

FALLS COUNTY, TEXAS
CASH BASIS FINANCIAL REPORT
For the Fiscal Year Ended
September 30, 2021

Falls County, Texas
Cash Basis Financial Report
For the Fiscal Year Ended September 30, 2021

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FINANCIAL SECTION

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the County Judge and Commissioners' Court
Falls County, Texas

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Falls County, Texas, as of and for the year ended September 30, 2021, and the related notes to the cash basis financial statements, which collectively comprise the County's basic cash basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter 1 - Comptroller. 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 cash basis financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Falls County, Texas, as of September 30, 2021, and the respective changes in cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the cash basis of accounting described in Note A.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Grant Management Standards*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Falls County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the standards applicable to financial audits contained in Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter 1 - Comptroller, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund cash-basis financial statements and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the cash-basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the cash-basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the cash-basis financial statements or to the cash-basis financial statements themselves, and other additional procedures in accordance with cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund cash-basis financial statements and the schedule of expenditures of state awards are fairly stated in all material respects in relation to the cash-basis financial statements as a whole.

BEYER & COMPANY
Certified Public Accountants
July 8, 2022

Management's Discussion and Analysis

As management of Falls County, Texas, we offer readers of Falls County, Texas' cash-basis financial statements this narrative overview and analysis of the financial activities of Falls County, Texas for the fiscal year ended September 30, 2021.

Financial Highlights

The assets and equity of Falls County, Texas at the close of the most recent fiscal year was \$6,228,958 (net position). Of this amount, \$2,478,703 or 40% (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$1,536,446. This increase is mainly attributable to the American Rescue grant proceeds of \$1,679,870 and careful budget management.

Falls County, Texas' total restricted net position on September 30, 2021, is \$3,750,255 or 60% of net position. This was an increase of \$1,236,008 from the previous year. This increase is mainly attributable to the to the American Rescue grant proceeds of \$1,679,870.

Overview of the Financial Statements

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Falls County's finances.

The *statement of net position* presents information of Falls County, Texas' cash and investments and cash basis - net position. The reported change in financial condition is a change in cash position and not a change in the economic condition of Falls County, Texas.

The statement of activities presents information showing how Falls County, Texas' net position changed during the most recent fiscal year. All changes in net position are reported as cash receipts are received, and disbursements are made. Thus, receipts and disbursements are reported in these statements.

The governmental activities on the government-wide financial statements of Falls County, Texas are principally supplied by taxes and intergovernmental receipts. The governmental activities of Falls County, Texas include general government, legal, health and welfare, judicial, public safety, culture and recreation, roads and bridges and principal and interest on long-term debt.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Falls County, Texas maintains thirty-six (36) individual governmental funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of receipts, disbursements, and changes in cash basis fund balances for the General, Road and Bridge, Farm to Market Lateral Road, Falls County Renovation Grant funds, and the Grant fund, all of which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Falls County Commissioners Court adopts an annual appropriated budget for its General, Road and Bridge, and Farm to Market Lateral Road Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to supplement Falls County's own programs.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements that further support the information in the financial statements. The combining fund statements and schedules for non-major funds are presented immediately following the required supplementary schedule.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Falls County, Texas, cash, and net position were \$6,228,958 at the close of the most recent fiscal year.

FALLS COUNTY, TEXAS NET POSITION - CASH BASIS

	Governmental Activities		Total	
	2021	2020	2021	2020
Current and Other Assets	\$6,228,958	\$4,692,512	\$6,228,958	\$4,692,512
Total Assets	6,228,958	4,692,512	6,228,958	4,692,512
Restricted	3,750,255	2,504,247	3,750,255	2,504,247
Unrestricted	2,478,703	2,188,265	2,478,703	2,188,265
Total Net position	\$6,228,958	\$4,692,512	\$6,228,958	\$4,692,512

A portion of Falls County, Texas’ net position (60 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,478,703) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Falls County, Texas can report positive balances in all two categories of net position, both for the government, as well as for its separate governmental activities.

The government’s total net position increased by \$1,536,446. This increase is mainly attributable to the American Rescue grant proceeds of \$1,679,870 and careful budget management.

Governmental activities: There were no business-type activities so any analysis regarding governmental activities will be the same as the analysis of the Government-wide Financial Analysis. Governmental activities total net position increased by \$1,536,446. This increase is mainly attributable to the American Rescue grant proceeds of \$1,679,870 and careful budget management.

**FALLS COUNTY, TEXAS
CHANGE IN NET POSITION - CASH BASIS**

	Governmental		Total	
	2021	2020	2021	2020
Receipts:				
Program Receipts:				
Charges for Services	\$1,704,407	\$1,756,041	\$1,704,407	\$1,756,041
Operating Grants and Contributions	2,377,512	395,121	2,377,512	395,121
Capital Grants and Contributions	3,259,039	2,100,970	3,259,039	2,100,970
General Receipts:				
Maintenance and Operations Taxes	8,029,973	7,472,415	8,029,973	7,472,415
Sales Taxes	521,467	470,924	521,467	470,924
Other Taxes	7,851	6,834	7,851	6,834
Unrestricted Investment Earnings	28,301	42,560	28,301	42,560
Miscellaneous	341,585	1,073,049	341,585	1,073,049
Total Revenue	16,270,135	13,317,914	16,270,135	13,317,914
Disbursements:				
General Administration	2,643,199	2,485,117	2,643,199	2,485,117
Legal	325,194	269,234	325,194	269,234
Judicial	638,847	645,803	638,847	645,803
Financial Administration	532,043	525,876	532,043	525,876
Public Facilities	4,112,264	3,115,004	4,112,264	3,115,004
Public Safety	2,757,711	2,831,668	2,757,711	2,831,668
Public Transportation	2,883,524	2,619,048	2,883,524	2,619,048
Culture and Recreation	23,410	21,029	23,410	21,029
Health and Welfare	365,133	356,725	365,133	356,725
Conservation - Agriculture	187,433	84,133	187,433	84,133
Principal, Interest and Fiscal Charges	264,931	340,904	264,931	340,904
Total Disbursements	14,733,689	13,294,541	14,733,689	13,294,541
Increase in Net Position before transfers and special items	1,536,446	23,373	1,536,446	23,373
Transfers	0	0	0	0
Increase in Net Position	1,536,446	23,373	1,536,446	23,373
Net Position at 09/30/2020	4,692,512	4,669,139	4,692,512	4,669,139
Net Position at 09/30/2021	\$6,228,958	\$4,692,512	\$6,228,958	\$4,692,512

