,298	28,292
Fire protection	437,107	437,107	382,452	54,655
Corrections	2,510,544	2,692,204	2,653,966	38,238
Civil defense	104,075	104,075	89,831	14,244
Sanitation	22,519	22,519	22,508	11
Health	763,194	765,394	761,833	3,561
Human services	78,134	78,134	75,433	2,701
Culture and recreation:				
Parks	189,150	189,150	133,065	56,085
Museums	150,232	153,532	147,536	5,996
County extension	193,498	193,498	156,793	36,705
Libraries	472,002	472,002	391,587	80,415
Senior citizens	302,536	316,536	290,932	25,604
Capital Outlay	140	155,585	252,700	(97,115)
<i>Total disbursements</i>	<u>14,609,965</u>	<u>14,609,970</u>	<u>13,321,601</u>	<u>1,288,369</u>
Excess (deficiency) of receipts over (under) disbursements	<u>870,180</u>	<u>870,175</u>	<u>2,590,678</u>	<u>1,720,503</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	1,000	1,000	74,949	73,949
Transfers in (out)	(871,180)	(1,661,293)	(1,661,293)	-
<i>Total other financing sources (uses)</i>	<u>(870,180)</u>	<u>(1,660,293)</u>	<u>(1,586,344)</u>	<u>73,949</u>
Net change in fund balance	-	(790,118)	1,004,334	1,794,452
<i>Fund balance, beginning of year</i>	<u>5,769,341</u>	<u>5,769,341</u>	<u>5,769,341</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ 5,769,341</u>	<u>\$ 4,979,223</u>	<u>\$ 6,773,675</u>	<u>\$ 1,794,452</u>

COUNTY OF GAINES
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 ROAD & BRIDGE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
RECEIPTS:				
Charges for services	\$ 421,745	\$ 658,746	\$ 658,740	\$ (6)
Fines	105,000	105,000	55,498	(49,502)
<i>Total receipts</i>	<u>526,745</u>	<u>763,746</u>	<u>714,238</u>	<u>(49,508)</u>
DISBURSEMENTS:				
Current:				
Road and bridge	64,563	64,563	43,903	20,660
<i>Total disbursements</i>	<u>64,563</u>	<u>64,563</u>	<u>43,903</u>	<u>20,660</u>
Excess (deficiency) of receipts over (under) disbursements	<u>462,182</u>	<u>699,183</u>	<u>670,335</u>	<u>(28,848)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	(462,182)	(670,425)	(670,425)	-
<i>Total other financing sources (uses)</i>	<u>(462,182)</u>	<u>(670,425)</u>	<u>(670,425)</u>	<u>-</u>
Net change in fund balance	-	28,758	(90)	(28,848)
Fund balance, beginning of year	<u>64,653</u>	<u>64,653</u>	<u>64,653</u>	<u>-</u>
Fund balance, end of year	<u>\$ 64,653</u>	<u>\$ 93,411</u>	<u>\$ 64,563</u>	<u>\$ (28,848)</u>

COUNTY OF GAINES
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 PRECINCT #1
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
RECEIPTS:				
Miscellaneous	\$ 5	\$ 5	\$ 1,063	\$ 1,058
<i>Total receipts</i>	<u>5</u>	<u>5</u>	<u>1,063</u>	<u>1,058</u>
DISBURSEMENTS:				
Current:				
Road and bridge	2,458,978	2,105,518	1,339,811	765,707
Capital outlay	70,180	423,640	676,183	(252,543)
<i>Total disbursements</i>	<u>2,529,158</u>	<u>2,529,158</u>	<u>2,015,994</u>	<u>513,164</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,529,153)</u>	<u>(2,529,153)</u>	<u>(2,014,931)</u>	<u>514,222</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	5	5	7,064	7,059
Transfers in (out)	1,529,148	1,529,148	1,764,711	235,563
<i>Total other financing sources (uses)</i>	<u>1,529,153</u>	<u>1,529,153</u>	<u>1,771,775</u>	<u>242,622</u>
Net change in fund balance	(1,000,000)	(1,000,000)	(243,156)	756,844
<i>Fund balance, beginning of year</i>	<u>4,133,572</u>	<u>4,133,572</u>	<u>4,133,572</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ 3,133,572</u>	<u>\$ 3,133,572</u>	<u>\$ 3,890,416</u>	<u>\$ 756,844</u>

