

AUSTIN COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2019

Austin County, Texas
Annual Financial Report
For the Fiscal Year Ended September 30, 2019

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the County Judge and Commissioner's Court
Austin County, Texas

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 business-type activities, each major fund, and the aggregate remaining fund information of Austin County, Texas, as of September 30, 2019, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Road and Bridge fund, and the F/M & Lateral fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the employees' retirement system information on pages 3–12 and 71–74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Austin County, Texas's 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 combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



BEYER & COMPANY
Certified Public Accountants
November 6, 2020

Management's Discussion and Analysis

As management of Austin County, Texas, we offer readers of Austin County, Texas' financial statements this narrative overview and analysis of the financial activities of Austin County, Texas for the fiscal year ended September 30, 2019.

Financial Highlights

- . The assets of Austin County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$31,031,410 (Net Position). Of this amount, \$13,955,129 or 45% (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 \$350,298. This increase is mainly attributable to the following: ad valorem taxes increased by \$1,445,410 and careful budget management.
- . Austin County, Texas' total restricted Net Position on September 30, 2019 is \$8,747,556 or 28% of Net Position.
- . Austin County, Texas' total debt increased by \$12,556,187 (191.03 percent) during the current fiscal year. The key factor is the Series 2019 bond issuance of \$9,085,000.

Overview of the Financial Statements

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of Austin County, Texas' finances, in a manner like a private-sector business.

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

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

The government-wide financial statements distinguish functions of Austin County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Austin County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. The business-type activities of Austin County, Texas include the Internal Service Fund.

The government-wide financial statements include only Austin County, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 13-14 of this report.

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. Austin 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 Austin County, Texas can be divided into three categories: governmental funds, fiduciary funds, and proprietary funds.

Governmental funds:

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

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

Austin County, Texas maintains thirty-nine (39) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the F/M and lateral fund, the road and bridge fund, and the Infrastructure Projects fund each of which are considered to be major funds. Data from the other thirty-five (35) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Austin County, Texas adopts an annual appropriated budget for its general fund, the F/M and lateral fund, and the road and bridge fund. A budgetary comparison statement has been provided for the general fund, the road and bridge fund, and the F/M and lateral fund. The basic governmental fund financial statements can be found on pages 15-22 of this report.

Proprietary funds: Austin County maintains one type of proprietary fund. The Internal Service Fund for Austin County, Texas, consists solely of the Employee Insurance Fund. This fund was created to provide coverage for employee health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Austin County, Texas also has seven agency funds which are fiduciary fund types. The fiduciary fund types can be found on page 27 of this report.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-70 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Austin County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 71-74 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds and the fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 75-82 and on page 83 of this report.

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 Austin County, Texas, assets exceeded liabilities by \$31,031,410 at the close of the most recent fiscal year.

A portion of Austin County, Texas' net position (27 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. Austin County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Austin County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

AUSTIN COUNTY, TEXAS NET POSITION

	Governmental Activities		Total	
	2019	2018	2019	2018
Current and Other Assets	\$31,618,816	\$21,593,158	\$31,618,816	\$21,593,158
Capital Assets:	15,969,573	15,958,953	15,969,573	15,958,953
Total Assets	47,588,389	37,552,111	47,588,389	37,552,111
Total Deferred Outflows of Resources	3,450,389	1,209,943	3,450,389	1,209,943
Long-Term Liabilities	19,129,146	6,572,959	19,129,146	6,572,959
Other Liabilities	696,404	876,298	696,404	876,298
Total Liabilities	19,825,550	7,449,257	19,825,550	7,449,257
Total Deferred Inflows of Resources	181,818	631,685	181,818	631,685
Invested in Capital Assets, Net of Related Debt	8,328,725	9,666,270	8,328,725	9,666,270
Restricted	8,747,556	7,601,852	8,747,556	7,601,852
Unrestricted	13,955,129	13,412,990	13,955,129	13,412,990
Total Net Position	\$31,031,410	\$30,681,112	\$31,031,410	\$30,681,112

A portion of Austin County, Texas' Net Position (28 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted Net Position* \$13,955,129 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Austin County, Texas is able to report positive balances in all three categories of Net Position, both for the government as a whole, as well as for its separate governmental activities.

The government's total Net Position increased by \$350,298. This increase is mainly attributable to the following: ad valorem taxes increased by \$1,445,410 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.

**AUSTIN COUNTY, TEXAS
CHANGE IN NET POSITION**

	Governmental Activities		Total	
	2019	2018	2019	2018
Revenues:				
Program Revenues:				
Charges for Services	\$3,908,791	\$4,155,256	\$3,908,791	\$4,155,256
Operating Grants and Contributions	521,477	750,646	521,477	750,646
Capital Grants and Contributions	203,769	641,130	203,769	641,130
General Revenues:				
Maintenance and Operations Taxes	18,117,780	16,672,370	18,117,780	16,672,370
Sales Taxes	2,100,163	1,930,199	2,100,163	1,930,199
Other Taxes	42,572	37,074	42,572	37,074
Unrestricted Investment Earnings	832,661	468,116	832,661	468,116
Miscellaneous	461,219	1,117,706	461,219	1,117,706
Total Revenue	26,188,432	25,772,497	26,188,432	25,772,497
Expenses:				
General Administration	5,331,733	4,853,614	5,331,733	4,853,614
Legal	480,577	474,730	480,577	474,730
Judicial	1,295,302	1,160,546	1,295,302	1,160,546
Financial Administration	801,600	721,549	801,600	721,549
Public Facilities	1,098,796	400,645	1,098,796	400,645
Public Safety	9,018,440	8,324,402	9,018,440	8,324,402
Public Transportation	6,869,375	7,060,593	6,869,375	7,060,593
Culture and Recreation	138,946	130,302	138,946	130,302
Health and Welfare	196,881	91,809	196,881	91,809
Conservation - Agriculture	183,168	154,343	183,168	154,343
Interest and Fiscal Charges	423,316	253,039	423,316	253,039
Total Expenses	25,838,134	23,625,572	25,838,134	23,625,572
Increase in Net Position Before Transfers and Special Items	350,298	2,146,924	350,298	2,146,924
Transfers	0	0	0	0
Increase in Net Position	350,298	2,146,924	350,298	2,146,924
Net Position at 9/30/2018	30,681,112	28,534,187	30,681,112	28,534,187
Net Position at 9/30/2019	\$31,031,410	\$30,681,112	\$31,031,410	\$30,681,112

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, Austin County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of Austin County, Texas' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Austin County, Texas' financing requirements. Unassigned *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Austin County, Texas' governmental funds reported combined ending fund balances of \$28,766,570, an increase of \$10,582,708 in comparison with the prior year. Approximately 41% of this total amount \$11,889,100 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or committed*.

The general fund is the chief operating fund of Austin County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 12,304,347, while total fund balance reached a balance of \$ 12,359,666. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 86 percent of total general fund expenditures, while total fund balance represents 86 percent of that same amount.

The fund balance of the general fund increased by \$1,728,501 during the current fiscal year. This is a result of ad valorem taxes increased by \$1,006,351 and careful budget management.

At the end of the current fiscal year, restricted fund balance of the road and bridge fund was \$4,345,611, while total fund balance reached a balance of \$4,364,137. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 140 percent of total road and bridge fund expenditures, while total fund balance represents 141 percent of that same amount.

The fund balance of the road and bridge fund increased by \$272,310 during the current fiscal year. Key factors in this increase are as follows:

- . ad valorem taxes increased by \$168,253 and careful budget management.

At the end of the current fiscal year, restricted fund balance of the F/M and Lateral fund was \$3,260,316, while total fund balance reached a balance of \$3,260,316. As a measure of the F/M and Lateral fund fund's liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures. Restricted balance represents 1.66 percent of total F/M and Lateral fund expenditures, while total fund balance represents 166 percent of that same amount.

The fund balance of the F/M and Lateral Fund increased by \$885,703 during the current fiscal year. Key factors in this increase are as follows:

- . ad valorem taxes increased by \$203,166, the expenditures decreased by \$1,547,060, and careful budget management.

The Infrastructure Projects fund is a construction fund, and any analysis would be illusory.

Budgetary Highlights:

Differences between the original budget and the final amended budget in the general fund were an increase of \$974,869 in appropriations. This increase is a result of an increase in Wendt Street Building which increased by \$182,859 and Capital Repairs which increased by \$713,632.

Differences between the original budget and the final amended budget in the road and bridge fund were an increase of \$3,296,379 in appropriations. This increase is a result of a budget increase in transportation project and contingency expenditures.

Differences between the original budget and the final amended budget in the F/M and Lateral fund were an increase of \$1,756,056 in appropriations. This increase is a result of a budget increase in transportation highway construction, equipment purchases, and contingency expenditures.

Capital Asset and Debt Administration

Capital assets:

Austin County, Texas' investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$15,969,573 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure. The total increase in Austin County, Texas' investment in capital assets for the current fiscal year was .07 percent.

The County began an Austin County Jail and Sheriff's Office and an Austin County Justice Center.

AUSTIN COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Total	
	2019	2018	2019	2018
Land	\$597,660	\$500,506	\$597,660	\$500,506
Construction in Progress	2,108,754	0	2,108,754	0
Building and Improvements	5,362,749	5,588,818	5,362,749	5,588,818
Machinery and Equipment	2,318,816	2,497,016	2,318,816	2,497,016
Infrastructure	5,570,249	7,356,966	5,570,249	7,356,966
Intangible	11,345	15,647	11,345	15,647
Total	<u>\$15,969,573</u>	<u>\$15,958,953</u>	<u>\$15,969,573</u>	<u>\$15,958,953</u>

Additional information on Austin County, Texas' capital assets can be found in note IV C on page 41 of this report.

Long-term debt:

At the end of the current fiscal year, Austin County, Texas had the following bonded debt.

	Beginning	<u>Additions</u>	<u>Reductions</u>	<u>Debt Refinancing</u>		Ending	Due Within	Due Within
	<u>Balance</u>			<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>	<u>One Year</u>
<u>Governmental Activities:</u>								
General Obligation Bonds	\$4,025,000	\$9,085,000	\$320,000	\$3,545,000	\$3,745,000	\$12,590,000	\$565,000	\$12,025,000
	4,025,000	9,085,000	320,000	3,545,000	3,745,000	12,590,000	565,000	12,025,000
Grand Total	<u>\$4,025,000</u>	<u>\$9,085,000</u>	<u>\$320,000</u>	<u>\$3,545,000</u>	<u>\$3,745,000</u>	<u>\$12,590,000</u>	<u>\$565,000</u>	<u>\$12,025,000</u>

Austin County, Texas' total bonded debt increased by \$8,565,000 (212.80 percent) during the current fiscal year. The key factor in this increase was the Series 2019 bond issuance of \$9,085,000.

