SHERMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR YEAR ENDED
SEPTEMBER 30, 2020

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ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2020

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PART I

INTRODUCTORY SECTION

SHERMAN COUNTY, TEXAS

PRINCIPAL COUNTY OFFICIALS

SEPTEMBER 30, 2020

Terri Beth Carter	County Judge
Dana Buckles	Commissioner, Precinct #1
Terry Matthews	Commissioner, Precinct #2
Jeff Crippen	Commissioner, Precinct #3
David Davis	Commissioner, Precinct #4
Ron Enns	Judge, 69th Judicial District
David Green	District Attorney
Laura Rogers	District/County Clerk
Kimberly Allen	County Attorney
Valerie McAlister	County Tax Assessor/Collector
Doris Parsons	County Treasurer
Ted Allen	County Sheriff
Brenda Acker	Justice of the Peace

PART II

FINANCIAL SECTION

DOSHIER, PICKENS & FRANCIS, LLC
CERTIFIED PUBLIC ACCOUNTANTS
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Amarillo, TX 79105-5938
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To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Sherman County, Texas

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Sherman County, Texas, as of September 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 33 – 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The independent auditors' opinion is not affected by the omission of the MD&A.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sherman County, Texas's financial statements as a whole. The combining non-major and agency fund financial statements listed under other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major and agency fund financial statements listed under other supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Doshier, Pickens & Francis, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC
December 4, 2020

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BASIC FINANCIAL STATEMENTS

SHERMAN COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 2,790,936
Accounts receivable, net	169,479
Delinquent taxes receivable, net	57,556
Prepaid expenses	45,282
Capital assets, net of accumulated depreciation	2,325,305
Total assets	5,388,558
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	342,661
Pension economic/demographic losses	59,873
Pension assumption changes	28,497
Other postemployment benefit contributions	4,936
Other postemployment benefit economic/demographic losses	2,940
Other postemployment benefit assumption changes	29,396
Total deferred outflows of resources	468,303
LIABILITIES	
Accounts payable	157,203
Accrued payroll	252,150
Due to other governmental entities	36,599
Deferred revenues	21,028
Noncurrent liabilities:	
Net pension liability	343,641
Other postemployment benefit liability	201,893
Due within one year	4,000
Due in more than one year	33,522
Total liabilities	1,050,036
DEFERRED INFLOWS OF RESOURCES	
Pension excess earnings	269,389
Other postemployment benefit economic/demographic gains	2,325
Other postemployment benefit assumption changes	7,922
Total deferred inflows of resources	279,636
NET POSITION	
Net investment in capital assets	2,325,305
Restricted by enabling legislation for:	
Special revenue funds	74,404
Unrestricted	2,127,480
Total net position	$ 4,527,189

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

SHERMAN COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
Governmental Activities:					
Administrative	$ 1,173,719	$ 158,009	$ 25,200	$ -	$ (990,510)
Judicial	473,078	272,488	45,195	-	(155,395)
Public facilities	289,314	807	3,000	-	(285,507)
Public safety	1,013,076	11,962	45,961	-	(955,153)
Road and bridge	1,842,293	300,146	15,881	-	(1,526,266)
Public service	128,900	-	-	-	(128,900)
Total	$ 4,920,380	$ 743,412	$ 135,237	$ -	(4,041,731)
General revenues:					
Property taxes					3,904,495
Interest					46,670
Miscellaneous					98,327
Total general revenues					4,049,492
Change in net position					7,761
Net position - beginning					4,519,428
Net position - ending					$ 4,527,189

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

SHERMAN COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Non-Major Governmental	Total Governmental
ASSETS			
Cash and cash equivalents	$ 2,709,550	$ 81,386	$ 2,790,936
Accounts receivable, net	169,479	-	169,479
Taxes receivable, net	57,556	-	57,556
Due from other funds	1,492	-	1,492
Prepaid expenditures	45,282	-	45,282
Total assets	$ 2,983,359	$ 81,386	$ 3,064,745
LIABILITIES			
Accounts payable	$ 151,713	$ 5,490	$ 157,203
Due to other funds	-	1,492	1,492
Due to other governmental entities	36,599	-	36,599
Deferred revenue	21,028	-	21,028
Accrued payroll	252,150	-	252,150
Total liabilities	461,490	6,982	468,472
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	50,606	-	50,606
Unavailable revenue - other receivables	138,503	-	138,503
Total deferred inflows of resources	189,109	-	189,109
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	45,282	-	45,282
Restricted:			
By enabling legislation for special projects	-	74,404	74,404
Committed for:			
Change in venue	50,000	-	50,000
Capital improvements	180,000	-	180,000
Contingencies	1,021,642	-	1,021,642
Unassigned	1,035,836	-	1,035,836
Total fund balances	2,332,760	74,404	2,407,164
Total liabilities, deferred inflows of resources, and fund balances	$ 2,983,359	$ 81,386	$ 3,064,745