Functions/Programs	Disbursements	Program Receipts		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Government activities:				
General Administration	\$2,643,199	\$163,554	\$1,893,500	\$0
Legal	325,194	7,417		
Judicial	638,847	272,921		
Financial Administration	532,043	238,239		
Public Facilities	4,112,264			3,259,039
Public Safety	2,757,711	387,069	83,980	
Public Transportation	2,883,524	589,028		
Culture and Recreation	23,410			
Health and Welfare	365,133		400,032	
Conservation - Agriculture	187,433	46,179		
Principal, Interest and Fiscal Charges	264,931			
Total government activities	<u>\$14,733,689</u>	<u>\$1,704,407</u>	<u>\$2,377,512</u>	<u>\$3,259,039</u>

Receipts by source - Governmental Activities

	<u>Receipts</u>	<u>%</u>
Charges for Services	\$1,704,407	10.48%
Operating Grants and Contributions	2,377,512	14.61%
Capital Grants and Contributions	3,259,039	20.03%
Maintenance and Operations Taxes	8,029,973	49.35%
Sales Taxes	521,467	3.21%
Other Taxes	7,851	0.05%
Unrestricted Investment Earnings	28,301	0.17%
Miscellaneous	341,585	2.10%
	<u>\$16,270,135</u>	<u>100.00%</u>

For the most part, the increases and decreases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of Falls County's *governmental funds* is to provide information on cash receipts and disbursements.

At the end of fiscal year 2021, Falls County's *governmental funds* reported combined ending cash basis fund balances of \$6,228,958, an increase of \$1,536,446 in comparison with the prior year. Governmental Funds total net position increased by \$1,536,446. This increase is mainly attributable to the American Rescue grant proceeds of \$1,679,870 and careful budget management.

The General Fund is the chief operating fund of Falls County. At the end of fiscal year 2021, the General Fund had an ending cash basis fund balance of \$2,311,383. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance of \$2,311,383 to total fund expenditures. Unassigned cash basis fund balance represents 34% of total General Fund disbursements.

The fund balance of Falls County's General Fund increased by \$352,531 during 2021. This increase is primarily due to careful budget management.

The Road and Bridge Fund had an ending fund balance of \$633,827, a decrease of \$19,134, and the Farm-to-Market Lateral Road Fund ending fund balance was \$743,271, an increase of \$141,293. The decrease in the Road and Bridge Fund was immaterial and the increase in the Farm-to-Market Lateral Road Fund was due to an increase in property taxes of \$112,461. The cash basis fund balance represents 37% of total Road and Bridge Fund disbursements and 64% of total Farm-to-Market Lateral Road Fund disbursements.

There is no analysis of the Falls County Renovation Grant fund and the Grant fund because they are construction and rehabilitation funds making comparison illusory in nature.

Budgetary Highlights:

There was no difference between the original budget and the final amended budget in the general fund.

Economic Factors

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the County. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Requests for Information

This financial report is designed to provide our citizen's taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact the Falls County Auditor's Office, 125 Bridge Room, Marlin, TX. 76661.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FALLS COUNTY, TEXAS
 STATEMENT OF NET POSITION - CASH BASIS
 SEPTEMBER 30, 2021

	Primary Government	
	Governmental Activities	Total
<i>ASSETS</i>		
Cash and Cash Equivalents	\$6,228,958	\$6,228,958
Total Assets	<u>\$6,228,958</u>	<u>\$6,228,958</u>
NET POSITION - CASH BASIS		
Restricted		
Administration	1,815,747	1,815,747
Culture and Recreation	2,450	2,450
Debt Service	9,063	9,063
Elections	45,985	45,985
Judicial	391,887	391,887
Legal	15,370	15,370
Public Facilities	35,716	35,716
Public Safety	56,939	56,939
Public Transportation	1,377,098	1,377,098
Unrestricted	2,478,703	2,478,703
Total Net Position - Cash Basis	<u>\$6,228,958</u>	<u>\$6,228,958</u>

The accompanying notes are an integral part of this statement.

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FALLS COUNTY, TEXAS
STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Disbursements	Program Receipts Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Governmental Activities	Net (Expense) Revenue and Changes in Total
Primary government						
Government activities:						
General Administration	\$2,643,199	\$163,554	\$1,893,500	\$0	(\$586,145)	(\$586,145)
Legal	325,194	7,417			(317,777)	(317,777)
Judicial	638,847	272,921			(365,926)	(365,926)
Financial Administration	532,043	238,239			(293,804)	(293,804)
Public Facilities	4,112,264			3,259,039	(853,225)	(853,225)
Public Safety	2,757,711	387,069	83,980		(2,286,662)	(2,286,662)
Public Transportation	2,883,524	589,028			(2,294,496)	(2,294,496)
Culture and Recreation	23,410				(23,410)	(23,410)
Health and Welfare	365,133		400,032		34,899	34,899
Conservation - Agriculture	187,433	46,179			(141,254)	(141,254)
Debt Service						
Principal, Interest and Fiscal Charges	264,931				(264,931)	(264,931)
Total government activities	<u>14,733,689</u>	<u>1,704,407</u>	<u>2,377,512</u>	<u>3,259,039</u>	<u>(7,392,731)</u>	<u>(7,392,731)</u>
Total Primary Government	<u>\$14,733,689</u>	<u>\$1,704,407</u>	<u>\$2,377,512</u>	<u>\$3,259,039</u>	<u>(7,392,731)</u>	<u>(7,392,731)</u>
General Receipts						
Property Taxes, Levies for General Purposes					8,029,973	8,029,973
Sales Taxes					521,467	521,467
Other Taxes					7,851	7,851
Unrestricted Investment Earnings					28,301	28,301
Miscellaneous					341,585	341,585
Total General Receipts and Transfers					<u>8,929,177</u>	<u>8,929,177</u>
Change in Net Position - Cash Basis					1,536,446	1,536,446
Net Position - Cash Basis - Beginning					<u>4,692,512</u>	<u>4,692,512</u>
Net Position - Cash Basis - Ending					<u>\$6,228,958</u>	<u>\$6,228,958</u>