Additional information on Austin County, Texas' long-term debt can be found in note IV F on pages 44-48 of this report.

Outlook

The County expects its finances to remain approximately the same as in the past. Inflation will play a factor but will affect both revenues and expenditures equally. There are no major events planned in the future.

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 Austin County Judge's Office, Austin County Courthouse, One East Main Street, Bellville, Texas 77418-1521, or (979) 865-5911.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government	
	Governmental	
	Activities	Total
<i>ASSETS</i>		
Cash and Cash Equivalents	\$29,273,790	\$29,273,790
Receivables (net of allowance for uncollectibles)	2,271,181	2,271,181
Prepaid Items	73,845	73,845
Capital assets not being depreciated:		
Land	597,660	597,660
Construction in Progress	2,108,754	2,108,754
Total Capital assets being depreciated, net		
Building and Improvements	5,362,749	5,362,749
Machinery and Equipment	2,318,816	2,318,816
Infrastructure	5,570,249	5,570,249
Intangible	11,345	11,345
Total Assets	<u>\$47,588,389</u>	<u>\$47,588,389</u>
<i>DEFERRED OUTFLOWS OF RESOURCES</i>		
GASB 68		
Contributions (after 12/31/18)	1,057,742	1,057,742
Net difference between projected and actual earnings	2,159,173	2,159,173
Differences between expected and actual experience	158,114	158,114
Changes of assumptions	75,360	75,360
Total Deferred Outflows of Resources	<u>3,450,389</u>	<u>3,450,389</u>
<i>LIABILITIES:</i>		
Accounts Payable	\$428,031	\$428,031
Accrued Wages	253,748	253,748
Accrued Interest Payable	14,625	14,625
Noncurrent Liabilities:		
Due within one year	1,468,542	1,468,542
Due in more than one year	17,660,604	17,660,604
Total Liabilities	<u>19,825,550</u>	<u>19,825,550</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>		
Gain on Bond Refunding	181,818	181,818
Total Deferred Inflows of Resources	<u>181,818</u>	<u>181,818</u>
<i>NET POSITION</i>		
Invested in Capital Assets, Net of Related Debt	8,328,725	8,328,725
Restricted		
Administrative	18,075	18,075
Archives	107,330	107,330
Construction	2,740	2,740
Debt Service	144,994	144,994
Enviromental Protection	0	0
Health	154,693	154,693
Judicial	166,303	166,303
Public Safety	547,494	547,494
Public Transportation	7,605,927	7,605,927
Unrestricted	13,955,129	13,955,129
Total Net Position	<u>\$31,031,410</u>	<u>\$31,031,410</u>

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and
					Changes in	Changes in
				Net Position	Net Position	
Primary Government						
Government Activities:						
General Administration	\$5,331,733	\$853,107	\$295,022		(\$4,183,604)	(\$4,183,604)
Legal	480,577	26,296			(454,281)	(454,281)
Judicial	1,295,302	456,123	61,630		(777,549)	(777,549)
Financial Administration	801,600	444,252			(357,348)	(357,348)
Public Facilities	1,098,796				(1,098,796)	(1,098,796)
Public Safety	9,018,440	1,140,373	992		(7,877,075)	(7,877,075)
Public Transportation	6,869,375	962,990	77,080	203,769	(5,625,536)	(5,625,536)
Culture and Recreation	138,946				(138,946)	(138,946)
Health and Welfare	196,881	25,650	86,753		(84,478)	(84,478)
Conservation - Agriculture	183,168				(183,168)	(183,168)
Interest and Fiscal Charges	423,316				(423,316)	(423,316)
Total Government Activities	<u>25,838,134</u>	<u>3,908,791</u>	<u>521,477</u>	<u>203,769</u>	<u>(21,204,097)</u>	<u>(21,204,097)</u>
 Total Primary Government	 <u>\$25,838,134</u>	 <u>\$3,908,791</u>	 <u>\$521,477</u>	 <u>\$203,769</u>	 <u>(21,204,097)</u>	 <u>(21,204,097)</u>
 General Revenues						
Property Taxes, Levies for General Purposes					18,117,780	18,117,780
Sales Taxes					2,100,163	2,100,163
Other Taxes					42,572	42,572
Unrestricted Investment Earnings					832,661	832,661
Miscellaneous					461,219	461,219
Total General Revenues and Transfers					<u>21,554,395</u>	<u>21,554,395</u>
Change in Net Position					350,298	350,298
Net Position - Beginning					<u>30,681,112</u>	<u>30,681,112</u>
Net Position - Ending					<u>\$31,031,410</u>	<u>\$31,031,410</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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

	General Fund	Road and Bridge	F/M and Lateral Fund	Infrastructure Projects	Other Governmental Funds	Total Governmental Funds
<i>ASSETS</i>						
Cash and Cash Equivalents	\$12,297,097	\$4,417,418	\$3,385,744	\$8,213,163	\$1,221,110	\$29,534,532
Receivables (net of allowance for uncollectibles)	731,347	98,198	81,326		150	911,021
Prepaid Items	55,319	18,526				73,845
Due from Other Funds	87,579	55,409		454,400		597,388
Total Assets	\$13,171,342	\$4,589,551	\$3,467,070	\$8,667,563	\$1,221,260	\$31,116,786
<i>LIABILITIES AND FUND BALANCES:</i>						
<i>Liabilities</i>						
Accounts Payable	\$66,576	\$86,881	\$125,428	\$140,925	\$8,221	\$428,031
Accrued Wages	209,774	40,335			3,639	253,748
Due to Other Funds	55,409			541,979		597,388
Bank Overdraft					411,608	411,608
Total Liabilities	331,759	127,216	125,428	682,904	423,468	1,690,775
<i>DEFERRED INFLOWS OF RESOURCES</i>						
Deferred Property Taxes	479,917	98,198	81,326			659,441
Total deferred inflows of resources	479,917	98,198	81,326	0	0	659,441
<i>Fund Balances:</i>						
<i>Non-Spendable</i>						
Prepaid Items	55,319	18,526				73,845
<i>Restricted</i>						
Administrative					18,075	18,075
Archives					107,330	107,330
Construction				7,984,659	2,740	7,987,399
Debt Service					144,994	144,994
Health					154,693	154,693
Judicial					166,303	166,303
Public Safety					547,494	547,494
Public Transportation		4,345,611	3,260,316			7,605,927
<i>Committed</i>						
Culture and Recreation					71,410	71,410
Unassigned	12,304,347				(415,247)	11,889,100
Total Fund Balance	12,359,666	4,364,137	3,260,316	7,984,659	797,792	28,766,570
Total Liabilities and Fund Balances	\$13,171,342	\$4,589,551	\$3,467,070	\$8,667,563	\$1,221,260	\$31,116,786

The accompanying notes are an integral part of this statement.

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

Total Fund Balances - governmental funds balance sheet	\$28,766,570
Amounts reported for governmental activities in the statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	15,969,573
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,810,549
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	150,866
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	659,441
Gain on Bond Refunding	(181,818)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(19,143,771)
Net Position of governmental activities - statement of Net Position	<u>\$31,031,410</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	Road and Bridge	F/M and Lateral Fund	Infrastructure Projects	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>						
Taxes						
Property	\$12,682,905	\$2,209,139	\$2,666,130		\$542,227	\$18,100,401
Sales	2,100,163					2,100,163
Other	42,572					42,572
Intergovernmental	325,936	203,769	77,080		118,461	725,246
Licenses and Permits	58,310	728,386				786,696
Charges for Services	1,011,640				243,244	1,254,884
Fines and Forfeitures	1,321,386	176,294				1,497,680
Interest	429,647	155,910	72,840	125,416	38,788	822,601
Miscellaneous	283,554	82,839	0		86,458	452,851
Total Revenues	<u>18,256,113</u>	<u>3,556,337</u>	<u>2,816,050</u>	<u>125,416</u>	<u>1,029,178</u>	<u>25,783,094</u>
<i>EXPENDITURES</i>						
Current:						
General Administration	2,203,022				123,170	2,326,192
Legal	424,389				32,798	457,187
Judicial	1,114,266				121,093	1,235,359
Financial Administration	719,847				22,877	742,724
Public Facilities	1,360,009					1,360,009
Public Safety	7,876,476			2,095,157	273,421	10,245,054
Public Transportation		3,018,524	1,773,319			4,791,843
Culture and Recreation	112,726				16,118	128,844
Health and Welfare	37,337				149,299	186,636
Conservation - Agriculture	187,231					187,231
Debt Service						
Principal Retirement	294,051	71,320	174,200		320,000	859,571
Bond Issuance Costs				129,910		129,910
Interest Retirement	31,208	5,894	16,347		264,432	317,881
Total Expenditures	<u>14,360,562</u>	<u>3,095,738</u>	<u>1,963,866</u>	<u>2,225,067</u>	<u>1,323,208</u>	<u>22,968,441</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,895,551</u>	<u>460,599</u>	<u>852,184</u>	<u>(2,099,651)</u>	<u>(294,030)</u>	<u>2,814,653</u>
<i>OTHER FINANCING SOURCES (USES):</i>						
Other Financing Sources - Bond Proceeds				9,085,000		9,085,000
Other Financing Sources - Bond Issuance Premium				544,910		544,910
Other Financing Sources - Capital Lease	442,915	111,711	33,519			588,145
Operating Transfers In				454,400	11,065	465,465
Operating Transfers Out	(2,609,965)	(300,000)			(5,500)	(2,915,465)
Total Other Financing Sources (Uses)	<u>(2,167,050)</u>	<u>(188,289)</u>	<u>33,519</u>	<u>10,084,310</u>	<u>5,565</u>	<u>7,768,055</u>
Net Changes in Fund Balances	<u>1,728,501</u>	<u>272,310</u>	<u>885,703</u>	<u>7,984,659</u>	<u>(288,465)</u>	<u>10,582,708</u>
Fund Balances - Beginning	<u>10,631,165</u>	<u>4,091,827</u>	<u>2,374,613</u>	<u>0</u>	<u>1,086,257</u>	<u>18,183,862</u>
Fund Balances - Ending	<u>12,359,666</u>	<u>4,364,137</u>	<u>3,260,316</u>	<u>7,984,659</u>	<u>797,792</u>	<u>28,766,570</u>