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

SHERMAN COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different

Total fund balance - governmental funds	$	2,407,164
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		2,325,305
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred and shown as unavailable revenues in the fund financial statements.		189,109
Pension and Other postemployment benefit losses, deficit earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements.		
Pension economic/demographic losses		59,873
Pension assumption changes		28,497
Other postemployment benefit economic/demographic losses		2,940
Other postemployment benefit assumption changes		29,396
Pension and Other postemployment benefit contributions paid after the measurement date, December 31, 2019, and before September 30, 2020 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		
Pension contributions		342,661
Other postemployment benefit contributions		4,936
Pension and Other postemployment benefit gains and excess earnings are shown as deferred inflows of resources in the government-wide financial statements.		
Pension excess earnings		(269,389)
Other postemployment benefit assumption changes		(7,922)
Other postemployment benefit economic/demographic gains		(2,325)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:		
Accrued compensated absences		(37,522)
Net pension liability		(343,641)
Other postemployment benefit liability		(201,893)
Net position - governmental activities	$	4,527,189

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

SHERMAN COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Non-Major Governmental	Total Governmental
REVENUES			
Property taxes	$ 3,887,864	$ -	$ 3,887,864
Licenses and fees	418,221	34,858	453,079
Fines and forfeitures	204,889	-	204,889
Intergovernmental	134,276	961	135,237
Interest	46,642	28	46,670
Miscellaneous	67,341	30,986	98,327
Total revenues	4,759,233	66,833	4,826,066
EXPENDITURES			
Current:			
Administrative	1,136,025	25,044	1,161,069
Judicial	474,865	36	474,901
Public facilities	286,312	-	286,312
Public safety	931,815	29,346	961,161
Road and bridge	1,624,001	-	1,624,001
Public service	129,304	-	129,304
Capital outlay	450,699	20,797	471,496
Total expenditures	5,033,021	75,223	5,108,244
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(273,788)	(8,390)	(282,178)
OTHER FINANCING SOURCES			
Insurance proceeds	32,051	-	32,051
Total other financing sources	32,051	-	32,051
NET CHANGE IN FUND BALANCES	(241,737)	(8,390)	(250,127)
FUND BALANCES - BEGINNING	2,574,497	82,794	2,657,291
FUND BALANCES - ENDING	$ 2,332,760	$ 74,404	$ 2,407,164

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

SHERMAN COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

Net change in fund balances - total governmental funds:	$	(250,127)
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays, $471,496, exceeded depreciation, $286,239, in the current period.		185,257
The Statement of Activities reports proceeds arising from the trade-in of existing capital assets to acquire new capital assets as gains or losses. Conversely, governmental funds do not report any proceeds on a trade-in of capital assets.		70,000
In the Statement of Activities, only the gains or losses on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(117,500)
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue.		102,075
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Compensated absences, net change		1,896
Net change in deferred outflows of resources:		
Various items related to pension plan		(599,965)
Various items related to other postemployment benefit		26,299
Net change in deferred inflows of resources:		
Various items related to pension plan		(269,389)
Various items related to other postemployment benefit		5,125
Net pension liability, net change		895,252
Other postemployment benefit liability, net change		(41,162)
Change in net position - governmental activities	$	7,761

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

SHERMAN COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2020

ASSETS		
Cash and cash equivalents	$	54,141
Total assets	$	54,141
LIABILITIES		
Deposits	$	54,141
Total liabilities	$	54,141

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sherman County, Texas (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles)(GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Financial Reporting Entity

The County, incorporated in 1876, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a variety of services to advance the welfare, morale, comfort, safety and convenience of the County and its citizens.

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

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. <u>Financial Statement Presentation, Measurement Focus and Basis of Accounting</u> – Continuation

<u>Government-Wide Statements</u> – Continuation

The Statement of Activities demonstrates the degree to which the direct expenses of the County's programs are offset by those programs' revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Taxes and other items not included among program revenue are reported instead as *general revenue*. In miscellaneous general revenues are non-program specific contributions including capital assets contributions.

Fiduciary funds are excluded in the government-wide presentation of the financial statements.

<u>Fund-Level Statements</u>

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Grant and entitlement revenues are also susceptible to accrual. These funds are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any proprietary funds, including internal service and fiduciary funds, including agency funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus.

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The County reports the following major governmental fund:

The **<u>General Fund</u>** is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues, and investment of idle funds. Primary expenditures are for administrative, judicial, public facilities, public safety, road and bridge, public service, and capital acquisition.

Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation

Fund-Level Statements – Continuation

Additionally, the County reports the following fund types:

Special Revenue Funds – ***Special Revenue Funds*** account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

Agency Funds – ***Agency Funds*** account for assets received by the governmental unit in its capacity as trustee or agent for the County, other governmental entities, or individuals. The receipts and disbursements of such funds are governed by the terms of the statutes, ordinances, regulations, or other authority.

C. Use of Restricted Assets

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

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

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and deposits within public fund investment pools. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County's custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

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

The Act requires an annual audit of investment policies. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that in the area of investment practices, management has established and reported appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local policies.

2. Receivables and Payables

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

Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

2. Receivables and Payables – Continuation

Amounts due from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Charges for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of $952,508.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

3. Property Tax Calendar and Revenues

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year. Tax collections during the months of October through December are entitled to discounts offered by the County. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levies are shown net of an allowance for uncollectible accounts of $126,538.