The accompanying notes are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

FALLS COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS
SEPTEMBER 30, 2021

	General Fund	Road and Bridge	F.M. Lateral Road Fund	Falls County Renovation Grant	Grant Fund	Other Governmental Funds	Total Governmental Funds
<i>ASSETS</i>							
Cash and Cash Equivalents	\$2,311,383	\$633,827	\$743,271	\$8	\$1,732,941	\$807,528	\$6,228,958
Total Assets	\$2,311,383	\$633,827	\$743,271	\$8	\$1,732,941	\$807,528	\$6,228,958
FUND BALANCES:							
Fund Balances:							
Restricted							
Administration					1,732,941	82,806	1,815,747
Culture and Recreation						2,450	2,450
Debt Service						9,063	9,063
Elections						45,985	45,985
Judicial						391,887	391,887
Legal						15,370	15,370
Public Facilities				8		35,708	35,716
Public Safety						56,939	56,939
Public Transportation		633,827	743,271				1,377,098
Committed							
Cemetery						277	277
Equipment Replacement						121,807	121,807
Other						197,889	197,889
Unassigned	2,311,383					(152,653)	2,158,730
Total Fund Balance	2,311,383	633,827	743,271	8	1,732,941	807,528	6,228,958
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$2,311,383	\$633,827	\$743,271	\$8	\$1,732,941	\$807,528	\$6,228,958

The accompanying notes are an integral part of this statement. (0) 0 0 0 0 0 0 (0)

FALLS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - CASH BASIS
SEPTEMBER 30, 2021

Total Fund Balances - governmental funds balance sheet \$6,228,958

Amounts reported for governmental activities in the Statement of Net Position - Cash Basis ("SNP") are different because: None

Net Position - Cash Basis of governmental activities - Statement of Net Position - Cash Basis \$6,228,958

The accompanying notes are an integral part of this statement. 0

FALLS COUNTY, TEXAS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Road and Bridge	Farm to Market Lateral Fund	Falls County Renovation Grant	Grant Fund	Other Governmental Funds	Total Governmental Funds
<i>RECEIPTS</i>							
Taxes							
Property	\$5,293,283	\$1,077,020	\$1,273,675			\$385,995	\$8,029,973
Sales	\$521,467						\$521,467
Other	\$7,851						\$7,851
Intergovernmental	431,953			3,169,357	1,727,585	307,656	5,636,551
Licenses and Permits		586,528	2,500				589,028
Charges for Services	755,992					131,397	887,389
Fines and Forfeitures	227,990						227,990
Interest	24,653		3,257			391	28,301
Miscellaneous	158,790	34,105	28,598			120,092	341,585
Total Receipts	<u>7,421,979</u>	<u>1,697,653</u>	<u>1,308,030</u>	<u>3,169,357</u>	<u>1,727,585</u>	<u>945,531</u>	<u>16,270,135</u>
<i>DISBURSEMENTS</i>							
Current:							
General Administration	2,220,330				157,976	264,893	2,643,199
Legal	325,194						325,194
Judicial	544,381					94,466	638,847
Financial Administration	532,043						532,043
Public Facilities	122,839			3,899,743		89,682	4,112,264
Public Safety	2,648,315					109,396	2,757,711
Public Transportation		1,716,787	1,166,737				2,883,524
Culture and Recreation	23,211					199	23,410
Health and Welfare	365,133						365,133
Conservation - Agriculture	84,878						84,878
Equipment						102,555	102,555
Debt Service							
Principal, Interest and Fiscal Charges						264,931	264,931
Total Disbursements	<u>6,866,324</u>	<u>1,716,787</u>	<u>1,166,737</u>	<u>3,899,743</u>	<u>157,976</u>	<u>926,122</u>	<u>14,733,689</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	555,655	(19,134)	141,293	(730,386)	1,569,609	19,409	1,536,446
<i>OTHER FINANCING SOURCES (USES):</i>							
Other Financing Sources	0						0
Operating Transfers In	0			344,109		9,365	353,474
Operating Transfers Out	(203,124)			(350)		(150,000)	(353,474)
Total Other Financing Sources (Uses)	<u>(203,124)</u>	<u>0</u>	<u>0</u>	<u>343,759</u>	<u>0</u>	<u>(140,635)</u>	<u>0</u>
Net Changes in Fund Balances	352,531	(19,134)	141,293	(386,627)	1,569,609	(121,226)	1,536,446
Fund Balances - Beginning	1,958,852	652,961	601,978	386,635	163,332	928,754	4,692,512
Fund Balances - Ending	<u>\$2,311,383</u>	<u>\$633,827</u>	<u>\$743,271</u>	<u>\$8</u>	<u>\$1,732,941</u>	<u>\$807,528</u>	<u>\$6,228,958</u>

The accompanying notes are an integral part of this statement.