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 SEPTEMBER 30, 2019

Net Changes in Fund Balances - total governmental funds	\$10,582,708
Amounts reported for governmental activities in the statement of Net Position ("SNP") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	10,620
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	(90,115)
(Increase) decrease in Compensated absences from beginning of period to end of period.	(170,218)
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	(10,999)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	17,379
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(9,673,145)
Gain in Bond Refunding	(544,910)
Increase in Bond Issuance Premium	
GASB 68	
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	30,038
Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	(106,879)
Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	2,698,583
Deferred Outflow-Differences between expected and actual experience. This is the change in these amounts this year.	250,389
Net Pension Receivable. This is the change in these amounts this year.	(280,212)
Net Pension Payable. This is the change in these amounts this year.	(3,253,145)
Internal Service funds are used by management to account for funds for Self-Insurance.	
The net revenue of certain activities of Internal service funds is reported with governmental activities.	(13,209)
Amortization of Bond Issuance Premiums and Gain on Bond Refinancing is an income in the SOA but not an expense in the funds.	35,474
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	<u>867,939</u>
Change in Net Position of governmental activities - statement of activities	<u>\$350,298</u>

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Budgetary Basis	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>REVENUES</i>				
Taxes				
Property	\$12,579,714	\$12,579,714	\$12,682,905	\$103,191
Sales	1,700,000	1,700,000	2,100,163	400,163
Other	32,000	32,000	42,572	10,572
Intergovernmental	158,364	271,835	325,936	54,101
License and Permits	60,000	60,000	58,310	(1,690)
Charges for Services	808,000	808,000	1,011,640	203,640
Fines and Forfeitures	1,406,900	1,406,900	1,321,386	(85,514)
Interest	95,000	95,000	429,647	334,647
Miscellaneous	236,200	304,518	283,554	(20,964)
Total Revenues	17,076,178	17,257,967	18,256,113	998,146

EXPENDITURES

Current:

General Administration				
County Clerk	368,904	479,402	348,048	131,354
County Judge	377,958	378,259	306,481	71,778
Human Resources	66,391	66,391	52,620	13,771
Other	1,454,857	1,422,293	1,096,888	325,405
System Tech.	224,894	279,499	267,107	12,392
Veteran's Service	14,821	14,821	13,967	854
Legal				
County/ District Attorney	417,494	424,146	424,389	(243)
Judicial				
County Court at Law	239,105	239,105	216,704	22,401
County, District, Justice, Juvenile Courts	330,100	330,490	261,361	69,129
District Clerk	159,008	159,009	136,334	22,675
District Judge	94,993	94,993	94,761	232
Justice of the Peace No. 1	142,859	98,036	97,014	1,022
Justice of the Peace No. 2	31,409	31,410	30,861	549
Justice of the Peace No. 3	139,164	141,047	139,016	2,031
Justice of the Peace No. 4	182,736	140,178	138,215	1,963
Financial Administration				
County Auditor	228,121	228,121	219,396	8,725
County Treasurer	133,189	133,189	128,390	4,799
Tax Assessor-Collector	371,640	374,799	372,061	2,738
Public Facilities				
Buildings and Yards	349,692	349,692	265,392	84,300
Capital Repairs	1,212,127	1,925,759	841,678	1,084,081
Wendt Street Building	72,600	255,459	252,939	2,520
Public Safety				
Constable No. 1	19,640	19,640	12,664	6,976
Constable No. 2	19,640	19,640	18,644	996
Constable No. 3	35,980	37,937	36,266	1,671
Constable No. 4	35,980	39,879	37,571	2,308
Emergency Management	44,016	44,016	40,981	3,035
EMS	2,435,896	2,495,907	2,482,288	13,619
Jail	1,899,411	1,844,606	1,552,492	292,114
Juvenile Probation	136,361	139,610	131,815	7,795
Sheriff	3,729,632	3,734,717	3,183,350	551,367

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Culture and Recreation				
Knox Library	\$65,494	\$65,494	\$53,689	\$11,805
West End Library	55,530	56,781	56,637	144
History and Visitor Information Center	5,800	5,800	2,400	3,400
Health and Welfare				
County Health Department	5,194	5,194	4,736	458
Other Health and Child Care	35,000	35,000	32,601	2,399
Conservation - Agriculture				
Agriculture Extension Service	190,463	190,649	187,231	3,418
Debt Service				
Principal Retirement	294,051	294,051	294,051	0
Interest Retirement	31,208	31,208	31,208	0
Total Expenditures	<u>15,651,358</u>	<u>16,626,227</u>	<u>13,862,246</u>	<u>2,763,981</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>1,424,820</u>	<u>631,740</u>	<u>4,393,867</u>	<u>3,762,127</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	31,000	31,000		(31,000)
Operating Transfers Out	<u>(1,400,000)</u>	<u>(2,153,747)</u>	<u>(2,150,000)</u>	<u>3,747</u>
Total Other Financing Sources (Uses)	<u>(1,369,000)</u>	<u>(2,122,747)</u>	<u>(2,150,000)</u>	<u>(27,253)</u>
Net Changes in Fund Balances - Budgetary Basis	<u>\$55,820</u>	<u>(\$1,491,007)</u>	<u>2,243,867</u>	<u>\$3,734,874</u>
Reconciliation from cash basis to modified accrual basis:				
Other Financing Sources - Capital Lease - Lifepak 15 V4 Equipment			325,004	
Other Financing Sources - Capital Lease - Election Equipment			117,911	
Homeland Security Grant - Expenditures			(55,401)	
Lifepak 15 V4 Equipment			(325,004)	
Operating Transfers Out			(459,965)	
Election Equipment			(117,911)	
Net Changes in Fund Balances - Modified Accrual Basis			<u>1,728,501</u>	
Fund Balances - Beginning			<u>10,631,165</u>	
Fund Balances - Ending			<u>\$12,359,666</u>	

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Budgetary Basis	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$2,192,315	\$2,192,315	\$2,209,139	\$16,824
Intergovernmental	0	203,769	203,769	0
Licenses and Permits	735,000	756,225	728,386	(27,839)
Fines and Forfeitures	130,000	130,000	176,294	46,294
Interest	18,000	18,000	155,910	137,910
Miscellaneous	76,250	132,645	82,839	(49,806)
Total Revenues	3,151,565	3,432,954	3,556,337	123,383
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	3,074,352	6,370,731	2,906,813	3,463,918
Debt Service				
Principal Retirement	71,320	71,320	71,320	0
Interest Retirement	5,894	5,894	5,894	0
Total Expenditures	3,151,566	6,447,945	2,984,027	3,463,918
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	(3,014,991)	572,310	3,587,301
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out			(300,000)	(300,000)
Total Other Financing Sources (Uses)	0	0	(300,000)	(300,000)
Net Changes in Fund Balances - Budgetary Basis	(\$1)	(\$3,014,991)	272,310	\$3,287,301
Reconciliation from cash basis to modified accrual basis:				
Other Financing Sources - Capital Lease			111,711	
Purchase of Equipment			(111,711)	
Net Changes in Fund Balances - Modified Accrual Basis			272,310	
Fund Balances - Beginning			4,091,827	
Fund Balances - Ending			\$4,364,137	

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 F/M AND LATERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$2,645,785	\$2,645,785	\$2,666,130	\$20,345
Intergovernmental	39,221	72,873	77,080	4,207
Interest	8,000	8,000	72,840	64,840
Miscellaneous	1,500	1,500		(1,500)
Total Revenues	2,694,506	2,728,158	2,816,050	87,892
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	2,503,958	4,260,014	1,739,800	2,520,214
Debt Service				
Principal Retirement	174,200	174,200	174,200	0
Interest Retirement	16,347	16,347	16,347	0
Total Expenditures	2,694,505	4,450,561	1,930,347	2,520,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	1	(1,722,403)	885,703	2,608,106
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances - Budgetary Basis	\$1	(\$1,722,403)	885,703	\$2,608,106
Reconciliation from cash basis to modified accrual basis:				
Other Financing Sources - Capital Lease			33,519	
Purchase of Equipment			(33,519)	
Net Changes in Fund Balances - Modified Accrual Basis			885,703	
Fund Balances - Beginning			2,374,613	
Fund Balances - Ending			\$3,260,316	

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$150,866	\$164,075	\$150,866
Receivables (net of allowance for uncollectibles)			0
Total Current Assets	<u>150,866</u>	<u>164,075</u>	<u>150,866</u>
TOTAL ASSETS	<u>\$150,866</u>	<u>\$164,075</u>	<u>\$150,866</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities			
Current Liabilities (Payable from Current Assets)		\$0	\$0
Total Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>
NET POSITION			
Restricted - Expendable	150,866	164,075	150,866
TOTAL NET POSITION	<u>\$150,866</u>	<u>\$164,075</u>	<u>\$150,866</u>

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

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Internal Service Self Insurance	Internal Service Self Insurance	Total Proprietary Funds
	Current Year	Prior Year	Current Year
OPERATING REVENUES:			
Charges for Services	\$284,691	\$237,552	\$284,691
Reinsurance	174,955	162,115	174,955
TOTAL OPERATING REVENUES	459,646	399,667	459,646
OPERATING EXPENSES			
Administrative Fees	549,754	541,400	549,754
Claims paid	806	3,971	806
Other			0
Prescriptions	2,382,355	2,120,279	2,382,355
Reinsurrer			0
TOTAL OPERATING EXPENSES	2,932,915	2,665,650	2,932,915
OPERATING INCOME (LOSS)	(2,473,269)	(2,265,983)	(2,473,269)
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	10,060	6,677	10,060
TOTAL NON-OPERATING REVENUES (EXPENSES)	10,060	6,677	10,060
Income Before Transfers	(2,463,209)	(2,259,306)	(2,463,209)
Transfers In	2,450,000	2,300,000	2,450,000
Change in Net Position	(13,209)	40,694	(13,209)
Total Net Position - Beginning	164,075	123,381	164,075
Total Net Position - Ending	\$150,866	\$164,075	\$150,866

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

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Internal Service Self Insurance	Internal Service Self Insurance	Total Proprietary Funds
	Current Year	Prior Year	Current Year
Cash flows from Operating Activities			
Receipts from Customers and Users	\$459,646	\$399,667	\$459,646
Payments to Suppliers	(2,932,915)	(2,673,692)	(2,932,915)
Net Cash Provided(Used) By Operating Activities:	<u>(2,473,269)</u>	<u>(2,274,025)</u>	<u>(2,473,269)</u>
Cash Flows from Non-Capital and Related Financing Activities			
Transfers Out	2,450,000	2,300,000	2,450,000
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>2,450,000</u>	<u>2,300,000</u>	<u>2,450,000</u>
Cash Flows from Investing Activities			
Interest Received	10,060	6,677	10,060
Net Cash Provided(Used) By Investing Activities	<u>10,060</u>	<u>6,677</u>	<u>10,060</u>
Net Increase (Decrease) in Cash Equivalents	(13,209)	32,652	(13,209)
Cash and Cash Equivalents at Beginning of Year	<u>164,075</u>	<u>131,423</u>	<u>164,075</u>
Cash and Cash Equivalents at End of Year	<u>\$150,866</u>	<u>\$164,075</u>	<u>\$150,866</u>

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

(continued)

(continued)

	Internal Service Self Insurance	Internal Service Self Insurance	Total Proprietary Funds
	Current Year	Prior Year	Current Year
Reconciliation of Operating Income to net cash provided(Used) By Operating Activities			
Operating Income (Loss)	(\$2,473,269)	(\$2,265,983)	(\$2,473,269)
Changes in Current Items			
Decrease(Increase) in Accounts Receivable	0	0	0
Increase(Decrease) in Accounts Payable	0	0	0
Net Cash Provided(Used) by Operating Activities	<u>(\$2,473,269)</u>	<u>(\$2,265,983)</u>	<u>(\$2,473,269)</u>
Noncash Investing, Capital, and Financing Activities:			
Borrowing from capital debt	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Note: The above funds are all Enterprise Funds.