4. Restricted Assets/Funds

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Other Non-Major Governmental fund balances (amounts restricted for other specific purposes such as management, preservation, and restoration of public records, personnel and security for the courthouse, technology requirements for the justice court, enhancement of the county attorney operations with fees from processing dishonored and forged checks, maintenance of the commissary in the Sheriff's Department, maintenance and replacement of election equipment, and enhancement of the Sheriff operations through the seizure of confiscated assets. All restrictions are enacted according to Texas statutes.)

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent "available spendable resources".

Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

6. Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government-wide financial statements. The County has opted not to retroactively report infrastructure assets (assets acquired prior to October 1, 2003). According to the County's capitalization policy, capital assets, such as equipment, are defined as individual assets (or systems of assets) having a cost of $5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and improvements	10 - 30 years
Furniture and fixtures	7 years
General equipment	5 - 20 years
Vehicles	5 - 7 years
Computer hardware	5 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. They are the contributions and other items related to the County's pension plan and other postemployment benefit plan reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has multiple items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are related to the County's pension plan and other postemployment benefit plan reported in the government-wide statement of net position.

8. Compensated Absences

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

Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

8. Compensated Absences – Continuation

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

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

Regular full-time employees are entitled to vacation of up to two weeks per year as earned. Vacation time earned, but not taken, is paid upon termination, but is limited to a maximum accumulation of three weeks. Compensation time is accrued at one and one-half the employee's regular rate for each hour worked over forty hours in a work week, except for law enforcement which is calculated according to the rules promulgated by United States Code Section 29, Chapter 207, paragraph k. Sick leave accrues at 8 hours per month with a maximum accumulation limit of 240 hours. No unused sick leave will be paid upon termination. Accrued vacation leave and comp time are accrued in the government-wide financial statements.

9. Pensions and Other Post-Employment Benefits

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the other post-employment benefit (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Texas County and District Retirement System Supplemental Death Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

10. Fund Balances – Continuation

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Commissioners' Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned Fund Balance – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners' Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.

Unassigned Fund Balance – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

11. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted Net Position – This amount includes all net positions that do not meet the definition of "net investment in capital assets" or "restricted net position."

12. Fund Balance Policies

When the County incurs an expenditure for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first, then unrestricted funds. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Committed fund balance amounts may be used for other purposes with appropriate action by the Commissioners' Court to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

12. Fund Balance Policies – Continuation

The County's highest level of decision-making authority is the Commissioners' Court. The Court has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Court.

13. Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the proposed budget is submitted to the Commissioners' Court.

2. The Commissioners' Court provides for a public hearing on the County budget subsequent to August 15, and prior to the levy of taxes by the Commissioners' Court.

3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund.

4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioners' Court. The Court has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the County do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for the General Fund.

5. Budgets for the General Fund are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis.

6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund.

7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

Continued

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation

B. Excess of Expenditures Over Appropriations

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
Expenditures exceeded the budget in various departments of the General Funds	A combination of underspending in other departments have covered such overspendings.

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the County's cash and deposit balances as of September 30, 2020:

Cash and deposit balances consist of:		
Cash on hand	$	829
Bank deposits		1,452,007
Temporary investments - Texas CLASS		1,392,241
Total	$	2,845,077
Cash and deposit balances are reported in the basic financial statements as follows:		
Government-wide Statement of Net Position:		
Unrestricted	$	2,790,936
Fiduciary Funds Statement of Net Position		54,141
Total	$	2,845,077

Custodial credit risk – deposits. As of September 30, 2020, the carrying amount of the County's deposits with financial institutions was $1,452,007 and the bank's balance was $1,631,150. Of the bank balance, $433,235 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining $1,197,915 was collateralized with securities held by the pledging institution's agent in the County's name.

As of September 30, 2020, the County had $1,392,241 invested with the Texas CLASS. The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as Texas CLASS, through which political subdivisions and other entities may invest public funds. The State Comptroller of Public Accounts exercises oversight responsibility over both funds. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally the State Comptroller has established an advisory board composed of both participants of the pools and other persons who do not have a business relationship with either pool. The advisory board members review the investment policy and management fee structure.

Continued

NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation

The investment pool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. Texas CLASS does not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. Texas CLASS has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principle. Texas CLASS invest in a quality portfolio of debt securities investments that are legally permissible for local governments in the state.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, readily available Texas CLASS shares, or in certificates of deposit with weighted average maturities of one year or less.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single insurer. As of September 30, 2020, 48.9% of the County's carrying value of cash was invested in pooled investment accounts. All other cash was deposited with the County's depository bank and was adequately secured as described above.

NOTE 4 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is $.80 on each $100 of assessed valuation. The tax rate on the 2019 tax roll was $.70092 per $100, which means that the County has a tax margin of $.09908 per $100 and could raise up to $553,735 additional revenue from the 2019 assessed valuation of $558,876,220 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received in October through December are entitled to discounts offered by the County. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

NOTE 5 – CAPITAL ASSETS

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classification by function. As stated earlier, the County has opted not to report its infrastructure retroactively.