COUNTY OF GAINES
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 PRECINCT #2
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
RECEIPTS:				
Miscellaneous	\$ 5	\$ 5	\$ 3,293	\$ 3,288
<i>Total receipts</i>	<u>5</u>	<u>5</u>	<u>3,293</u>	<u>3,288</u>
DISBURSEMENTS:				
Current:				
Road and bridge	2,403,844	2,308,349	1,454,059	854,290
Capital outlay	101,596	197,091	197,091	-
<i>Total disbursements</i>	<u>2,505,440</u>	<u>2,505,440</u>	<u>1,651,150</u>	<u>854,290</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,505,435)</u>	<u>(2,505,435)</u>	<u>(1,647,857)</u>	<u>857,578</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	5	5	44,245	44,240
Transfers in (out)	1,505,430	1,505,430	1,736,926	231,496
<i>Total other financing sources (uses)</i>	<u>1,505,435</u>	<u>1,505,435</u>	<u>1,781,171</u>	<u>275,736</u>
Net change in fund balance	(1,000,000)	(1,000,000)	133,314	1,133,314
<i>Fund balance, beginning of year</i>	<u>3,147,367</u>	<u>3,147,367</u>	<u>3,147,367</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ 2,147,367</u>	<u>\$ 2,147,367</u>	<u>\$ 3,280,681</u>	<u>\$ 1,133,314</u>

COUNTY OF GAINES
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 PRECINCT #3
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
RECEIPTS:				
Miscellaneous	\$ 5	\$ 5	\$ 1,813	\$ 1,808
<i>Total receipts</i>	<u>5</u>	<u>5</u>	<u>1,813</u>	<u>1,808</u>
DISBURSEMENTS:				
Current:				
Road and bridge	2,446,676	1,819,726	1,486,485	333,241
Capital outlay	100,000	726,950	726,949	1
<i>Total disbursements</i>	<u>2,546,676</u>	<u>2,546,676</u>	<u>2,213,434</u>	<u>333,242</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,546,671)</u>	<u>(2,546,671)</u>	<u>(2,211,621)</u>	<u>335,050</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	5	5	12,118	12,113
Transfers in (out)	1,546,666	1,546,666	1,785,240	238,574
<i>Total other financing sources (uses)</i>	<u>1,546,671</u>	<u>1,546,671</u>	<u>1,797,358</u>	<u>250,687</u>
Net change in fund balance	(1,000,000)	(1,000,000)	(414,263)	585,737
<i>Fund balance, beginning of year</i>	<u>3,625,232</u>	<u>3,625,232</u>	<u>3,625,232</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ 2,625,232</u>	<u>\$ 2,625,232</u>	<u>\$ 3,210,969</u>	<u>\$ 585,737</u>

COUNTY OF GAINES
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 PRECINCT #4
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
RECEIPTS:				
Miscellaneous	\$ 5	\$ 5	\$ 17,688	\$ 17,683
<i>Total receipts</i>	<u>5</u>	<u>5</u>	<u>17,688</u>	<u>17,683</u>
DISBURSEMENTS:				
Current:				
Road and bridge	2,380,543	2,172,453	1,578,386	594,067
Capital outlay	5	208,095	206,780	1,315
<i>Total disbursements</i>	<u>2,380,548</u>	<u>2,380,548</u>	<u>1,785,166</u>	<u>595,382</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,380,543)</u>	<u>(2,380,543)</u>	<u>(1,767,478)</u>	<u>613,065</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	5	5	-	(5)
Transfers in (out)	1,380,538	1,380,538	1,590,594	210,056
<i>Total other financing sources (uses)</i>	<u>1,380,543</u>	<u>1,380,543</u>	<u>1,590,594</u>	<u>210,051</u>
Net change in fund balance	(1,000,000)	(1,000,000)	(176,884)	823,116
<i>Fund balance, beginning of year</i>	<u>3,289,094</u>	<u>3,289,094</u>	<u>3,289,094</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ 2,289,094</u>	<u>\$ 2,289,094</u>	<u>\$ 3,112,210</u>	<u>\$ 823,116</u>

COUNTY OF GAINES
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 FARM TO MARKET FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
RECEIPTS:				
Taxes:				
Property Taxes	\$ 5,910,000	\$ 6,082,512	\$ 6,082,512	\$ -
Investment income	15,000	87,117	87,117	-
Other revenue	36,784	37,416	37,416	-
<i>Total receipts</i>	<u>5,961,784</u>	<u>6,207,045</u>	<u>6,207,045</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	<u>(5,961,784)</u>	<u>(6,207,045)</u>	<u>(6,207,045)</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>(5,961,784)</u>	<u>(6,207,045)</u>	<u>(6,207,045)</u>	<u>-</u>
Net change in fund balance	-	-	-	-
<i>Fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF GAINES
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
RECEIPTS:				
Contributions from private sources	\$ -	\$ -	\$ 63,829	\$ 63,829
Miscellaneous revenue	46,360	46,360	50,125	3,765
<i>Total receipts</i>	<u>46,360</u>	<u>46,360</u>	<u>113,954</u>	<u>67,594</u>
DISBURSEMENTS:				
Current:				
General government	\$ 350,005	\$ 150,005	\$ 41,052	\$ 108,953
Capital outlay	1,653,005	1,853,005	1,016,371	836,634
<i>Total disbursements</i>	<u>2,003,010</u>	<u>2,003,010</u>	<u>1,057,423</u>	<u>945,587</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1,956,650)</u>	<u>(1,956,650)</u>	<u>(943,469)</u>	<u>1,013,181</u>
OTHER FINANCING SOURCES (USES):				
Sale of real and personal property	15	15	-	(15)
Transfers in (out)	5	5	769,000	768,995
<i>Total other financing sources (uses)</i>	<u>20</u>	<u>20</u>	<u>769,000</u>	<u>768,980</u>
Net change in fund balance	(1,956,630)	(1,956,630)	(174,469)	1,782,161
Fund balance, beginning of year	<u>6,553,283</u>	<u>6,553,283</u>	<u>6,553,283</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,596,653</u>	<u>\$ 4,596,653</u>	<u>\$ 6,378,814</u>	<u>\$ 1,782,161</u>