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

AUSTIN COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$2,666,440
Receivables (net of allowance for uncollectibles)	0
Total Assets	<u>\$2,666,440</u>
LIABILITIES	
Accounts Payable	\$12,256
Bank Overdraft	6,887
Due to Others	2,647,297
Total Liabilities	<u>\$2,666,440</u>

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

AUSTIN COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. Summary of Significant Accounting Policies

A. Reporting entity

Austin County operates under a County Judge – Commissioners’ Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), environmental protection (sanitation), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

B. Government-Wide and Fund Financial Statements

The County’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the County accompanied by a total column. Fiduciary activities of the County are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the County’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities, which are presented as internal balances and eliminated in the total primary government column.

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.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The County reports the following major governmental funds:

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

The *Road and Bridge Fund* accounts for certain revenues and expenditures related to the construction and maintenance of roads and bridges within all County precincts.

The *Road and Bridge F/M and Lateral Fund* account for certain revenues and expenditures related to the construction and maintenance of roads and bridges within all County precincts.

The *Infrastructure Projects Fund* account for bond proceeds used for the construction of an Austin County Jail and Sheriff's Office and an Austin County Justice Center.

C. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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.

2. Receivables and Payables

Activity 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 interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

C. Assets, Liabilities, and Net Position or Equity (continued)

2. Receivables and Payables (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2019 and 10 percent of the delinquent outstanding property taxes at September 30, 2019.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2019.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. There were prepaid items at September 30, 2019.

4. Restricted Assets

There were no restricted assets at September 30, 2019.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County began an Austin County Jail and Sheriff's Office and an Austin County Justice Center.

Property, plant, and equipment of the primary government, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
System Infrastructure	30
Vehicles	5
Office Equipment	5
Computer Equipment	5

6. Compensated Absences

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

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balances – Governmental Funds

As of September 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of Commissioners’ Court. Commissioners’ Court is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Commissioners’ Court.

Unassigned — all other spendable amounts.

As of September 30, 2019, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$73,845
Restricted	
Administrative	18,075
Archives	107,330
Construction	7,987,399
Debt Service	144,994
Health	154,693
Judicial	166,303
Public Safety	547,494
Public Transportation	7,605,927
Committed	
Culture and Recreation	71,410
Unassigned	<u>11,889,100</u>
Total Fund Balance	<u><u>\$28,766,570</u></u>

When an expenditure 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 an expenditure 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, as needed, unless Commissioners’ Court or the finance committee has provided otherwise in its commitment or assignment actions. In fiscal year 2011, the Commissioners’ Court adopted a minimum fund balance policy for the General Fund. The policy requires the County to maintain, at all times, an unassigned fund balance at fiscal year end of not less than 3 months of regular general fund operating expenditures.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

10. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is deferred under GASB 68. 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 only has one item that qualifies for reporting in this category. It is deferred under Gain on Bond Refunding. The County reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the County and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Pursuant to GASB 65 we have included deferred ad valorem taxes as deferred inflows in the fund financial statements.

11. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of Net Position.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$19,143,771 difference are as follows:

Bonds Payable	\$12,590,000
Unamortized Bond Premium	717,825
Notes Payable	84,093
Capital Lease Payable	2,033,589
Accrued Interest Payable	14,625
Compensated Absences	450,494
Net Pension Payable	<u>3,253,145</u>
	<u>\$19,143,771</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$15,969,573 difference are as follows:

Capital Assets Not Being Depreciated	\$2,706,414
Capital Assets Being Depreciated	104,268,122
Depreciation Expense	(91,004,963)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$15,969,573</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles)." The details of this \$659,441 difference are as follows:

Property Taxes Receivable	\$707,610
Allowance for Doubtful Accounts	<u>(48,169)</u>
Net	<u>\$659,441</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$4,810,549 difference are as follows:

Fines and Fees Receivable	\$3,312,912
Allowance for Doubtful Accounts	(1,952,752)
GASB 68	
Contributions (after 12/31/18)	1,057,742
Changes of assumptions	75,360
Net difference between projected and actual earnings	2,159,173
Differences between expected and actual experience	<u>158,114</u>
Net	<u>\$4,810,549</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$10,620 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$2,205,908
Capital Outlay - Additions - Being Depreciated	873,398
Capital Outlay - Deletions - Net	(73,354)
Depreciation Expense	(2,995,332)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$10,620</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioners' 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 Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

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

When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' 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 all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2019 fiscal year were adopted for the General Fund, the F/M and Lateral Fund, and the Road and Bridge Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2019, expenditures did not exceed appropriations in any fund.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2019 except for the 2007 PSIC Grant Event fund which had a deficit fund balance of \$70,769, the Austin County Recycling fund which had a deficit fund balance of \$26,264, the Courthouse Security fund which had a deficit fund balance of \$43,637, the Environmental fund which had a deficit fund balance of \$4,711, the Tax Road Bond fund which had a deficit fund balance of \$129,761, the Tire Collection Event fund which had a deficit fund balance of \$22,877, and the Tax Increment Finance Zone No. 1 fund which had a deficit fund balance of \$114,488. These deficits are expected to be liquidated by future resources of the funds.

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) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

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

Deposits:

Custodial credit risk - deposits. At year end, the carrying amount of the County's bank balance was \$32,426,218. All of the bank balance was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by an agent in the County's name. The amount of securities pledged and held by the County's depository in the County's name is \$40,734,519 and the FDIC coverage is \$250,000. The book balance of the cash and cash equivalents was \$31,940,230.

Investments:

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 TexPool, through which political subdivisions and other entities may invest public funds.

TexPool use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. TexPool have a credit rating of AAAM 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 principal. TexPool invest a high quality portfolio of debt securities investments that are legally permissible for local governments in the state.

All funds participate in a pooling of cash and investment income in order to maximize investment opportunities. Each fund may liquidate its equity in the pool on demand.

The County’s investments are authorized by the County. The County is authorized to invest in obligations of the U.S. Government and its agencies or instrumentalities; direct obligations of Texas and its agencies and instrumentalities; obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; insured or collateralized certificates of deposit; fully collateralized repurchase agreements; and government pools.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County’s investments by fair value level are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. The County has no Level 1 investments (investments valued using prices quoted in active markets for identical securities) or Level 3 investments (investments valued using significant unobservable inputs). As of September 30, 2019, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>	<u>Weighted Average</u>
Texpool	\$5,052	Less than 1 year	Less than 1 year

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk. The County’s investment policy is to apply the “prudent investor” standard: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” The County’s investments were rated as follows: TexPool Funds - AAAM.

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. 100 percent of the County’s investments are in Texpool.

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road and Bridge	F/M and Lateral Fund	Other Govern- mental	Total
<u>Receivables</u>					
Taxes					
Property	\$514,850	\$105,439	\$87,321		\$707,610
Sales	166,598				166,598
Officers Fees	0				0
GASB 34 Fees and Fines	3,312,912				3,312,912
Other Receivable	84,832			150	84,982
Gross Receivables	4,079,192	105,439	87,321	150	4,272,102
Less: Allowance for Uncollectibles	1,987,685	7,241	5,995		2,000,921
Net Total Receivables	<u>\$2,091,507</u>	<u>\$98,198</u>	<u>\$81,326</u>	<u>\$150</u>	<u>\$2,271,181</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$500,506	\$97,154	\$0	\$597,660
Construction in Progress	0	2,108,754		2,108,754
Total capital assets not being depreciated:	500,506	2,205,908	0	2,706,414
Capital assets being depreciated:				
Building and Improvements	12,034,748	33,841		12,068,589
Machinery and Equipment	13,275,833	839,557	561,754	13,553,636
Infrastructure	78,615,780			78,615,780
Intangibles	30,117			30,117
Total capital assets being depreciated:	103,956,478	873,398	561,754	104,268,122
Less: Accumulated Depreciation for:				
Building and Improvements	6,445,930	259,910		6,705,840
Machinery and Equipment	10,778,817	944,403	488,400	11,234,820
Infrastructure	71,258,814	1,786,717		73,045,531
Intangibles	14,470	4,302		18,772
Total Accumulated Depreciation	88,498,031	2,995,332	488,400	91,004,963
Total Capital Assets Depreciated, Net	15,458,447	(2,121,934)	73,354	13,263,159
Governmental Activities capital assets, Net	\$15,958,953	\$83,974	\$73,354	\$15,969,573

The 2018-2019 depreciation is as follows:

Governmental Activities	
General Administration	\$56,861
Judicial	7,336
Financial Administration	10,235
Public Facilities	23,724
Public Safety	659,593
Public Transportation	2,232,155
Culture and Recreation	5,428
Total Depreciation Expense - Governmental Activities	<u>\$2,995,332</u>

The infrastructure capital assets were not fully depreciated at September 30, 2019.

Construction commitments

The County began an Austin County Jail and Sheriff's Office and an Austin County Justice Center.

D. Interfund Receivables, Payables, and Transfers

There was a \$55,409 amount due from the General fund to the Road and Bridge fund at year's end. This amount was for operating expenditures. This amount is expected to be liquidated in the 2020 year.

The following interfund balances as of September 30, 2019 were for operating capital.

<u>DUE TO/FROM</u>	<u>DUE</u>	
<i>ACCOUNT</i>	<i>FROM</i>	<i>REASON</i>
<u>GENERAL FUND</u>		
DUE TO RB	\$55,409	FUND OPERATIONS
<u>INFRASTRUCTURE PROJECTS</u>		
DUE TO GENERAL FUND	541,979	PROJECTS
	<u>\$597,388</u>	

There were no advances at September 30, 2019.

The following transfers to the insurance fund were recurring. The transfers to and from the non-major funds were non-recurrent and were for operating capital. The transfer to the insurance fund was for self-insurance.