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	$ 21,047	$ -	$ -	$ 21,047
Total capital assets, not being depreciated	21,047	-	-	21,047
Capital assets, being depreciated:				
Buildings and improvements	1,270,032	-	-	1,270,032
Equipment	4,247,559	541,496	(175,000)	4,614,055
Total capital assets, being depreciated	5,517,591	541,496	(175,000)	5,884,087
Less accumulated depreciation for:				
Buildings and improvements	(1,148,504)	(7,671)	-	(1,156,175)
Equipment	(2,202,586)	(278,568)	57,500	(2,423,654)
Total accumulated depreciation	(3,351,090)	(286,239)	57,500	(3,579,829)
Total capital assets, being depreciated, net	2,166,501	255,257	(117,500)	2,304,258
Governmental activities capital assets, net	$ 2,187,548	$ 255,257	$ (117,500)	$ 2,325,305

Depreciation expense for the year ended September 30, 2020 was charged to the functions/programs of the primary government as follows:

Governmental activities	
Administrative	$ 15,425
Public facilities	3,984
Public safety	60,971
Road and bridge	205,859
Total Depreciation Expense	$ 286,239

NOTE 6 – RETIREMENT PLAN

Plan Description: Sherman County provides retirement and death benefits for all of its employees, except temporary 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 of several nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 and is available at www.tcdrs.org.

Benefits Provided: The plan provisions are adopted by the governing body of the County (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 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

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

Employees Covered by Benefit Terms: At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	47
Active employees	48

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

The County contributed using the actuarially determined rate of 13.47% with a supplemental rate of 1.00% for the months of the accounting year in 2019 and 14.24% with a supplemental rate of 1.18 % for the months of the accounting year in 2020. The contribution rate payable by the employee members is 7.0% for fiscal year 2020 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Continued

NOTE 6 – RETIREMENT PLAN – Continuation

All actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	3.25%

The payroll growth assumption is for the aggregate covered payroll of an employer.

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 that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

Continued

NOTE 6 – RETIREMENT PLAN – Continuation

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

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed	MSCI World Ex USA (net) Index	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%	-0.20%
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) Funds 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 rate 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.

Continued

NOTE 6 – RETIREMENT PLAN – Continuation

Discount Rate: The discount rate used to measure the total pension liability was 8.10%. 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.

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%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued

NOTE 6 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2018	$ 11,023,623	$ 9,784,730	$ 1,238,893
Changes for the year:			
Service cost	252,239	-	252,239
Interest on total pension liability (1)	890,783	-	890,783
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	42,617	-	42,617
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(1,402)	(1,402)	-
Benefit payments	(566,731)	(566,731)	-
Administrative expenses	-	(8,609)	8,609
Member contributions	-	132,658	(132,658)
Net investment income	-	1,606,933	(1,606,933)
Employer contributions	-	351,220	(351,220)
Other (3)	-	(1,311)	1,311
Balances as of December 31, 2019	$ 11,641,129	$ 11,297,488	$ 343,641

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
(2) No plan changes valued.
(3) Relates to allocation of system-wide items.

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	$ 12,837,437	$ 11,641,129	$ 10,607,388
Fiduciary net position	11,297,488	11,297,488	11,297,488
Net pension liability / (asset)	$ 1,539,949	$ 343,641	$ (690,100)

Continued

NOTE 6 – RETIREMENT PLAN – Continuation

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

Pension Expense / (Income):

	January 1, 2019 to December 31, 2019
Service cost	$ 252,239
Interest on total pension liability (1)	890,783
Effect of plan changes	-
Administrative expenses	8,609
Member contributions	(132,658)
Expected investment return net of investment expenses	(788,823)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	45,667
Recognition of assumption changes or inputs	28,498
Recognition of investment gains or losses	81,060
Other (2)	1,311
Pension expense / (income)	$ 386,686

(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 September 30, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ -	$ 59,873
Changes of assumptions	-	28,497
Net difference between projected and actual earnings	269,389	-
Contributions made subsequent to measurement date	N/A	342,661

Continued

NOTE 6 – RETIREMENT PLAN – Continuation

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	$ 8,188
2021	(63,253)
2022	37,668
2023	(163,622)
2024	-
Thereafter	-

NOTE 7 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN

Plan Description: Sherman County, Texas participates in the retiree Group Term Life program (GTL) for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Benefits Provided: All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are in included in the other postemployment benefit plan (OPEB). The plan provides a $5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the GTL program. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL Fund does not meet the requirements of a trust under paragraph 4b of GASB Statement 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to $5,000.

Employees Covered by Benefit Terms: At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	16
Active employees	48

Total OPEB Liability: The County's total OPEB liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Continued

NOTE 7 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

All actuarial assumptions that determined the total OPEB liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Discount Rate: The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB Statement 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.74% based on the 20 Year Bond GO index published by bondbuyer.com is used as of the measurement date of December 31, 2019.

Changes in the Total OPEB Liability:

	Changes in Total OPEB Liability
Balances as of December 31, 2019	$ 160,731
Changes for the year:	
Service cost	3,185
Interest on total OPEB liability (1)	6,601
Changes of benefit terms (2)	-
Effect of economic/demographic experience	910
Effect of assumptions changes or inputs (3)	36,341
Benefit payments	(5,875)
Other	-
Balances as of December 31, 2019	$ 201,893

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
(2) No plan changes valued.
(3) Reflects change in discount rate and the new assumptions adopted based on the January 1, 2013 - December 31, 2016 Investigation of Experience.