FALLS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - CASH BASIS
SEPTEMBER 30, 2021

Net Changes in Fund Balances - total governmental funds	\$1,536,446
Amounts reported for governmental activities in the statement of Net Position - Cash Basis ("SNP") are different because:	None
Change in Net Position - Cash Basis of governmental activities - statement of activities	<u>\$1,536,446</u>
The accompanying notes are an integral part of this statement.	0

FALLS COUNTY, TEXAS
GENERAL FUND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>RECEIPTS</i>				
Taxes				
Property	\$5,303,081	\$5,303,081	\$5,293,283	(\$9,798)
Sales	\$450,000	\$450,000	\$521,467	\$71,467
Other	\$5,000	\$5,000	\$7,851	\$2,851
Intergovernmental	34,801	34,801	431,953	397,152
Charges for Services	927,601	927,601	755,992	(171,609)
Fines and Forfeitures	249,600	249,600	227,990	(21,610)
Interest	1	1	24,653	24,652
Miscellaneous	166,393	166,393	158,790	(7,603)
Total Receipts	<u>7,136,477</u>	<u>7,136,477</u>	<u>7,421,979</u>	<u>285,502</u>
<i>DISBURSEMENTS</i>				
Current:				
General Administration				
County Judge	142,017	142,017	133,293	8,724
Court Reporter	107,700	107,700	101,122	6,578
Elections Administration	137,229	137,229	136,926	303
Secretary	46,588	46,588	46,336	252
Non-Departmental	1,689,455	1,647,842	1,802,653	(154,811)
Legal				
County/District Attorney	322,622	322,622	325,194	(2,572)
Judicial				
County and District Clerk	369,680	369,680	344,682	24,998
Justice's of the Peace	205,950	205,950	199,699	6,251
Financial Administration				
County Treasurer	106,115	106,115	95,498	10,617
County Auditor	206,944	208,067	202,904	5,163
Tax Assessor-Collector	247,921	246,799	233,641	13,158
Public Facilities				
Building and Yards	109,101	109,101	111,824	(2,723)
Comm. Towers	10,500	10,500	11,015	(515)
Public Safety				
Emergency Management	42,080	42,080	39,342	2,738
Constables	248,656	248,656	250,122	(1,466)
Jail	1,389,835	1,389,835	1,265,849	123,986
Sheriff	1,140,710	1,140,710	1,093,002	47,708
(continued)				

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Brazos Park	\$30,781	\$30,781	\$23,211	\$7,570
Health and Welfare				
Indigent Health	498,000	539,612	365,133	174,479
Conservation - Agriculture				
Agriculture Extension Service	84,593	84,593	84,878	(285)
Debt Service				
Principal Retirement				0
Interest and Fiscal Charges				0
Total Disbursements	<u>7,136,477</u>	<u>7,136,477</u>	<u>6,866,324</u>	<u>270,153</u>
Excess (Deficiency) of Receipts Over (Under)				
Disbursements	<u>0</u>	<u>0</u>	<u>555,655</u>	<u>555,655</u>
OTHER FINANCING SOURCES (USES):				
Other Financing Sources				0
Operating Transfers Out			(203,124)	(203,124)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(203,124)</u>	<u>(203,124)</u>
Net Changes in Fund Balances	0	0	352,531	352,531
Fund Balances - Beginning	<u>1,958,852</u>	<u>1,958,852</u>	<u>1,958,852</u>	
Fund Balances - Ending	<u>\$1,958,852</u>	<u>\$1,958,852</u>	<u>\$2,311,383</u>	<u>\$352,531</u>

0

The accompanying notes are an integral part of this statement.

FALLS COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes				
Property	\$1,081,105	\$1,081,105	\$1,077,020	(\$4,085)
Licenses and Permits	610,000	610,000	586,528	(23,472)
Miscellaneous	22,003	22,003	34,105	12,102
Total Receipts	<u>1,713,108</u>	<u>1,713,108</u>	<u>1,697,653</u>	<u>(15,455)</u>
DISBURSEMENTS				
Current				
Public Transportation				
Road and Bridge	1,713,108	1,713,108	1,716,787	(3,679)
Debt Service				
Principal Retirement				0
Interest and Fiscal Charges				0
Total Disbursements	<u>1,713,108</u>	<u>1,713,108</u>	<u>1,716,787</u>	<u>(3,679)</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	0	0	(19,134)	(19,134)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	0	0	(19,134)	(19,134)
Fund Balances - Beginning	652,961	652,961	652,961	
Fund Balances - Ending	<u>\$652,961</u>	<u>\$652,961</u>	<u>\$633,827</u>	<u>(\$19,134)</u>

0

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

FALLS COUNTY, TEXAS
 FARM TO MARKET LATERAL FUND
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes				
Property	\$1,281,033	\$1,281,033	\$1,273,675	(\$7,358)
Licenses and Permits	6,000	6,000	2,500	(3,500)
Interest	3,000	3,000	3,257	257
Miscellaneous	29,001	629,484	28,598	(600,886)
Total Receipts	<u>1,319,034</u>	<u>1,919,517</u>	<u>1,308,030</u>	<u>(611,487)</u>
DISBURSEMENTS				
Current				
Public Transportation				
Road and Bridge	1,319,033	1,849,581	1,166,737	682,844
Total Disbursements	<u>1,319,033</u>	<u>1,849,581</u>	<u>1,166,737</u>	<u>682,844</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	1	69,936	141,293	71,357
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	1	69,936	141,293	71,357
Fund Balances - Beginning	601,978	601,978	601,978	
Fund Balances - Ending	<u>\$601,979</u>	<u>\$671,914</u>	<u>\$743,271</u>	<u>\$71,357</u>

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

FALLS COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
 AGENCY FUNDS
 SEPTEMBER 30, 2021

	Agency Funds	
	County Officer Accounts	TOTAL
ASSETS		
Cash and Cash Equivalents	\$1,619,634	\$1,619,634
Total Assets	\$1,619,634	\$1,619,634
LIABILITIES:		
Due to Others	1,619,634	1,619,634
Total Liabilities	\$1,619,634	\$1,619,634

Note: The Agency funds were the only fiduciary fund type of the County in the 2021 year.