<u>TRANSFERS</u>		
<i>ACCOUNT</i>	<i>AMOUNT</i>	<i>REASON</i>
<u>GENERAL FUND</u>		
TRANSFER TO SELF INSURANCE FUND	\$2,150,000	HEALTH CARE
TRANSFER TO INFRASTRUCTURE PROJECTS	459,965	PROJECTS
<u>ROAD AND BRIDGE FUND</u>		
TRANSFER TO SELF INSURANCE FUND	300,000	HEALTH CARE
<u>CDA LAW ENFORCEMENT</u>		
TRANSFER TO DA VEHICLE FUND	5,500	PUBLIC SAFETY
	<u>\$2,915,465</u>	

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$45,094 for the year ended September 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2020	\$43,645
2021	39,817
2022	28,837
2023	18,052
2024	<u>2,885</u>
Total	<u>\$ 133,236</u>

Rent expenditures were \$10,275 for the year ended September 30, 2019. Rental income was \$12,000 for the year ended September 30, 2019. Sublease rental income was \$0 for the year ended September 30, 2019.

F. Long-Term Debt

Capital Leases: The government has entered into capital lease agreements as lessee for financing the acquisition of various equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The security pledged for the capital leases is the equipment financed.

Assets acquired through capital leases are as follows:

	(3) 2016 CHEV TAHOE	CATER. D7G DOZER PCT 4	(2) CATER. TRACTOR SCRAPER PCT 4	05 ETNYRE CHIP SPREADER PCT 4	ASPHALT ZIPPER/ DUAL AXLE TLH -PCT 3	2018 FORD F150
Asset:						
Cost	\$142,216	\$16,700	\$32,400	\$95,450	\$112,690	\$158,062
Less: Accum. Depr.	103,359	11,690	16,200	66,815	40,246	31,612
Total	\$38,857	\$5,010	\$16,200	\$28,635	\$72,444	\$126,450

	JD 5100E TRACTOR PCT 4	7 POWER PRO AMBULANCE AND POWER MOWER	CATER. 299C SKID STEER PCT 1	5100E CAB UTILITY TRACTOR PCT 1	JD 5100E TRACTOR - PCT 1	2002 MACK CH613 DAY CAB TRUCK - PCT 4
Asset:						
Cost	\$34,484	\$368,022	\$82,534	\$32,982	\$59,068	\$11,900
Less: Accum. Depr.	4,828	73,604	82,534	6,596	11,814	2,380
Total	\$29,656	\$294,418	\$0	\$26,386	\$47,254	\$9,520

	2016 SCHULTE XH1500 ROTARY CUTTER PCT 4	2016 SCHULTE XH1500 ROTARY CUTTER PCT 4	HEAVY EQUIP- MENT - PCT 1	ENERGY CONSER- VATION	TOTAL
Asset:					
Cost	\$22,665	\$22,665	\$488,996	\$883,000	\$2,563,834
Less: Accum. Depr.	8,096	9,066	97,799	35,320	601,959
Total	\$14,569	\$13,599	\$391,197	\$847,680	\$1,961,875

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, were as follows:

YEAR	ASPHALT ZIPPER/ DUAL AXLE TLH -PCT 3	2018 FORD F150	JD 5100E TRACTOR PCT 4	7 POWER PRO AMBULANCE	JD 5100E TRACTOR - PCT 1	2002 MACK CH613 DAY CAB TRUCK - PCT 4
2020	\$24,680	\$41,966	\$7,604	\$73,829	\$10,980	\$6,320
2021	24,680	41,966		73,829	10,980	
2022				73,830	10,980	
2023						
2024						
TOTAL MINIMUM LEASE PAYMENTS	49,360	83,932	7,604	221,488	32,940	6,320
LESS: AMOUNT REPRESENTING INTEREST	2,334	4,244	247	0	2,956	250
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$47,026	\$79,688	\$7,357	\$221,488	\$29,984	\$6,070

(continued) YEAR	2016 SCHULTE XH1500 ROTARY CUTTER PCT 4	2016 SCHULTE XH1500 ROTARY CUTTER PCT 4	HEAVY EQUIP- MENT - PCT 1	ENERGY CONSER- VATION	LIFEPAK 15 EQUIPMENT	JD 325G SKID STEER PCT 1
2020	\$4,925	\$4,949	\$98,919	\$87,603	\$57,189	\$14,601
2021	1	4,949	98,919	87,603	57,189	14,601
2022		1	98,920	87,603	57,189	14,601
2023				87,603	57,189	
2024				87,602	57,189	
				87,602	57,189	
				87,602		
				87,602		
				87,602		
				87,602		
				87,602		
				87,602		
				87,602		
				87,602		
TOTAL MINIMUM LEASE PAYMENTS	4,926	9,899	296,758	963,626	343,134	43,803
LESS: AMOUNT REPRESENTING INTEREST	137	362	15,823	160,808	18,130	4,087
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$4,789	\$9,537	\$280,935	\$802,818	\$325,004	\$39,716

(continued) YEAR	ELECT- TION EQUIP	2014 HAMM COMPACTOR PCT 1	2019 FORD F250 PU PCT 4	Total Governmental Activities
2020	\$30,793	\$15,541	\$12,112	492,011
2021	\$30,793	\$15,541	12,112	473,163
2022	\$30,793	\$15,541	12,112	401,570
2023		\$15,541		160,333
2024				144,791
2025				144,791
2026				87,602
2027				87,602
2028				87,602
2029				87,602
2030				87,602
2031				0
TOTAL MINIMUM LEASE PAYMENTS	<u>92,379</u>	<u>62,164</u>	<u>36,336</u>	<u>2,254,669</u>
LESS: AMOUNT REPRESENTING INTEREST	3,175	5,710	2,817	166,524
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$89,204</u>	<u>\$56,454</u>	<u>\$33,519</u>	<u>\$2,033,589</u>

The above debt is to be serviced by the General Fund and the Road and Bridge fund.

Bonds

The government issued a Series 2009 Bond to provide funds for various County projects. The original amount of the bond issued is \$6,000,000. The bond was refunded in the 2019 year with a Series 2018 Bond. The present value of the refunding was a gain of \$216,242. The bond is payable through the year 2039 at a rate of 4% to 5%. The current amount outstanding is \$3,505,000. The refunded bond is a direct obligation and pledge the full faith and credit of the government.

The government issued a Series 2019 Bond to provide funds for various County projects. The original amount of the bond issued is \$ 9,085,000. The bond is payable through the year 2039 at a rate of 3.25 % to 5%. The bond is a direct obligation and pledge the full faith and credit of the government.

Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Refunded Bonds - Series 2009	4.00-5.00%	\$3,505,000
Bonds - Series 2019	3.25-5.00%	\$9,085,000

The following is a summary of debt service requirements to maturity.

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$565,000	\$499,894
2021	590,000	471,019
2022	630,000	440,519
2023	660,000	408,269
2024	690,000	374,519
2025 to 2029	4,065,000	1,305,720
2030 to 2034	2,485,000	655,387
2035 to 2039	2,905,000	239,002
TOTALS	<u>\$12,590,000</u>	<u>\$4,394,329</u>

The above debt is to be serviced by the Debt Service funds.

Notes

The County had the following notes payable:

The 2- 2014 Belly Dump Load King Trailers, the 2004 KW & 2000 Freight Trucks, and Four Vehicles were refinance into a new note for \$111,025. Four annual payments of \$30,138. Balance at September 30, 2019 is \$84,093.

The following is a summary of debt service requirements to maturity.

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$26,987	\$3,151	\$30,138
2021	27,999	2,139	30,138
2022	29,107	1,030	30,137
TOTALS	\$84,093	\$6,320	\$90,413

The above debt is to be serviced by the general fund and the F/M and Lateral fund.

The changes in long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Debt Refinancing		Ending Balance	Due Within One Year	Due After One Year
				Additions	Reductions			
<u>Governmental Activities:</u>								
General Obligation Bonds	\$4,025,000	\$9,085,000	\$320,000	\$3,545,000	\$3,745,000	\$12,590,000	\$565,000	\$12,025,000
Bond Premium	190,207	544,910	17,292			717,825	0	717,825
Net Bonds	4,215,207	9,629,910	337,292	3,545,000	3,745,000	13,307,825	565,000	12,742,825
Capital Leases	1,893,916	579,777	440,104			2,033,589	426,042	1,607,547
Notes Payable	183,560		99,467			84,093	27,006	57,087
TCDRS GASB 68	0	3,253,145				3,253,145		3,253,145
Payable Compensated Absences	280,276	450,494	280,276			450,494	450,494	0
	6,572,959	13,913,326	1,157,139	3,545,000	3,745,000	19,129,146	1,468,542	17,660,604
 Grand Total	 \$6,572,959	 \$13,913,326	 \$1,157,139	 \$3,545,000	 \$3,745,000	 \$19,129,146	 \$1,468,542	 \$17,660,604

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2019-20 year is \$450,494. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$1,468,542 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2018-2019 is \$423,316.

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 amount of pay-outs), 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 claims liability estimate.

	Year ended 09/30/19	Year ended 09/30/18
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurred Claims (including IBNRs)		
Claim Payments	<u>-0-</u>	<u>-0-</u>
Unpaid Claims, End of Fiscal Year	<u>\$ -0-</u>	<u>\$ -0-</u>

1. General Liability Insurance

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

The County pays an annual premium to Travelers Insurance for auto vehicle insurance coverage. The agreement with Travelers provides that Travelers will be self-sustaining through member premiums and will reinsure through commercial companies for claims of combined single limits of \$1,000,000 for each insurance event. The County anticipates no contingent losses.

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.

3. Workers' Compensation Insurance

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

4. Group Health and Life Insurance

Austin County maintains a self-funded stop/loss health insurance plan for active employees and their eligible dependents. The stop/loss amounts for the year 2019 are \$100,000 per individual and \$2,683,127 aggregate. The stop/loss amounts for the year 2020 are \$100,000 per individual and \$2,756,648 aggregate. 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 Workforce Commission (TWC).

B. Related Party Transaction

Jack Brandes – Sheriff - furnished the use of personal aircraft to the Austin County Sheriff's office at no charge in order to find runaways, missing persons, stolen property, etc.

Randy Reichardt – Commissioner Pct. 3 and Debra Reichardt – County Judge's office-are husband and wife.

County Judge, Tim Lapham's brother, Greg Lapham owns Lapham Real Estate. The County sometimes uses this business when County property is bought and sold. For the Year Ended September 30, 2019, the County paid Greg Lapham and Lapham Real Estate \$500.00.

C. Subsequent Events

In February 2020, the Commissioners approved to the Sealy EMS project in the amount of \$2,924,949 with a build time of 365 calendar days. County will finance the project to cover the contract and will be reimbursed by the GO bond proceeds.

In October 2020, Commissioners approved the purchase of (2) 140H Caterpillar Motor Graders, Precinct #1 for a total price of \$185,264 from Holt Caterpillar.