COUNTY OF GAINES
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
GASB 68 DISCLOSURE MEASUREMENT DATE DECEMBER 31, 2019

	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014
TOTAL PENSION LIABILITY						
Service cost	\$ 991,267	\$ 992,031	\$ 1,017,799	\$ 1,127,870	\$ 935,599	\$ 919,180
Interest on total pension liability	3,044,232	2,887,629	2,730,748	2,562,845	2,437,789	2,320,034
Changes of benefit terms	0	0	0	0	(165,778)	0
Economic/demographic (gains) or losses	326,003	42,224	(90,184)	(265,723)	(324,776)	(227,631)
Change of assumptions	0	0	214,150	0	361,169	0
Benefit payments/refunds of contributions	(2,117,759)	(1,862,719)	(1,955,350)	(1,683,863)	(1,712,666)	(1,612,645)
Net Change in Total Pension Liability	2,243,743	2,059,165	1,917,163	1,741,129	1,531,337	1,398,938
Total Pension Liability, Beginning	37,630,104	35,570,939	33,653,776	31,912,647	30,381,310	28,982,372
Total Pension Liability, Ending	<u>\$ 39,873,847</u>	<u>\$ 37,630,104</u>	<u>\$ 35,570,939</u>	<u>\$ 33,653,776</u>	<u>\$ 31,912,647</u>	<u>\$ 30,381,310</u>
Fiduciary Net Position						
Employer contributions	\$ 484,481	\$ 476,375	\$ 450,289	\$ 492,558	\$ 3,801,209	\$ 1,763,096
Member contributions	589,807	568,083	546,279	554,319	561,451	501,625
Investment income net of investment expenses	6,003,234	(719,631)	4,971,241	2,400,446	186,139	1,895,727
Benefit payments/refunds of contributions	(2,117,759)	(1,862,719)	(1,955,350)	(1,683,863)	(1,712,666)	(1,612,645)
Administrative expenses	(31,585)	(29,357)	(25,363)	(26,099)	(22,392)	(22,042)
Other	(29,952)	(20,549)	(13,087)	55,271	(201,857)	(255,310)
Net Change in Fiduciary Position	4,898,226	(1,587,798)	3,974,009	1,792,632	2,611,884	2,270,451
Fiduciary Net Position, Beginning	36,549,605	38,137,403	34,163,394	32,370,762	29,758,878	27,488,427
Fiduciary Net Position, Ending	<u>\$ 41,447,831</u>	<u>\$ 36,549,605</u>	<u>\$ 38,137,403</u>	<u>\$ 34,163,394</u>	<u>\$ 32,370,762</u>	<u>\$ 29,758,878</u>
Net Pension Liability / (Asset), Ending	\$ (1,573,984)	\$ 1,080,499	\$ (2,566,464)	\$ (509,618)	\$ (458,115)	\$ 622,432
Fiduciary Net Position as a % of total pension liability	103.95%	97.13%	107.22%	101.51%	101.44%	97.95%
Pensionable Covered Payroll	\$ 8,425,808	\$ 8,115,465	\$ 7,803,987	\$ 7,918,843	\$ 8,020,732	\$ 7,166,066
Net Pension Liability as a % of covered payroll	-18.68%	13.31%	-32.89%	-6.44%	-5.71%	8.69%

This schedule is presented to illustrate the requirement to show information for 10 years. Recalculations of prior years are not required in accordance with GASB 68, therefore, only the years for which the new GASB statements have been implemented are shown.

COUNTY OF GAINES
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB 68 DISCLOSURE

YEAR ENDING SEPTEMBER 30	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2015	\$ 1,448,834	\$ 2,387,834	\$ (939,000)	\$ 7,701,880	31.0%
2016	588,912	3,538,452	(2,949,540)	8,017,932	44.1%
2017	456,527	456,527	-	7,748,378	5.9%
2018	471,018	471,018	-	8,060,895	5.8%
2019	479,363	479,363	-	8,290,636	5.8%
2020	537,610	537,610	-	8,738,209	6.2%

This schedule is presented to illustrate the requirement to show information for 10 years. Recalculations of prior years are not required in accordance with GASB 68, therefore, only the years for which the new GASB statements have been implemented are shown.