FALLS COUNTY, TEXAS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	County Officer Accounts		TOTAL
	Accounts	TOTAL	
ADDITIONS			
Contributions:			
Receipts from governments and Others	\$1,619,634	\$1,619,634	
Total Contributions	1,619,634	1,619,634	
Investment Earnings:			
Interest Received		0	
Total Investment Earnings	0	0	
Less Investment Expense			
Net Investment Earnings	0	0	
TOTAL ADDITIONS	1,619,634	1,619,634	
DEDUCTIONS			
Distributions to other governments and Others	1,465,820	1,465,820	
Distributions to others		0	
Total Deductions	1,465,820	1,465,820	
Change in Net Position	153,814	153,814	
Net Position-Beginning	1,465,820	1,465,820	
Net Position-Ending	\$1,619,634	\$1,619,634	

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

FALLS COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

I. Summary of Significant Accounting Policies

The financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because receipts (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and disbursements or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

A. Reporting Entity

The financial statements of Falls County, Texas are intended to present the financial position - cash basis and the changes in financial position - cash basis of only the portion of governmental activities, each major fund, and the aggregate remaining fund information of the County. They do not purport to, and do not, present fairly the financial position of Falls County, Texas, as of September 30, 2021, and the changes in its financial position - cash basis for the year ended in conformity with accounting principles generally accepted in the United States.

B. Government-wide Fund Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The County has presented all major funds that met those qualifications.

The County reports the following major governmental funds:

The General Fund is the primary operating fund of Falls County, Texas and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The Road and Bridge Fund is a Special Revenue Fund used to account for revenue derived from ad valorem taxes, vehicle registration fees and rebates from the State of Texas. Disbursements are for maintenance and construction of County roads and bridges.

The Farm-to-Market Lateral Road Fund is a Special Revenue Fund used to account for revenue derived from ad valorem taxes. Disbursements are for maintenance and construction of County farm-to-market roads.

The Falls County Renovation Grant is a Special Revenue Fund used to account for grant proceeds for courthouse renovation.

The Grant Fund is a Special Revenue Fund used to account for grant proceeds for general government.

Additionally, Falls County, Texas reports the following fund types:

Fiduciary Funds are used to account for assets held by Falls County, Texas as an agent for individuals and other governments. Agency Funds are custodial in nature and do not include measurements of results of operations.

The government-wide and fund financial statements are presented under the cash basis of accounting. The cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

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

Amounts reported as program receipts include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general revenue includes all taxes.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

2. Property Taxes

Property taxes are levied by October 1st, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year in which imposed. On July 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The County bills and collects property taxes for itself and for certain government entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the tax assessor's agency fund. Tax collections deposited for the County are distributed on a periodic basis to the general, road and bridge, and Debt Service Funds of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

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

3. Net Position

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

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - net position that does not meet the definition of "restricted."

It is Falls County, Texas' policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

4. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by resolution of the Commissioners ' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners ' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

- II. When a disbursement is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When a disbursement is 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.

Fund Balances:	
Restricted	
Administration	\$1,815,747
Culture and Recreation	2,450
Debt Service	9,063
Elections	45,985
Judicial	391,887
Legal	15,370
Public Facilities	35,716
Public Safety	56,939
Public Transportation	1,377,098
Committed	
Cemetery	277
Equipment Replacement	121,807
Other	197,889
Unassigned	<u>2,158,730</u>
Total Fund Balance	<u>\$6,228,958</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The original budget is adopted by the Commissioner's Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioner's Court.

The final amended budget is used in this report. The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year. The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioner's Court, the County Auditor prepares an estimate of receipts and a compilation of requested departmental disbursements and submits this data to the Commissioner's Court.

The Commissioner's Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioner's Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of receipts and available cash. The final budget can be legally amended by the Commissioner's Court to whatever extent the Court desires if the amended figures do not exceed the County Auditor's estimate of receipts and available cash.

When the Budget has been adopted by the Commissioner's Court, the County Auditor is responsible for monitoring the disbursements of the various departments of the County to prevent disbursements from exceeding budgeted appropriations and for keeping the members of the Commissioner's Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

Budgets for the 2021 fiscal year were adopted for the General Fund, the Road and Bridge Fund, and the Farm-to-Market Lateral Road Fund.

B. Excess of Disbursements over Appropriations

For the year ended September 30, 2021, disbursements did not exceed appropriations in any funds except for the road and bridge fund where total actual expenditures of \$1,716,787 exceeded the budgeted expenditures of \$1,713,108 by \$3,679.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2021, except for the Courthouse Security Fund (\$22,889), the D.A. State Fund (\$9,580), the Law Library Fund (\$74,655), the VAWA (\$22,076), and the Office of AG-VCLG (\$23,453).

IV. Detailed Notes on All Funds

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas. (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

As of September 30, 2021, the government had the following investments: None.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2021, the government's bank balance of \$8,110,402 with the Bancorp Bank was not exposed to custodial credit risk because it was fully insured by the U.S. Government and/or the State of Texas and/or is collateralized with securities held by the pledging financial institution's trust department or agent. The book balance of the cash on September 30, 2021, is \$6,228,958.

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any of the three previous years.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and number of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claim's liability estimate.

1. General Liability Insurance

The County is insured for general, police officers and automobile liability.

The County has joined with other governments in the Texas Association of Counties Risk Management Pool. The County pays an annual premium to Risk Management for auto vehicle insurance coverage. The agreement with Risk Management provides that Risk Management will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than \$100,000 to \$300,000 for each insurance event. The County anticipates no contingent losses.

Texas Association of Counties Risk Management Pool has published its own financial report that can be obtained from the Texas Association of Counties Risk Management Pool.

The County continues to carry commercial fidelity bonds for elected officials and for management.