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 expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The County was a defendant in the following cases:

Guzman v. Austin County; Cause No. 2018V-0126; In the 155th Judicial District Court for Austin County, Texas. - Plaintiff Rodolfo Guzman filed a lawsuit alleging that he sustained numerous personal injuries when he was riding his bicycle with his cycling club and was dislodged from his bicycle due to a sewage drain that was missing and/or not in place. The sewer drain allegedly had missing prongs due to extreme wear and tear. Guzman sued the Texas Department of Transportation, Austin County, and the City of Bellville. Guzman alleges he suffered multiple injuries after he was hurled into the air and hit the ground, and also alleges he was life-flighted from the scene. Specifically, Guzman alleges he suffered numerous injuries to his upper and lower extremities, and has endured anxiety, pain, and illness resulting from the accident. On September 13, 2019, the court granted the Plea to the Jurisdiction and dismissed Austin County. Plaintiff filed an appeal, and the appeal is currently pending.

E. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2017	December 31, 2018
Total pension liability	\$35,644,224	\$38,244,143
Fiduciary net position	35,924,437	34,990,998
Net pension liability/(asset)	-280,213	3,253,145
Fiduciary net position as a % of total pension liability	100.79%	91.49%
Pensionable covered payroll	\$8,955,242	\$9,283,934
Net Pension liability as a % of covered payroll	-3.13%	35.04%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exit above or in other tables in this report.

Discount Rate

Discount rate	8.10%	8.10%
Long-term expected rate of return, net of investment expense	8.10%	8.10%
Municipal bond rate	Does not apply	Does not apply

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total pension liability as of December 31, 2018 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.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

See Appendix C (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a full description of the actuarial assumptions used in the funding valuation.

	Beginning Date	Ending Date
Valuation date	December 31, 2017	December 31, 2018
Measurement date	December 31, 2017	December 31, 2018
Employer's fiscal year	October 1, 2018	September 30, 2019

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 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. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 — December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁸⁾	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

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

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

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

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

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

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

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

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Projection of Fiduciary Net Position

Calendar Year Ending	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2019	34,990,998	1,326,451	2,511,451	34,991	2,785,823	36,556,831
2020	36,556,831	1,342,918	2,158,493	36,557	2,927,264	38,631,962
2021	38,631,962	1,371,890	2,366,641	38,632	3,088,152	40,686,731
2022	40,686,731	1,412,936	2,573,719	40,687	3,247,913	42,733,174
2023	42,733,174	1,455,491	2,800,557	42,733	3,406,275	44,751,650
2024	44,751,650	1,500,292	2,932,427	44,752	3,566,234	46,840,998
2025	46,840,998	1,492,534	3,052,579	46,841	3,730,309	48,964,420
2026	48,964,420	1,483,183	3,186,094	48,964	3,896,548	51,109,094
2027	51,109,094	1,476,949	3,335,488	51,109	4,064,002	53,263,447
2028	53,263,447	1,467,593	3,590,372	53,263	4,227,925	55,315,329
2038	69,486,495	984,911	5,088,128	69,486	5,462,702	70,776,494
2048	75,352,116	160,828	6,079,055	75,352	5,865,507	75,224,045
2058	73,596,751	32,411	5,633,495	73,597	5,735,987	73,658,057
2068	83,527,712	2,299	3,884,371	83,528	6,608,265	86,170,377
2078	133,445,631	0	1,930,009	133,446	10,727,153	142,109,329
2088	267,638,635	0	605,384	267,639	21,644,060	288,409,673
2098	572,410,715	0	72,066	572,411	46,339,675	618,105,913

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2017	35,644,224	35,924,437	(280,213)
Changes of the year:			
Service cost	1,055,346		1,055,346
Interest on total pension liability	2,910,242		2,910,242
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	206,251		206,251
Effect of assumptions changes or inputs	0		0
Refund of contributions	(62,861)	(62,862)	1
Benefit payments	(1,509,059)	(1,509,059)	0
Administrative expenses		(28,105)	28,105
Member contributions		649,875	(649,875)
Net investment income		(671,837)	671,837
Employer contributions		691,653	(691,653)
Other	0	(3,106)	3,106
Balances as of December 31, 2018	\$38,244,143	\$34,990,998	\$3,253,145

Sensitive Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$42,932,750	\$38,244,143	\$34,271,648
Fiduciary net position	34,990,998	34,990,998	34,990,998
Net pension liability/(asset)	\$7,941,752	\$3,253,145	(\$719,350)

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2018 to December 31, 2018
Service cost	\$1,055,346
Interest on total pension liability	2,910,242
Effect of plan changes	0
Administrative expenses	28,105
Member contributions	(649,875)
Expected investment return net of investment expenses	(2,899,491)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(44,138)
Recognition of assumption changes or inputs	106,879
Recognition of investment gains or losses	872,745
Other	3,106
Pension expense	\$1,382,918

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$64,874	\$222,988
Changes of assumptions	0	75,360
Net difference between projected and actual earnings	0	2159173
Contributions made subsequent to measurement date	N/A	Employer determined

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 ending December 31:	
2019	\$838,488
2020	439,601
2021	400,294
2022	714,264
2023	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2018	
Original Amount (a)	Date Established (b)	Original Recognition Period (c)	Amount Recognized for 2018 (a) / (c)	Inflows	Outflows
Investment (gains) or losses					
\$3,571,328	12/31/2018	5.0	\$714,266	\$0	\$2,857,062
(2,067,104)	12/31/2017	5.0	(413,421)	1,240,262	0
196,526	12/31/2016	5.0	39,305	0	78,611
2,318,814	12/31/2015	5.0	463,763	0	463,762
344,161	12/31/2014	5.0	68,832	0	0
Economic/demographic (gains) or losses					
206,251	12/31/2018	4.0	51,563	0	154,688
113,834	12/31/2017	5.0	22,767	0	68,300
(259,495)	12/31/2016	4.0	(64,874)	64,874	0
(214,376)	12/31/2015	4.0	(53,594)	0	0
258,063	12/31/2014	4.0	0	0	0
Assumption changes or inputs					
0	12/31/2018	4.0	0	0	0
125,600	12/31/2017	5.0	25,120	0	75,360
0	12/31/2016	4.0	0	0	0
327,037	12/31/2015	4.0	81,759	0	0
0	12/31/2014	4.0	0	0	0

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability											
Service cost	\$1,055,346	\$1,028,884	\$1,038,798	\$918,709	\$832,613	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,910,242	2,715,110	2,531,778	2,384,025	2,204,104	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	0	(133,185)	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	125,600	0	327,037	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	206,251	113,834	(259,495)	(214,376)	258,063	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,571,920)	(1,628,679)	(1,508,304)	(1,338,866)	(1,087,601)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	2,599,919	2,354,748	1,802,777	1,943,344	2,207,180	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>35,644,224</u>	<u>33,289,476</u>	<u>31,486,699</u>	<u>29,543,355</u>	<u>27,336,176</u>	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$38,244,143</u>	<u>\$35,644,224</u>	<u>\$33,289,476</u>	<u>\$31,486,699</u>	<u>\$29,543,355</u>	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position											
Employer contributions	\$691,653	\$659,993	\$686,673	\$656,924	\$636,162	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	649,875	626,867	595,627	562,162	519,123	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	(671,837)	4,618,209	2,201,096	103,366	1,919,505	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	1,571,920	(1,628,679)	(1,508,304)	(1,338,866)	(1,087,601)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(28,105)	(23,891)	(23,932)	(21,387)	(22,071)	N/A	N/A	N/A	N/A	N/A	N/A
Other	(3,106)	(4,866)	5,548	96,664	87,228	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	(933,439)	4,247,633	1,956,708	58,863	2,052,346	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>35,924,437</u>	<u>31,676,805</u>	<u>29,720,096</u>	<u>29,661,233</u>	<u>27,608,887</u>	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$34,990,998</u>	<u>\$35,924,437</u>	<u>\$31,676,805</u>	<u>\$29,720,096</u>	<u>\$29,661,233</u>	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	<u>\$3,253,145</u>	<u>(\$280,213)</u>	<u>\$1,612,672</u>	<u>\$1,766,603</u>	<u>(\$117,878)</u>	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	91.49%	100.79%	95.16%	94.39%	100.40%	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$9,283,934	\$8,955,242	\$8,508,954	\$8,030,891	\$7,414,444	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	35.04%	-3.13%	18.95%	22.00%	-1.59%	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$436,390	\$436,390	\$0	\$6,027,493	7.20%
2010	507,545	507,545	0	6,273,738	8.10%
2011	491,888	491,888	0	6,156,098	8.00%
2012	516,398	516,398	0	6,328,404	8.20%
2013	568,130	568,130	0	6,652,456	8.50%
2014	636,162	636,162	0	7,414,444	8.60%
2015	656,924	656,924	0	8,030,891	8.20%
2016	686,673	686,673	0	8,508,954	8.10%
2017	659,993	659,993	0	8,955,242	7.40%
2018	691,653	691,653	0	9,283,934	7.40%

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 contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.6 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and 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.

Appendix A— GASB 68 Plan Description for Austin County

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Austin County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCERS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCERS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Austin County contribution rate is based on the TCERS funding policy adopted by the TCERS Board of Trustees and must conform with the TCERS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2018 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCERS can be found at the following link, www.tcders.org.

Membership Information

Members	Dec. 31, 2017	Dec. 31, 2018
Number of inactive employees entitled to but not yet receiving benefits:	202	210
Number of active employees:	236	231
Average monthly salary:	\$3,179	\$3,349
Average age:	47.17	47.77
Average length of service in years:	10.62	10.86
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	105	112
Average monthly benefit:	\$1,171	\$1,160

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2018 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Austin County December 31, 2018 Summary Valuation Report for further details.

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

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

Appendix C—Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2018 financial reporting metrics are the same as those used in the December 31, 2018 actuarial valuation analysis for Austin County.

The following is a description of the assumptions used in the December 31, 2018 actuarial valuation analysis for Austin County. This information may also be found in the Austin County December 31, 2018 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

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.

Table 1
Merit Salary Increase

Years of Service	Entry Age			
	Before 30	Ages 30- 39	Ages 40- 49	50 and later
0	5.00%	4.50%	4.00%	3.50%
1	4.25	3.75	3.25	2.75
2	3.85	3.35	2.85	2.35
3	3.50	3.00	2.50	2.00
4	3.15	2.65	2.25	1.85
5	2.90	2.55	2.15	1.70
6	2.65	2.30	1.95	1.55
7	2.45	2.10	1.75	1.40
8	2.30	1.95	1.60	1.25
9	2.15	1.80	1.45	1.10
10	2.00	1.70	1.40	1.05
11	1.90	1.50	1.25	1.00
12	1.80	1.50	1.15	0.95
13	1.70	1.40	1.05	0.90
14	1.60	1.30	0.95	0.85
15	1.50	1.23	0.90	0.80
16	1.40	1.15	0.85	0.75
17	1.30	1.05	0.80	0.70
18	1.23	0.97	0.75	0.65
19	1.15	0.90	0.70	0.60
20	1.10	0.85	0.65	0.55
21	1.05	0.80	0.60	0.50
22	1.00	0.75	0.55	0.50
23	0.95	0.70	0.50	0.50
24	0.90	0.65	0.50	0.50
25	0.85	0.60	0.50	0.50
26	0.80	0.60	0.50	0.50
27	0.75	0.60	0.50	0.50
28	0.70	0.60	0.50	0.50
29	0.65	0.60	0.50	0.50
30 & up	0.60	0.60	0.50	0.50

Demographic Assumptions

TCDRS system-wide demographic assumptions:

Replacement of Terminated Members — New employees are assumed to replace any terminated members and have similar entry ages.

