

AUSTIN COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2018

Austin County, Texas  
Annual Financial Report  
For the Fiscal Year Ended September 30, 2018

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## FINANCIAL SECTION

**BEYER & Co.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Wayne R. Beyer, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Austin County, Texas, as of and for the year ended September 30, 2018, 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, each major fund, and the aggregate remaining fund information of Austin County, Texas, as of September 30, 2018, 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 funds, and the F/M Lateral Road 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 72–75 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' 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  
August 2, 2019

## 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, 2018.

### Financial Highlights

- . The assets of Austin County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$13,412,990 (Net Position). Of this amount, \$28,366,169 or 44% (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 \$2,146,924. This increase is mainly attributable to the following: ad valorem taxes increased by \$1,206,458, sales tax revenue increased by \$440,108, and unrestricted investment earnings increased by \$303,547.
- . Austin County, Texas' total restricted Net Position at September 30, 2018 is \$7,601,852 or 25% of Net Position.
- . Austin County, Texas' total debt decreased by \$459,059 (6.53 percent) during the current fiscal year. The key factor is the payment of bond and capital lease principle of \$682,835 and a decrease in GASB 68 payables of \$1,612,673.

### Overview of the Financial Statements

This discussion and analysis is 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 similar to 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 of 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-eight (38) 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, and the road and bridge 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 28-71 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 72-75 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 76-83 and on page 84 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 \$30,681,112 at the close of the most recent fiscal year.

### AUSTIN COUNTY, TEXAS NET POSITION

|  | Governmental<br>Activities |              | Total        |              |
|--|----------------------------|--------------|--------------|--------------|
|  | 2018                       | 2017         | 2018         | 2017         |
| Current and Other Assets                           | \$21,593,158               | \$18,760,760 | \$21,593,158 | \$18,760,760 |
| Capital Assets:                                    | 15,958,953                 | 15,729,409   | 15,958,953   | 15,729,409   |
| Total Assets                                       | 37,552,111                 | 34,490,169   | 37,552,111   | 34,490,169   |
| Total Deferred Outflows of Resources               | 1,209,943                  | 2,842,887    | 1,209,943    | 2,842,887    |
| Long-Term Liabilities                              | 6,572,959                  | 7,032,018    | 6,572,959    | 7,032,018    |
| Other Liabilities                                  | 876,298                    | 1,529,558    | 876,298      | 1,529,558    |
| Total Liabilities                                  | 7,449,257                  | 8,561,576    | 7,449,257    | 8,561,576    |
| Total Deferred Inflows of Resources                | 631,685                    | 237,293      | 631,685      | 237,293      |
| Invested in Capital Assets,<br>Net of Related Debt | 9,666,270                  | 10,670,334   | 9,666,270    | 10,670,334   |
| Restricted   | 7,601,852                  | 6,564,011    | 7,601,852    | 6,564,011    |
| Unrestricted                                       | 13,412,990                 | 11,299,842   | 13,412,990   | 11,299,842   |
| Total Net Position                                 | \$30,681,112               | \$28,534,187 | \$30,681,112 | \$28,534,187 |

A portion of Austin County, Texas' Net Position (25 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted Net Position* \$13,412,990 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 and business-type activities.

The government's total Net Position increased by \$2,146,924. This increase is mainly attributable to the following: ad valorem taxes increased by \$1,206,458, sales tax revenue increased by \$440,108, and unrestricted investment earnings increased by \$303,547.