2. Property and Casualty Insurance

Property, casualty, mobile equipment insurance is provided by Texas Association of Counties Risk Management Pool.

3. Workers' Compensation Insurance

The County insures against workers' compensation claims through Texas Association of Counties Risk Management Pool.

4. Group Health and Life Insurance

The County maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

5. Unemployment Compensation Insurance

The County insures for unemployment compensation claims through an agreement with the Texas Association of Counties.

B. Related Party Transaction

Angel Butler (Assistant Auditor) and Jay Butler Jr. (Contract Juv. Probation Youth Worker) are married. Mr. Butler received compensation from the County in the amount of \$12,201.92 for FY 2021.

Ricky Scaman, the former Sheriff, used Autos Unlimited which is a towing company and is owned by his cousin Richard Johnson. Mr. Johnson received compensation from the County in the amount of \$19,888.78 for FY 2021.

Milton Albright (Commissioner) owns A&P Catering and he received compensation from the County in the amount of \$100.00 for FY 2021.

Milton Albright (Commissioner) and Sheryl Pringle (Treasurer) are cousins.

Preble Polk (Justice of the Peace #4) is Kristy Pruitt's (Chief Deputy to TAC) mother.

C. Subsequent Events

On May 5, 2022, the County was awarded a grant for the Texas Water Development Board Project No. 40002. The County is expected to receive \$738,000.00. No funds have been received and/or disbursed.

On May 23, 2022, the County adopted the tax abatement agreement with True North Solar, LLC for the construction of a solar power generating project of approximately 240 MW capacity, at an estimated cost of \$302,600.00.

D. Contingent Liabilities

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

There was no litigation at September 30, 2021.

E. Other Matters

1. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the System. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

FALLS COUNTY, TEXAS
 COMBINING BALANCE SHEET - CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021

	SPECIAL REVENUE					
	911 FUND	2018 FALLS COUNTY GRANT	CHAPTER 19 FUND	CHILD SAFETY FUND	CHILTON WATER/SEWER PROJECT	COURT REPORTER
ASSETS						
Cash and Cash Equivalents	\$10,755	\$35,708	\$1,689	\$82,806		\$15,370
Total Assets	\$10,755	\$35,708	\$1,689	\$82,806	\$0	\$15,370

FUND BALANCES - CASH BASIS

Fund Balance - Cash Basis						
Restricted						
Administration				82,806		
Culture and Recreation						
Debt Service						
Elections			1,689			
Judicial						
Legal						15,370
Public Facilities		35,708				
Public Safety	10,755					
Other						
Committed						
Cemetery						
Equipment Replacement						
Unassigned						
Total Fund Balance - Cash Basis	10,755	35,708	1,689	82,806	0	15,370

TOTAL LIABILITIES AND FUND BALANCES - CASH BASIS	\$10,755	\$35,708	\$1,689	\$82,806	\$0	\$15,370
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The notes to the financial statements are an integral part of this statement.

SPECIAL REVENUE

COURTHOUSE SECURITY	COST EQUIP	CO & DIST COURT TECH	D.A. - DEPT HUMAN SERVICES	DISTRICT ATTORNEY	D.A. - STATE FUND	ELECTION SERVICE FUND	ESTRAY FUND	FAMILY PROTECTION FUND
(\$22,889)	\$121,807	\$6,360	\$85	\$5,372	(\$9,580)	\$44,296	\$3,265	\$10,025
(\$22,889)	\$121,807	\$6,360	\$85	\$5,372	(\$9,580)	\$44,296	\$3,265	\$10,025

		6,360	85	5,372		44,296		
							3,265	10,025
	121,807							
(22,889)					(9,580)			
(22,889)	121,807	6,360	85	5,372	(9,580)	44,296	3,265	10,025
(\$22,889)	\$121,807	\$6,360	\$85	\$5,372	(\$9,580)	\$44,296	\$3,265	\$10,025

0 0 0 0 0 0 0 0

FALLS COUNTY, TEXAS
 COMBINING BALANCE SHEET - CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021
 (continued)

	SPECIAL REVENUE					
	FMRF	GASSAWAY	INTERGOVE-	JURY	JUSTICE	
	GRANT	CEMETERY	RNMENTAL	FUND	COURT	
	TRUST	TRANSFERS		TECH	COURT	
					SECURITY	
ASSETS						
Cash and Cash Equivalents		\$277		\$22,714	\$10,147	\$20,225
Total Assets	\$0	\$277	\$0	\$22,714	\$10,147	\$20,225

FUND BALANCES - CASH BASIS

Fund Balance - Cash Basis						
Restricted						
Administration						
Culture and Recreation						
Debt Service						
Elections						
Judicial				22,714	10,147	20,225
Legal						
Public Facilities						
Public Safety						
Other						
Committed						
Cemetery		277				
Equipment Replacement						
Unassigned						
Total Fund Balance - Cash Basis	0	277	0	22,714	10,147	20,225
TOTAL LIABILITIES AND						
FUND BALANCES - CASH BASIS	\$0	\$277	\$0	\$22,714	\$10,147	\$20,225

(continued)

0 0 0 0 0 0

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

SPECIAL REVENUE

KEEP FALLS CO BEAUTIFUL	LAW LIBRARY FUND	LAW ENFORCEMENT EDUCATION	OFFICE OF AG-VCLG	PERM IMPROV- MENT	RECORDS MGMT	SHERIFF FORFEITURE FUND	TX DOT CO INFRA- STRUCTURE	VAWA INVESTIGATOR
\$2,450	(\$74,655)	\$22,488	(\$23,453)	\$197,889	\$326,984	\$10,406		(\$22,076)
\$2,450	(\$74,655)	\$22,488	(\$23,453)	\$197,889	\$326,984	\$10,406	\$0	(\$22,076)

2,450

326,984

22,488

10,406

197,889

(74,655)