Continued

NOTE 7 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

Sensitivity of the total OPEB liability / (asset) to changes in the discount rate: The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.74%, as well as the what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 1.74%	Current Discount Rate 2.74%	1% Increase 3.74%
Total OPEB liability	$ 237,448	$ 201,893	$ 174,087

OPEB Expense / (Income):

	January 1, 2019 to December 31, 2019
Service cost	$ 3,185
Interest on total OPEB liability (1)	6,601
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	194
Recognition of assumption changes or inputs	6,193
Other	-
OPEB expense / (income)	$ 16,173

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

Deferred Inflows / Outflows of Resources: As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,325	$ 2,940
Changes of assumptions	7,922	29,396
Contributions made subsequent to measurement date	N/A	4,936

Continued

NOTE 7 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation

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

Year ended December 31:		
2020	$	6,387
2021		6,390
2022		9,312
2023		-
2024		-
Thereafter		-

NOTE 8 – CONCENTRATION OF TAXPAYERS

As of September 30, 2020, the following taxpayers accounted for a significant portion of the County's total tax levy.

Taxpayer	Industry	Tax Amount	Percent of Total Levy
Taxpayer A	Oil & Gas	$ 296,933	7.58 %
Taxpayer B	Oil & Gas	232,691	5.94

NOTE 9 – LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 39,418	$ 56,793	$ (58,689)	$ 37,522	$ 4,000
Governmental activity long-term liabilities	$ 39,418	$ 56,793	$ (58,689)	$ 37,522	$ 4,000

NOTE 10 – RISK MANAGEMENT

The County's major areas of risk management are: public officials', law enforcement, and automobile liability, general comprehensive liability and property damage, workers' compensation, and employee health insurance. The County has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas, with the exception of the County not insuring road equipment for property coverage. The County pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

NOTE 11 – LEASES

Operating Leases

The County has entered into non-cancelable operating leases for software and equipment. Total costs for such leases were $12,459 for the year ended September 30, 2020. The future minimum lease payments for the leases are as follows:

For Year Ended:			
	2021	$	11,357
	2022		7,357
	2023		7,357
	2024		5,518
.			
Total Future Lease Payments		$	31,589

NOTE 12 – PROBATION DEPARTMENTS

Juvenile Probation Department

The Dallam, Hartley and Sherman Counties Juvenile Probation Department (Department) is a joint venture between the Counties. Each County makes a contribution to the Department based on a predetermined percentage of budgeted expenditures. The Department is governed by the Juvenile Probation Board whose members are the District Judge, the three County Judges and one citizen member appointed by the Board.

Continued

NOTE 12 – PROBATION DEPARTMENTS – Continuation

The Department operates on a fiscal year ending August 31 and issues a statement of revenues, expenditures and changes in fund balance – budget and actual. This financial statement is issued on a regulatory basis of accounting as mandated by the Texas Juvenile Justice Division. This report is solely the TJJD special revenue grant funds and not the Department as a whole.

Summarized information of the Dallam, Hartley and Sherman Counties Juvenile Probation Department for the year ended August 31, 2020 is as follows:

Department revenues:	
TJJD grant revenues - audited	$ 144,652
Local funding - unaudited	103,000
Other revenues - unaudited	1,314
Total revenues	248,966
Department expenditures:	
Grant expenditures - audited	144,652
Local expenditures - unaudited	89,136
Total expenditures	233,788
Excess of Revenues over / (under) Expenditures	$ 15,178
Total assets - unaudited	$ 82,582
Fund balance - unaudited	$ 82,582

Community Supervision and Corrections (Adult Probation)

The 69th District CSCD is a joint venture between Dallam, Hartley, Sherman and Moore Counties. Each County makes a contribution to the CSCD based on a predetermined percentage of budgeted expenditures. This funding was not audited after it was sent to the CSCD by the County.

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REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

SHERMAN COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with
	Original	**Final**	**Actual Amounts**	**Final Budget**
REVENUES				
Property taxes	$ 3,975,722	$ 3,975,722	$ 3,887,864	$ (87,858)
Licenses and fees	362,400	362,400	418,221	55,821
Fines and forfeitures	143,500	143,500	204,889	61,389
Intergovernmental	119,733	119,733	134,276	14,543
Investment earnings	100,000	100,000	46,642	(53,358)
Miscellaneous	38,600	38,600	67,341	28,741
Total revenues	4,739,955	4,739,955	4,759,233	19,278
EXPENDITURES				
Current:				
Administrative				
Commissioners' Court	289,200	289,200	258,852	30,348
County and District Clerk	229,308	229,308	211,556	17,752
Non-Departmental	168,000	168,000	189,506	(21,506)
County Judge	189,886	190,686	182,391	8,295
County Treasurer	146,248	146,248	140,711	5,537
Tax Assessor/Collector	156,200	157,000	153,009	3,991
Total administrative	1,178,842	1,180,442	1,136,025	44,417
Judicial				
County Court	4,900	4,900	-	4,900
Disrtict Court	46,949	47,584	46,713	871
Public Defender	25,973	25,973	25,974	(1)
Justice of the Peace	157,972	158,772	161,663	(2,891)
County Attorney	181,037	186,504	183,491	3,013
District Attorney	41,620	41,620	32,032	9,588
Adult Probation	3,603	3,603	3,053	550
Juvenile Probation	22,200	22,200	21,939	261
Total judicial	484,254	491,156	474,865	16,291
Public facilities				
Building operations	117,642	117,642	87,885	29,757
Repairs & maintenance	41,000	41,000	22,997	18,003
County library	167,582	160,982	116,114	44,868
County barn	73,733	74,133	59,316	14,817
Total public facilities	399,957	393,757	286,312	107,445
Public safety				
Jail operation	531,152	531,152	435,382	95,770
County Sheriff	488,649	488,649	469,788	18,861
Fire protection	58,044	58,044	26,645	31,399
Total public safety	1,077,845	1,077,845	931,815	146,030