Disability — The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

Table 2
Annual Rates of Disability

Age	Work Related Male and Female	All Other Causes Male and Female	Age	Work Related Male and Female	All Other Causes Male and Female
less than			43	0.004%	0.058%
25	0.000%	0.000%	44	0.004	0.063
26	0.000	0.000	45	0.004	0.069
27	0.000	0.000	46	0.005	0.076
28	0.000	0.008	47	0.006	0.084
29	0.000	0.008	48	0.007	0.095
30	0.000	0.009	49	0.009	0.109
31	0.000	0.010	50	0.010	0.125
32	0.000	0.010	51	0.012	0.142
33	0.000	0.011	52	0.013	0.162
34	0.000	0.014	53	0.015	0.183
35	0.001	0.018	54	0.018	0.203
36	0.001	0.022	55	0.018	0.222
37	0.002	0.028	56	0.018	0.238
38	0.002	0.033	57	0.018	0.250
39	0.002	0.038	58	0.018	0.259
40	0.002	0.042	59	0.018	0.270
41	0.003	0.047	60 & Above	0.018	0.000
42	0.003	0.053			

* The probability of disablement from all other causes is applicable for members who are vested but not eligible for service retirement. Before a member is vested, only the work-related disability provisions are applicable.

Mortality

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	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.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Family Composition — For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Service Retirement — Members eligible for service retirement are assumed to retire at the rates shown in Table 3.

Table 3
Annual Rates of Service Retirement

Age	Male	Female	Age	Male	Female
40-44	4.5%	4.5%	62	20.0%	20.0%
45-40	9.0	9.0	63	15.0	15.0
50	10.0	10.0	64	15.0	15.0
51	9.0	9.0	65	25.0	25.0
52	9.0	9.0	66	25.0	25.0
53	9.0	9.0	67	22.0	22.0
54	10.0	10.0	68	20.0	20.0
55	10.0	10.0	69	20.0	20.0
56	10.0	10.0	70	22.0	22.0
57	10.0	10.0	71	22.0	22.0
58	12.0	12.0	72	22.0	22.0
59	12.0	12.0	73	22.0	22.0
60	12.0	12.0	74**	22.0	22.0
61	12.0	12.0			

Employer-specific demographic assumptions:

Other Terminations of Employment — The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement are illustrated in Table 4. The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

Table 4
Annual Rates of Termination

Years of Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	Male	Female	Male	Female	Male	Female	Male	Female
0	30.1%	32.6%	25.0%	27.2%	21.3%	23.0%	20.1%	21.7%
1	20.5	22.3	17.3	18.7	14.7	15.9	13.9	14.9
2	15.3	16.6	13.0	14.0	11.0	12.0	10.4	11.3
3	12.2	13.1	10.4	11.3	8.8	9.5	8.3	9.0
4	10.0	10.9	8.6	9.4	7.4	7.9	6.9	7.5
5	8.9	9.7	7.7	8.5	6.6	7.2	6.2	6.8
6	7.9	8.6	6.9	7.5	5.9	6.4	5.5	6.0
7	7.0	7.7	6.2	6.8	5.3	5.8	5.0	5.4
8	5.9	6.3	5.2	5.6	4.4	4.8	4.1	4.5
9	5.6	6.0	5.0	5.4	4.2	4.6	4.1	4.3
10	5.0	5.3	4.5	4.9	3.8	4.1	3.6	3.9
11	4.3	4.7	4.0	4.3	3.4	3.7	3.2	3.4
12	4.0	4.2	3.6	4.0	3.1	3.3	2.9	3.2
13	3.5	3.8	3.2	3.6	2.8	3.1	2.6	2.9
14	3.2	3.3	3.0	3.2	2.5	2.7	2.3	2.5
15	2.7	3.0	2.6	2.8	2.2	2.4	2.1	2.3
16	2.3	2.5	2.3	2.4	1.9	2.1	1.8	2.0
17	2.1	2.3	2.0	2.2	1.7	1.8	1.6	1.7
18	1.8	1.9	1.7	1.9	1.4	1.6	1.4	1.5
19	1.5	1.7	1.5	1.7	1.4	1.4	1.3	1.4
20	1.4	1.6	1.4	1.6	1.2	1.3	1.2	1.3
21	1.3	1.5	1.3	1.5	1.1	1.2	1.1	1.2
22	1.2	1.4	1.2	1.4	1.0	1.1	1.0	1.1
23	1.1	1.3	1.1	1.3	0.9	1.0	0.9	1.0
24	1.1	1.2	1.1	1.2	0.9	1.0	0.9	0.9
25	1.0	1.1	1.0	1.1	0.8	0.9	0.8	0.9
26	1.0	1.0	1.0	1.0	0.8	0.9	0.8	0.8
27	0.9	0.9	0.9	0.9	0.7	0.8	0.7	0.7
28	0.9	0.8	0.9	0.8	0.7	0.8	0.7	0.7
29	0.8	0.7	0.8	0.7	0.6	0.7	0.6	0.6
30 & Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Withdrawals — Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in Table 5. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

Table 5
Probability of Withdrawal

Years of Service	Probability	Years of Service	Probability
0	100%	15	40
1	100	16	38
2	100	17	36
3	100	18	33
4	100	19	30
5	100	20	28
6	100	21	26
7	100	22	24
8	47	23	22
9	46	24	20
10	45	25	18
11	44	26	16
12	43	27	14
13	42	28	12
14	41	29	10

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability											
Service cost	\$1,055,346	\$1,028,884	\$1,038,798	\$918,709	\$832,613	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,910,242	2,715,110	2,531,778	2,384,025	2,204,104	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	0	(133,185)	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	125,600	0	327,037	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	206,251	113,834	(259,495)	(214,376)	258,063	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(1,571,920)</u>	<u>(1,628,679)</u>	<u>(1,508,304)</u>	<u>(1,338,866)</u>	<u>(1,087,601)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	2,599,919	2,354,748	1,802,777	1,943,344	2,207,180	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>35,644,224</u>	<u>33,289,476</u>	<u>31,486,699</u>	<u>29,543,355</u>	<u>27,336,176</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$38,244,143</u>	<u>\$35,644,224</u>	<u>\$33,289,476</u>	<u>\$31,486,699</u>	<u>\$29,543,355</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position											
Employer contributions	\$691,653	\$659,993	\$686,673	\$656,924	\$636,162	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	649,875	626,867	595,627	562,162	519,123	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	(671,837)	4,618,209	2,201,096	103,366	1,919,505	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	1,571,920	(1,628,679)	(1,508,304)	(1,338,866)	(1,087,601)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(28,105)	(23,891)	(23,932)	(21,387)	(22,071)	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>(3,106)</u>	<u>(4,866)</u>	<u>5,548</u>	<u>96,664</u>	<u>87,228</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in fiduciary net position	(933,439)	4,247,633	1,956,708	58,863	2,052,346	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>35,924,437</u>	<u>31,676,805</u>	<u>29,720,096</u>	<u>29,661,233</u>	<u>27,608,887</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$34,990,998</u>	<u>\$35,924,437</u>	<u>\$31,676,805</u>	<u>\$29,720,096</u>	<u>\$29,661,233</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$3,253,145</u>	<u>(\$280,213)</u>	<u>\$1,612,672</u>	<u>\$1,766,603</u>	<u>(\$117,878)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	91.49%	100.79%	95.16%	94.39%	100.40%	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$9,283,934	\$8,955,242	\$8,508,954	\$8,030,891	\$7,414,444	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	35.04%	-3.13%	18.95%	22.00%	-1.59%	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$436,390	\$436,390	\$0	\$6,027,493	7.20%
2010	507,545	507,545	0	6,273,738	8.10%
2011	491,888	491,888	0	6,156,098	8.00%
2012	516,398	516,398	0	6,328,404	8.20%
2013	568,130	568,130	0	6,652,456	8.50%
2014	636,162	636,162	0	7,414,444	8.60%
2015	656,924	656,924	0	8,030,891	8.20%
2016	686,673	686,673	0	8,508,954	8.10%
2017	659,993	659,993	0	8,955,242	7.40%
2018	691,653	691,653	0	9,283,934	7.40%

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 contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.6 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and 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.

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2017 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Austin County December 31, 2017 Summary Valuation Report for further details.

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

AUSTIN COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	SPECIAL REVENUE						
	2007 PSIC GRANT	ABAND- ONED VEHICLES	ARRA JAG GRANT FUND	AUSTIN COUNTY RECY- CLING	CC & DC TECH FUND	COLLEC- TION FEE/ ESTRAY	COURT- HOUSE SECURITY
ASSETS							
Cash and Cash Equivalents		\$1,015	\$320		\$11,425	\$1,115	
Receivables (net of allowance for uncollectibles)							
TOTAL ASSETS	\$0	\$1,015	\$320	\$0	\$11,425	\$1,115	\$0
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable							
Accrued Wages							3,639
Bank Overdraft	70,769			26,264			39,998
Total Liabilities	70,769	0	0	26,264	0	0	43,637
Fund Balances							
Restricted							
Administrative					11,425		
Archives							
Construction							
Debt Service							
Enviromental Protection							
Health							
Judicial							
Public Safety		1,015	320			1,115	
Committed							
Culture and Recreation							
Unassigned	(70,769)			(26,264)			(43,637)
Total Fund Balances	(70,769)	1,015	320	(26,264)	11,425	1,115	(43,637)
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$1,015	\$320	\$0	\$11,425	\$1,115	\$0

(continued)

SPECIAL REVENUE

COURT REPORTER SERVICE FUND	CRIMINAL DA - HOT CHECK	DISTRICT ATTORNEY FOR- FEITURE	DONATIONS - LEPC AND CERT	CDA LAW ENFORCE- MENT	EMS/ SPECIAL FUNDS	ENVIRO- MENTAL FUND	ESTRAY	INDIGENT HEALTH CARE	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECH- NOLOGY
\$55,534	\$10,067	\$2,766	\$1,873	\$238,744	\$62,412		\$15,784	\$51,089	\$52,569	\$13,301
\$55,534	\$10,067	\$2,766	\$1,873	\$238,744	\$62,412	\$0	\$15,784	\$51,089	\$52,569	\$13,301