(23,453)

(22,076)

2,450

(74,655)

22,488

(23,453)

197,889

326,984

10,406

0

(22,076)

\$2,450

(\$74,655)

\$22,488

(\$23,453)

\$197,889

\$326,984

\$10,406

\$0

(\$22,076)

0

0

0

0

0

0

0

0

0

FALLS COUNTY, TEXAS
 COMBINING BALANCE SHEET - CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021
 (continued)

	I&S 2010	
	FUND	TOTAL
ASSETS		
Cash and Cash Equivalents	\$9,063	\$807,528
Total Assets	\$9,063	\$807,528

FUND BALANCES - CASH BASIS

Fund Balance - Cash Basis		
Restricted		
Administration		82,806
Culture and Recreation		2,450
Debt Service	9,063	9,063
Elections		45,985
Judicial		391,887
Legal		15,370
Public Facilities		35,708
Public Safety		56,939
Other		197,889
Committed		
Cemetery		277
Equipment Replacement		121,807
Unassigned		(152,653)
Total Fund Balance - Cash Basis	9,063	807,528
TOTAL LIABILITIES AND FUND BALANCES - CASH BASIS	\$9,063	\$807,528

0 0

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

FALLS COUNTY, TEXAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	SPECIAL REVENUE					
	911 FUND	2018 FALLS COUNTY GRANT	CHAPTER 19 FUND	CHILD SAFETY FUND	CHILTON WATER/SEWER PROJECT	COURT REPORTER
<i>RECEIPTS</i>						
Taxes						
Property						
Intergovernmental					89,682	
Charges for Services				15,506		2,770
Interest						
Miscellaneous	36,445					
Total Receipts	36,445	0	0	15,506	89,682	2,770
<i>DISBURSEMENTS</i>						
Current:						
General Administration				661		
Culture and Recreation						
Judicial						
Public Facilities					89,682	
Public Safety	21,808					
Equipment						
Debt Service						
Principal, Interest and Fiscal Charges						
Total Disbursements	21,808	0	0	661	89,682	0
Excess (Deficiency) of Receipts Over (Under)						
Disbursements	14,637	0	0	14,845	0	2,770
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating Transfers In						
Operating Transfers Out		(150,000)				
Total Other Financing Sources (Uses)	0	(150,000)	0	0	0	0
Net Changes in Fund Balance - Cash Basis	14,637	(150,000)	0	14,845	0	2,770
Fund Balance - Cash Basis - Beginning	(3,882)	185,708	1,689	67,961	0	12,600
Fund Balance - Cash Basis - Ending	\$10,755	\$35,708	\$1,689	\$82,806	\$0	\$15,370
(continued)	0	0	0	0	0	0

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

SPECIAL REVENUE

COURTHOUSE SECURITY	COST EQUIP	CO & DIST COURT TECH	D.A. - DEPT HUMAN SERVICES	DISTRICT ATTORNEY	D.A. - STATE FUND	ELECTION SERVICE FUND	ESTRAY FUND	FAMILY PROTECTION FUND
\$54,627								
2,964		1,271		275	28,519	887	5,831	600
	75,531					4,375		
57,591	75,531	1,271	0	275	28,519	5,262	5,831	600
					28,519			
59,286				199				
	102,555						4,628	
59,286	102,555	0	0	199	28,519	0	4,628	0
(1,695)	(27,024)	1,271	0	76	0	5,262	1,203	600
0	0	0	0	0	0	0	0	0
(1,695)	(27,024)	1,271	0	76	0	5,262	1,203	600
(21,194)	148,831	5,089	85	5,296	(9,580)	39,034	2,062	9,425
(\$22,889)	\$121,807	\$6,360	\$85	\$5,372	(\$9,580)	\$44,296	\$3,265	\$10,025
0	0	0	0	0	0	0	0	0

FALLS COUNTY, TEXAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 (continued)

	SPECIAL REVENUE					
	FMRF GRANT	GASSAWAY CEMETERY TRUST	INTERGOVE- RNMENTAL TRANSFERS	JURY FUND	JUSTICE COURT TECH	JUSTICE COURT SECURITY
<i>RECEIPTS</i>						
Taxes						
Property				\$5,395		
Intergovernmental			138,794			
Charges for Services				776	1,143	257
Interest				79		
Miscellaneous				3,741		
Total Receipts	0	0	138,794	9,991	1,143	257
<i>DISBURSEMENTS</i>						
Current:						
General Administration			138,794			
Culture and Recreation		199				
Judicial				5,498	3,426	591
Public Facilities						
Public Safety						
Debt Service						
Principal, Interest and Fiscal Charges						
Total Disbursements	0	199	138,794	5,498	3,426	591
Excess (Deficiency) of Receipts Over (Under)						
Disbursements	0	(199)	0	4,493	(2,283)	(334)
OTHER FINANCING SOURCES (USES):						
Operating Transfers In						
Operating Transfers Out						
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Changes in Fund Balance - Cash Basis	0	(199)	0	4,493	(2,283)	(334)
Fund Balance - Cash Basis - Beginning		476	0	18,221	12,430	20,559
Fund Balance - Cash Basis - Ending	\$0	\$277	\$0	\$22,714	\$10,147	\$20,225
(continued)	0	0	0	0	0	0

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

SPECIAL REVENUE

KEEP FALLS CO BEAUTIFUL	LAW LIBRARY FUND	LAW ENFORCEMENT EDUCATION	OFFICE OF AG-VCLG	PERM IMPROV- MENT	RECORDS MGMT	SHERIFF FORFEITURE FUND	TX DOT CO INFRA- STRUCTURE	VAWA INVESTIGATOR
				\$57,324				79,180
	7,417	5,366	46,178		7,376	4,261		
0	7,417	5,366	46,178	57,324	7,376	4,261	0	79,180
			54,774	41,778	367			
	25,466							
		6,966						75,994
0	25,466	6,966	54,774	41,778	367	0	0	75,994
0	(18,049)	(1,600)	(8,596)	15,546	7,009	4,261	0	3,186
					9,365			
0	0	0	0	0	9,365	0	0	0
0	(18,049)	(1,600)	(8,596)	15,546	16,374	4,261	0	3,186
2,450	(56,606)	24,088	(14,857)	182,343	310,610	6,145		(25,262)
\$2,450	(\$74,655)	\$22,488	(\$23,453)	\$197,889	\$326,984	\$10,406	\$0	(\$22,076)
0	0	0	0	0	0	0	0	0