Continued

SHERMAN COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with
Continuation	Original	Final	Actual Amounts	Final Budget
EXPENDITURES				
Current:				
Road and Bridge				
Countywide	$ 3,650	$ 3,650	$ 3,416	$ 234
Precinct 1	426,734	427,904	414,407	13,497
Precinct 2	422,698	422,668	388,250	34,418
Precinct 3	410,412	410,382	387,322	23,060
Precinct 4	458,183	459,953	430,606	29,347
Total public service	1,721,677	1,724,557	1,624,001	100,556
Public service				
Community enhancement	12,750	12,750	12,673	77
Health and welfare	14,440	14,440	7,887	6,553
Extension	147,272	147,272	108,744	38,528
Total public service	174,462	174,462	129,304	45,158
Capital outlay	1,027,669	1,027,669	450,699	576,970
Total expenditures	5,890,244	5,895,426	5,033,021	991,709
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,150,289)	(1,155,471)	(273,788)	1,010,987
OTHER FINANCING SOURCES				
Insurance proceeds	-	-	32,051	32,051
Total other financing sources	-	-	32,051	32,051
NET CHANGE IN FUND BALANCE	(1,150,289)	(1,155,471)	(241,737)	913,734
FUND BALANCE - BEGINNING	2,574,497	2,574,497	2,574,497	-
FUND BALANCE - ENDING	$ 1,424,208	$ 1,419,026	$ 2,332,760	$ 913,734

SHERMAN COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed as available)

	Year Ended December 31,			
	2019	2018	2017	2016
Total Pension Liability:				
Service cost	$ 252,239	$ 274,959	$ 271,225	$ 278,478
Interest on total pension liability (1)	890,783	840,688	788,681	739,276
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	-	113,990	-
Effect of economic/demographic (gains) or losses	42,617	82,090	16,392	(329)
Benefit payments/refunds of contributions	(568,133)	(545,416)	(558,265)	(526,717)
Net change in total pension liability	617,506	652,321	632,023	490,708
Total pension liability, beginning	11,023,623	10,371,302	9,739,279	9,248,571
Total pension liability, ending (a)	$ 11,641,129	$ 11,023,623	$ 10,371,302	$ 9,739,279
Fiduciary Net Position:				
Employer contributions	$ 351,220	$ 249,165	$ 443,073	$ 320,356
Member contributions	132,658	129,485	123,535	115,592
Investment income net of investment expenses	1,606,933	(191,036)	1,293,298	613,073
Benefit payments/refunds of contributions	(568,133)	(545,416)	(558,265)	(526,717)
Administrative expenses	(8,609)	(7,859)	(6,753)	(6,667)
Other	(1,311)	(3,949)	48	36,391
Net change in fiduciary net position	1,512,758	(369,610)	1,294,936	552,028
Fiduciary net position, beginning	9,784,730	10,154,340	8,859,404	8,307,376
Fiduciary net position, ending (b)	$ 11,297,488	$ 9,784,730	$ 10,154,340	$ 8,859,404
Net pension liability / (asset), ending = (a) - (b)	$ 343,641	$ 1,238,893	$ 216,962	$ 879,875
Fiduciary net position as a % of total pension liability	97.05%	88.76%	97.91%	90.97%
Pensionable covered payroll	$ 1,895,107	$ 1,849,783	$ 1,764,779	$ 1,651,315
Net pension liability as a % of covered payroll	18.13%	66.98%	12.29%	53.28%