\$1,869

\$108

\$150

4,711

1,869	108	0	0	0	0	4,711	150	0	0	0
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53,665

9,959

2,766

1,873

238,744

62,412

15,634

51,089

52,569

13,301

(4,711)

53,665	9,959	2,766	1,873	238,744	62,412	(4,711)	15,634	51,089	52,569	13,301
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\$55,534

\$10,067

\$2,766

\$1,873

\$238,744

\$62,412

\$0

\$15,784

\$51,089

\$52,569

\$13,301

AUSTIN COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019
 (continued)

	SPECIAL REVENUE							
	JUVENILE PROBATION PARENTAL SUPPORT	JUVENILE CASE MANAGE- MENT	LAW LIBRARY	POD GRANT	RECORDS MANAGE- MENT COUNTY	RECORDS MANAGE- FEES	DEA/ SHERIFF'S FORFEI- TURE	SPECIAL DONA- TIONS/ SHERIFF
ASSETS								
Cash and Cash Equivalents	\$3,455	\$87,257	\$32,249	\$6,650	\$54,339	\$52,991	\$99,508	\$5,984
Receivables (net of allowance for uncollectibles)							150	
TOTAL ASSETS	\$3,455	\$87,257	\$32,249	\$6,650	\$54,339	\$52,991	\$99,658	\$5,984
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable			\$1,661				\$4,099	\$282
Accrued Wages								
Bank Overdraft								
Total Liabilities	0	0	1,661	0	0	0	4,099	282
Fund Balances								
Restricted								
Administrative				6,650				
Archives					54,339	52,991		
Construction								
Debt Service								
Environmental Protection								
Health								
Judicial	3,455		30,588					
Public Safety		87,257					95,559	5,702
Committed								
Culture and Recreation								
Unassigned								
Total Fund Balances	3,455	87,257	30,588	6,650	54,339	52,991	95,559	5,702
TOTAL LIABILITIES AND FUND BALANCES	\$3,455	\$87,257	\$32,249	\$6,650	\$54,339	\$52,991	\$99,658	\$5,984

SPECIAL REVENUE							DEBT SERVICE	CAPITAL PROJECT	
SPECIAL LIBRARY/ KNOX LIBRARY	SPECIAL LIBRARY/ W. E. LIBRARY	TAX INCREMENT FINANCE ZONE NO. 1	TOBACCO LITIGATION/ SETTLEMENT	TIRE COLLECTION EVENT	TRAFFIC FEES/ JUSTICE COURT	VIDEO/ COURT COSTS	CERTIFICATE OF OBLIGATION SER. 2009	TAX ROAD BONDS SER. 2009	NON-MAJOR GOVERNMENTAL FUNDS
\$47,003	\$24,459		\$103,604		\$30,954	\$6,909	\$144,994	\$2,740	\$1,221,110
									150
\$47,003	\$24,459	\$0	\$103,604	\$0	\$30,954	\$6,909	\$144,994	\$2,740	\$1,221,260
\$52									\$8,221
		114,488		22,877				132,501	\$3,639
52	0	114,488	0	22,877	0	0	0	132,501	411,608
									18,075
									107,330
								2,740	2,740
							144,994		144,994
									0
			103,604						154,693
					30,954	6,909			166,303
									547,494
46,951	24,459								71,410
		(114,488)		(22,877)				(132,501)	(415,247)
46,951	24,459	(114,488)	103,604	(22,877)	30,954	6,909	144,994	(129,761)	797,792
\$47,003	\$24,459	\$0	\$103,604	\$0	\$30,954	\$6,909	\$144,994	\$2,740	\$1,221,260

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	SPECIAL REVENUE						
	2007 PSIC GRANT	ABAND- ONED VEHICLES	ARRA JAG GRANT FUND	AUSTIN COUNTY RECY- CLING	CC & DC TECH FUND	COLLEC- TION FEE/ ESTRAY	COURT- HOUSE SECURITY
<i>REVENUES</i>							
Taxes							
Property							
Intergovernmental							
Charges for Services				25,650	1,926		22,079
Interest					253		
Miscellaneous							
Total Revenues	0	0	0	25,650	2,179	0	22,079
<i>EXPENDITURES</i>							
Current:							
General Administration							
Legal							
Judicial							
Financial Administration							
Public Safety							94,315
Public Transportation							
Culture and Recreation							
Health and Welfare				65,126			
Debt Service							
Principal Retirement							
Interest Retirement							
Total Expenditures	0	0	0	65,126	0	0	94,315
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	(39,476)	2,179	0	(72,236)
<i>OTHER FINANCING SOURCES (USES):</i>							
Operating Transfers In							
Operating Transfers Out							
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0
Net Changes in Fund Balances	0	0	0	(39,476)	2,179	0	(72,236)
Fund Balances - Beginning	(70,769)	1,015	320	13,212	9,246	1,115	28,599
Fund Balances - Ending	(\$70,769)	\$1,015	\$320	(\$26,264)	\$11,425	\$1,115	(\$43,637)

(continued)

SPECIAL REVENUE

COURT REPORTER SERVICE FUND	CRIMINAL DA - HOT CHECK	DISTRICT ATTORNEY FOR- FEITURE	DONATIONS - LEPC AND CERT	CDA LAW ENFORCE- MENT	EMS/ SPECIAL FUNDS	ENVIRO- MENTAL FUND	ESTRAY	INDIGENT HEALTH CARE	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECH- NOLOGY
				980						
9,615	26,296 127	26		6,564			3,354		2,974	21,386
		1,685			7,443					
9,615	26,423	1,711	0	7,544	7,443	0	3,354	0	2,974	21,386
21,010	25,991	6,807								8,923
				9,010	7,912		1,338			
						5,641		39,832		
21,010	25,991	6,807	0	9,010	7,912	5,641	1,338	39,832	0	8,923
(11,395)	432	(5,096)	0	(1,466)	(469)	(5,641)	2,016	(39,832)	2,974	12,463
		5,500		(5,500)						
0	0	5,500	0	(5,500)	0	0	0	0	0	0
(11,395)	432	404	0	(6,966)	(469)	(5,641)	2,016	(39,832)	2,974	12,463
65,060	9,527	2,362	1,873	245,710	62,881	930	13,618	90,921	49,595	838
\$53,665	\$9,959	\$2,766	\$1,873	\$238,744	\$62,412	(\$4,711)	\$15,634	\$51,089	\$52,569	\$13,301

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 (continued)

	SPECIAL REVENUE							
	JUVENILE PROBATION PARENTAL SUPPORT	JUVENILE CASE MANAGE- MENT	LAW LIBRARY	POD GRANT	RECORDS MANAGE- MENT COUNTY	RECORDS MANAGE- FEES	SHERIFF'S FORFEI- TURE	SPECIAL DONA- TIONS/ SHERIFF
<i>REVENUES</i>								
Taxes								
Property								
Intergovernmental	52,068	324						
Charges for Services			42,453		19,960	59,772		
Interest	72					572	4,271	
Miscellaneous							48,633	8,000
Total Revenues	52,140	324	42,453	0	19,960	60,344	52,904	8,000
<i>EXPENDITURES</i>								
Current:								
General Administration					4,900	55,084		
Legal								
Judicial	57,120		34,040					
Financial Administration								
Public Safety							155,767	5,079
Public Transportation								
Culture and Recreation								
Health and Welfare								
Debt Service								
Principal Retirement								
Interest Retirement								
Total Expenditures	57,120	0	34,040	0	4,900	55,084	155,767	5,079
Excess (Deficiency) of Revenues Over (Under)								
Expenditures	(4,980)	324	8,413	0	15,060	5,260	(102,863)	2,921
<i>OTHER FINANCING SOURCES (USES):</i>								
Operating Transfers In								
Operating Transfers Out								
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0
Net Changes in Fund Balances	(4,980)	324	8,413	0	15,060	5,260	(102,863)	2,921
Fund Balances - Beginning	8,435	86,933	22,175	6,650	39,279	47,731	198,422	2,781
Fund Balances - Ending	\$3,455	\$87,257	\$30,588	\$6,650	\$54,339	\$52,991	\$95,559	\$5,702

SPECIAL REVENUE							DEBT SERVICE	CAPITAL PROJECT	
SPECIAL LIBRARY/ KNOX LIBRARY	SPECIAL LIBRARY/ W. E. LIBRARY	TAX INCREMENT FINANCE ZONE NO. 1	TOBACCO LITIGATION/ SETTLEMENT	TIRE COLLECTION EVENT	TRAFFIC FEES/ JUSTICE COURT	VIDEO/ COURT COSTS	CERTIFICATE OF OBLIGATION SER. 2009	TAX ROAD BONDS SER. 2009	NON-MAJOR GOVERNMENTAL FUNDS
			65,089		7,672	107	\$542,227		\$542,227
562	257		1,076				25,008		118,461
6,964	7,284						6,449		243,244
7,526	7,541	0	66,165	0	7,672	107	573,684	0	38,788
									86,458
		63,186							1,029,178
				22,877					123,170
									32,798
									121,093
									22,877
									273,421
7,758	2,719		44,341						0
									16,118
									149,299
									320,000
									131,931
7,758	2,719	63,186	44,341	22,877	0	0	451,931	132,501	264,432
									1,323,208
(232)	4,822	(63,186)	21,824	(22,877)	7,672	107	121,753	(132,501)	(294,030)
									11,065
									(5,500)
0	0	0	0	0	0	0	5,565	0	5,565
(232)	4,822	(63,186)	21,824	(22,877)	7,672	107	127,318	(132,501)	(288,465)
47,183	19,637	(51,302)	81,780	0	23,282	6,802	17,676	2,740	1,086,257
\$46,951	\$24,459	(\$114,488)	\$103,604	(\$22,877)	\$30,954	\$6,909	\$144,994	(\$129,761)	\$797,792

AGENCY

AUSTIN COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Juvenile Probation State	Drainage District No. 1	Court Costs	Bellville ISD Truancy	Sealy ISD Truancy	New Ulm WWTR Rehabilitation	County Officer Monies	Total
ASSETS								
Cash and Cash Equivalents	\$35,028	\$64,115	\$364,037	\$237	(\$45)	\$6,887	\$2,196,181	\$2,666,440
Receivables (net of allowance for uncollectibles)								0
Total Assets	\$35,028	\$64,115	\$364,037	\$237	(\$45)	\$6,887	\$2,196,181	\$2,666,440
LIABILITIES								
Accounts Payable	\$11,436		\$820					\$12,256
Bank Overdraft						6,887		6,887
Due to Others	23,592	64,115	363,217	237	(45)		2,196,181	2,647,297
Total Liabilities	\$35,028	\$64,115	\$364,037	\$237	(\$45)	\$6,887	\$2,196,181	\$2,666,440