FALLS COUNTY, TEXAS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND C
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 (continued)

	I&S 2010	
	FUND	TOTAL
<i>RECEIPTS</i>		
Taxes		
Property	\$268,649	\$385,995
Intergovernmental		307,656
Charges for Services		131,397
Interest	312	391
Miscellaneous		120,092
Total Receipts	<u>268,961</u>	<u>945,531</u>
<i>DISBURSEMENTS</i>		
Current:		
General Administration		264,893
Culture and Recreation		199
Judicial		94,466
Public Facilities		89,682
Public Safety		109,396
		102,555
Debt Service		0
Principal, Interest and Fiscal Charges	264,931	264,931
Total Disbursements	<u>264,931</u>	<u>926,122</u>
Excess (Deficiency) of Receipts Over (Under)		
Disbursements	<u>4,030</u>	<u>19,409</u>
<i>OTHER FINANCING SOURCES (USES):</i>		
Operating Transfers In		9,365
Operating Transfers Out		(150,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(140,635)</u>
Net Changes in Fund Balance - Cash Basis	4,030	(121,226)
Fund Balance - Cash Basis - Beginning	5,033	928,754
Fund Balance - Cash Basis - Ending	<u>\$9,063</u>	<u>\$807,528</u>
(continued)	0	0

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

SINGLE AUDIT SECTION

FALLS COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

SOURCE AND TITLE OF GRANT	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS-THROUGH TO SUBRECIPIENTS	TOTAL STATE EXPENDI- TURES
Texas Attorney General (OAG) VINE/SAVNS	3214001	NONE	\$7,965
Texas Attorney General (OAG) VCLG	4182301	NONE	54,774
Texas Attorney General (OAG) VAWA Investigator	4182401	NONE	75,994
Total Texas Attorney General (OAG)			<u>138,733</u>
Texas Historical Commission (THC) THCPP (Courthouse Renovation)	Round X	NONE	3,900,093
Total Texas Historical Commission (THC)			<u>3,900,093</u>
Texas Department of Transportation (TxDOT) Passed Through County Transportation Infrastructure Fund Grant Program	NONE	NONE	4,777
Total Texas Department of Transportation (TxDOT)			<u>4,777</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$4,043,604</u></u>

See Accompanying Notes to Schedule of State Financial Assistance

BEYER & Co.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH STATE OF TEXAS *AUDITING STANDARDS*

To the County Judge and Commissioners' Court
Falls County, Texas

We have audited, in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter 1 - Comptroller, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Falls County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Falls County, Texas's basic financial statements, and have issued our report thereon dated July 8, 2022.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's cash basis financial statements will not be prevented, or detected and corrected, on a timely basis.

Compliance and Other Matters

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

Purpose of this Report

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

BEYER & COMPANY
Certified Public Accountants
July 8, 2022

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND REQUIRED BY UNIFORM GRANT STANDARDS PROMULGATED BY THE OFFICE OF THE GOVERNOR UNDER 34 TAX PART 1, CHAPTER 20, SUBCHAPTER I - COMPTROLLER

To the County Judge and Commissioners' Court
Falls County, Texas

Report on Compliance for Each Major State Program

We have audited Falls County, Texas' compliance with the types of compliance requirements that could have a direct and material effect on each of Falls County, Texas' major state programs for the year ended September 30, 2021. Falls County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Falls County, Texas' major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter I- Comptroller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Falls County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Falls County, Texas's compliance.

Opinion on Each Major State Program

In our opinion, Falls County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of Falls County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Falls County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and with Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter I- Comptroller, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Falls County, Texas' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and with Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter I- Comptroller. Accordingly, this report is not suitable for any other purpose.

BEYER & COMPANY
Certified Public Accountants
July 8, 2022

FALLS COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards (the Schedule) includes the state award activity of the Falls County, Texas under programs of the state government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of the standards applicable to financial audits contained in Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter 1 - Comptroller. Because the Schedule presents only a selected portion of the operations of the Falls County, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Falls County, Texas.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C-INDIRECT COST RATE

The Falls County, Texas has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Grant Management Standards.

FALLS COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Section II-Financial Statement Findings

Material Weaknesses:

2020-001 Sheriff Department

Condition: Sheriff Department – We found that three (3) bank accounts have not been reconciled.

Significant Deficiencies:

2020-002 Sheriff Department

Condition: Sheriff Department – We found that the Inmate Balance Report is not being run every month and that the reports are not turned into the auditor’s office.

Section III-Federal or State Award findings & Questioned Costs

None

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

Section I Summary of Auditors Results

Financial Statements Section

1. The auditor's report expresses an unmodified opinion on the cash basis financial statements of Falls County, Texas.
2. There were no significant deficiencies disclosed during the audit. There were no material weakness disclosed during the audit.

State Awards Section

3. There were no instances of noncompliance material to the financial statements of the Falls County, Texas, which would be required to be reported in accordance with the State of Texas Auditing Standards.
4. There were no significant deficiencies over major State award programs disclosed during the audit. There were no material weaknesses over major State award programs disclosed during the audit.
5. The auditor's report on compliance for the major State award programs for the Falls County, Texas expresses an unmodified opinion on all major State programs.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs: Courthouse Renovation Grant.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Falls County did not qualify as a low-risk auditee.