Year Ended December 31,					
2015	2014	2013	2012	2011	2010
$ 245,863	$ 250,023	$ N/A	$ N/A	$ N/A	$ N/A
734,768	694,891	N/A	N/A	N/A	N/A
(21,711)	-	N/A	N/A	N/A	N/A
123,011	-	N/A	N/A	N/A	N/A
(416,210)	75,586	N/A	N/A	N/A	N/A
(624,163)	(529,322)	N/A	N/A	N/A	N/A
41,558	491,178	N/A	N/A	N/A	N/A
9,207,013	8,715,835	N/A	N/A	N/A	N/A
$ 9,248,571	$ 9,207,013	$ N/A	$ N/A	$ N/A	$ N/A
$ 321,673	$ 357,884	$ N/A	$ N/A	$ N/A	$ N/A
116,067	111,839	N/A	N/A	N/A	N/A
(37,960)	560,315	N/A	N/A	N/A	N/A
(624,163)	(529,322)	N/A	N/A	N/A	N/A
(6,114)	(6,514)	N/A	N/A	N/A	N/A
(174,160)	14,033	N/A	N/A	N/A	N/A
(404,657)	508,235	N/A	N/A	N/A	N/A
8,712,033	8,203,798	N/A	N/A	N/A	N/A
$ 8,307,376	$ 8,712,033	$ N/A	$ N/A	$ N/A	$ N/A
$ 941,195	$ 494,980	$ N/A	$ N/A	$ N/A	$ N/A
89.82%	94.62%	N/A	N/A	N/A	N/A
$ 1,658,096	$ 1,597,697	$ N/A	$ N/A	$ N/A	$ N/A
56.76%	30.98%	N/A	N/A	N/A	N/A

SHERMAN COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed)

Year Ending September 30:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	$ 234,325	$ 234,325	$ -	$ 1,651,199	14.2%
2016	228,173	296,829	(68,656)	1,643,573	18.1%
2017	227,380	338,462	(111,082)	1,741,892	19.4%
2018	230,533	270,060	(39,527)	1,815,125	14.9%
2019	248,820	343,641	(94,821)	1,874,701	18.3%
2020	278,101	412,584	(134,483)	1,979,085	20.8%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level
Remaining Amortization Period	6.5 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.0%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the Schedule 2019: No changes in plan provisions were reflected in the Schedule

SHERMAN COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed as available)

	Year Ended December 31,			
	2019	2018	2017	2016
Total OPEB Liability:				
Service cost	$ 3,185	$ 4,210	$ 3,780	$ N/A
Interest on total OPEB liability	6,601	5,812	6,221	N/A
Effect of plan changes	-	-	-	N/A
Effect of assumption changes or inputs	36,341	(15,846)	5,350	N/A
Effect of economic/demographic (gains) or losses	910	4,516	(5,813)	N/A
Benefit payments	(5,875)	(5,364)	(5,824)	N/A
Net change in total OPEB liability	41,162	(6,672)	3,714	N/A
Total OPEB liability, beginning	160,731	167,403	163,689	N/A
Total OPEB liability, ending	$ 201,893	$ 160,731	$ 167,403	$ N/A
Covered employee payroll	$ 1,895,107	$ 1,849,783	$ 1,764,779	$ N/A
Total OPEB liability as a % of covered employee payroll	10.65%	8.69%	9.49%	N/A

Notes to Schedule:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary increases	Does not apply
Investment rate of return	4.10% (20 Year Bond GO Index published by bondbuyer.com as of December 27, 2018)

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes.

Abandoned Motor Vehicle – The Sheriff Abandoned Motor Vehicle Fund consists of abandoned car monies, seizure monies, and LEOSE (Law Enforcement Officer Standards in Education) monies. The abandoned car monies are derived from the sale of abandoned property and are used for the expenditures incurred in disposing of such property and other Sheriff Department expenditures. Seizure monies are collected from the sale of confiscated assets and are to be used for Sheriff Department expenditures. LEOSE revenues are from the State of Texas and are used for the training of law enforcement officials.

Records Management – The Records Management Funds account for revenues derived from the records management and preservation fees collected by the County and District Clerk on all recorded documents. The revenues are to be used for specific records preservation and automation projects in the County and District Clerk's office.

Contracted Elections – The Contracted Elections Fund accounts for revenues derived from fees collected from other governmental entities for the use of the County's election equipment. The revenues are to be used for the maintenance and replacement of election equipment as well as other expenses incurred by the County election officer's office in connection with election-related duties or functions.

Records Preservation – The Records Preservation Fund accounts for revenues from fees collected on criminal and civil court cases by the District and County Clerk. The revenues are to be used for specific records management projects in any office in the County.

Courthouse Security – The Courthouse Security Fund accounts for revenues derived from the courthouse security fees collected by the District and County Clerk as well as the Justice of the Peace. The revenues are to be used to help fund security measures or services for buildings housing a district or county court.

Records Restoration – Then Records Restoration Fund accounts for revenues derived from the records archive fees collected by the County Clerk on all recorded documents. The revenues are to be used for the preservation and restoration services performed by the County Clerk's office in connection with maintaining a county clerk's records archive.

Justice Court Technology – The Justice Court Technology Fund accounts for revenues from technology fees collected by a justice court from defendants convicted of a misdemeanor offense. The revenues may be used only to finance the purchase of technology enhancements for a justice court.

County Attorney Hot Check – The County Attorney Hot Check Fund is used to account for revenues derived from the fees assessed on the collection and processing of dishonored and forged checks. The funds can be used at the County Attorney's discretion to defray the salaries and expenses of the prosecutor's office.

Sheriff Commissary – The Sheriff Commissary Fund account for the proceeds received by the Sheriff's office from incarcerated persons on the sale of commissary items. The funds are restricted by law to be used to maintain the commissary and to purchase items for the benefit of the inmate population.

SHERMAN COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Abandoned Motor Vehicle	Records Management-County Clerk	Records Management-District Clerk	Contracted Elections	Records Preservation	Courthouse Security
ASSETS						
Cash and cash equivalents	$ 12,680	$ 7,890	$ 1,176	$ 5,406	$ 2,726	$ 18,633
Total assets	$ 12,680	$ 7,890	$ 1,176	$ 5,406	$ 2,726	$ 18,633
LIABILITIES						
Accounts payable	$ -	$ 61	$ -	$ 5,406	$ -	$ -
Due to other funds	-	856	636	-	-	-
Total liabilities	-	917	636	5,406	-	-
FUND BALANCES						
Restricted:						
By enabling legislation for special projects	12,680	6,973	540	-	2,726	18,633
Total fund balances	12,680	6,973	540	-	2,726	18,633
Total liabilities and fund balances	$ 12,680	$ 7,890	$ 1,176	$ 5,406	$ 2,726	$ 18,633

Continued

SHERMAN COUNTY, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

Continuation

	Records Restoration	Justice Court Technology	County Attorney Hot Check	Sheriff Commissry	Total Non-Major Governmental
ASSETS					
Cash and cash equivalents	$ 13,095	$ 10,488	$ 3,600	$ 5,692	$ 81,386
Total assets	$ 13,095	$ 10,488	$ 3,600	$ 5,692	$ 81,386
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 23	$ 5,490
Due to other funds	-	-	-	-	1,492
Total liabilities	-	-	-	23	6,982
FUND BALANCES					
Restricted:					
By enabling legislation for special projects	13,095	10,488	3,600	5,669	74,404
Total fund balances	13,095	10,488	3,600	5,669	74,404
Total liabilities and fund balances	$ 13,095	$ 10,488	$ 3,600	$ 5,692	$ 81,386

SHERMAN COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Abandoned Motor Vehicle	Records Management- County Clerk	Records Management- District Clerk	Contracted Elections	Records Preservation	Courthouse Security
REVENUES						
Licenses and fees	$ -	$ 7,369	$ -	$ 4,707	$ 1,865	$ 5,596
Intergovernmental	961	-	-	-	-	-
Interest	23	-	-	-	-	-
Miscellaneous	30,986	-	-	-	-	-
Total revenues	31,970	7,369	-	4,707	1,865	5,596
EXPENDITURES						
Current:						
Administrative	-	1,624	-	7,525	-	-
Judicial	-	-	-	-	-	36
Public safety	28,272	-	-	-	-	-
Capital outlay	20,797	-	-	-	-	-
Total expenditures	49,069	1,624	-	7,525	-	36
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,099)	5,745	-	(2,818)	1,865	5,560
FUND BALANCES - BEGINNING	29,779	1,228	540	2,818	861	13,073
FUND BALANCES - ENDING	$ 12,680	$ 6,973	$ 540	$ -	$ 2,726	$ 18,633

Continued

SHERMAN COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Continuation

	Records Restoration	Justice Court Technology	County Attorney Hot Check	Sheriff Commissry	Total Non-Major Governmental
REVENUES					
Licenses and fees	$ 8,217	$ 3,806	$ -	$ 3,298	$ 34,858
Intergovernmental	-	-	-	-	961
Interest	-	-	2	3	28
Miscellaneous	-	-	-	-	30,986
Total revenues	8,217	3,806	2	3,301	66,833
EXPENDITURES					
Current:					
Administrative	15,895	-	-	-	25,044
Judicial	-	-	-	-	36
Public safety	-	-	-	1,074	29,346
Capital outlay	-	-	-	-	20,797
Total expenditures	15,895	-	-	1,074	75,223
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,678)	3,806	2	2,227	(8,390)
FUND BALANCES - BEGINNING	20,773	6,682	3,598	3,442	82,794
FUND BALANCES - ENDING	$ 13,095	$ 10,488	$ 3,600	$ 5,669	$ 74,404

FIDUCIARY FUNDS

AGENCY FUNDS

The Agency Funds account for assets received in the capacity of trustee or agent for the County, other governmental entity or individual.

Historical Commission Fund – The Historical Commission Fund accounts for funds held for the Historical Commission.

Cafeteria Plan – The Cafeteria Plan Fund accounts for funds withheld from employees for medical reimbursements and other tax deferred premiums.

Tax Assessor Collector – The Tax Assessor Collector Fund accounts for money collected by the Tax Assessor Collector and remitted to various taxing jurisdictions.

County and District Clerk – The County and District Clerk Fund accounts for registry funds held by the County and District Clerk.

Sheriff Inmate Trust – The Sheriff Inmate Trust Fund accounts for the money of inmates held in the Sherman County Jail.

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SHERMAN COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2020

	Historical Commission	Cafeteria Plan	Tax Assessor Collector	County and District Clerk	Inmate Trust	Total Agency Funds
ASSETS						
Cash and cash equivalents	$ 37	$ 24	$ 30,632	$ 23,369	$ 79	$ 54,141
Total assets	$ 37	$ 24	$ 30,632	$ 23,369	$ 79	$ 54,141
LIABILITIES						
Deposits	$ 37	$ 24	$ 30,632	$ 23,369	$ 79	$ 54,141
Total liabilities	$ 37	$ 24	$ 30,632	$ 23,369	$ 79	$ 54,141