**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<br>Activities |                     | Total               |                     |
|--|----------------------------|---------------------|---------------------|---------------------|
|  | 2018                       | 2017                | 2018                | 2017                |
| Revenues:  |                            |                     |                     |                     |
| Program Revenues:  |                            |                     |                     |                     |
| Charges for Services   | \$4,155,256                | \$4,684,323         | \$4,155,256         | \$4,684,323         |
| Operating Grants and Contributions                             | 750,646                    | 668,006             | 750,646             | 668,006             |
| Capital Grants and Contributions                               | 641,130                    | 504,039             | 641,130             | 504,039             |
| General Revenues:  |                            |                     |                     |                     |
| Maintenance and Operations Taxes                               | 16,672,370                 | 15,465,912          | 16,672,370          | 15,465,912          |
| Sales Taxes  | 1,930,199                  | 1,490,091           | 1,930,199           | 1,490,091           |
| Other Taxes  | 37,074                     | 22,035              | 37,074              | 22,035              |
| Unrestricted Investment Earnings                               | 468,116                    | 164,569             | 468,116             | 164,569             |
| Miscellaneous  | 1,117,706                  | 924,837             | 1,117,706           | 924,837             |
| Total Revenue  | <u>25,772,497</u>          | <u>23,923,812</u>   | <u>25,772,497</u>   | <u>23,923,812</u>   |
| Expenses:  |                            |                     |                     |                     |
| General Administration   | 4,853,614                  | 4,844,912           | 4,853,614           | 4,844,912           |
| Legal  | 474,730                    | 424,634             | 474,730             | 424,634             |
| Judicial   | 1,160,546                  | 1,183,268           | 1,160,546           | 1,183,268           |
| Financial Administration                                       | 721,549                    | 637,350             | 721,549             | 637,350             |
| Public Facilities  | 400,645                    | 732,286             | 400,645             | 732,286             |
| Public Safety  | 8,324,402                  | 7,770,555           | 8,324,402           | 7,770,555           |
| Public Transportation  | 7,060,593                  | 5,958,215           | 7,060,593           | 5,958,215           |
| Culture and Recreation   | 130,302                    | 123,787             | 130,302             | 123,787             |
| Health and Welfare   | 91,809                     | 135,679             | 91,809              | 135,679             |
| Conservation - Agriculture                                     | 154,343                    | 144,727             | 154,343             | 144,727             |
| Interest and Fiscal Charges                                    | 253,039                    | 204,746             | 253,039             | 204,746             |
| Total Expenses   | <u>23,625,572</u>          | <u>22,160,159</u>   | <u>23,625,572</u>   | <u>22,160,159</u>   |
| Increase in Net Position Before<br>Transfers and Special Items | 2,146,924                  | 1,763,653           | 2,146,924           | 1,763,653           |
| Transfers  | <u>0</u>                   | <u>0</u>            | <u>0</u>            | <u>0</u>            |
| Increase in Net Position                                       | 2,146,924                  | 1,763,653           | 2,146,924           | 1,763,653           |
| Net Position at 9/30/2017 - Restated                           | 28,534,187                 | 26,770,534          | 28,534,187          | 26,770,534          |
| Net Position at 9/30/2018                                      | <u>\$30,681,112</u>        | <u>\$28,534,187</u> | <u>\$30,681,112</u> | <u>\$28,534,187</u> |

| Functions/Programs          | Expenses            | Program Revenues     |                                    |                                  |
|-----------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
|                             |                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government          |                     |                      |                                    |                                  |
| Government Activities:      |                     |                      |                                    |                                  |
| General Administration      | \$4,853,614         | \$828,094            | \$201,348                          | \$0                              |
| Legal                       | 474,730             | 25,865               |                                    |                                  |
| Judicial                    | 1,160,546           | 796,952              | 223,271                            |                                  |
| Financial Administration    | 721,549             | 513,352              |                                    |                                  |
| Public Facilities           | 400,645             |                      |                                    |                                  |
| Public Safety               | 8,324,402           | 970,607              | 155,905                            |                                  |
| Public Transportation       | 7,060,593           | 1,020,385            | 90,770                             | 641,130                          |
| Culture and Recreation      | 130,302             |                      |                                    |                                  |
| Health and Welfare          | 91,809              |                      | 79,353                             |                                  |
| Environmental Protection    |                     |                      |                                    |                                  |
| Conservation - Agriculture  | 154,343             |                      |                                    |                                  |
| Interest and Fiscal Charges | 253,039             |                      |                                    |                                  |
| Total Government Activities | <u>23,625,572</u>   | <u>4,155,256</u>     | <u>750,646</u>                     | <u>641,130</u>                   |
| Total Primary Government    | <u>\$23,625,572</u> | <u>\$4,155,256</u>   | <u>\$750,646</u>                   | <u>\$641,130</u>                 |

Revenues by Source - Governmental Activities

|                                    | REVENUES            | %           |
|------------------------------------|---------------------|-------------|
| Charges for Services               | \$4,155,256         | 16%         |
| Operating Grants and Contributions | 750,646             | 3%          |
| Capital Grants and Contributions   | 641,130             | 2%          |
| Maintenance and Operations Taxes   | 16,672,370          | 66%         |
| Sales Taxes                        | 1,930,199           | 7%          |
| Other Taxes                        | 37,074              | 0%          |
| Unrestricted Investment Earnings   | 468,116             | 2%          |
| Miscellaneous                      | 1,117,706           | 4%          |
|                                    | <u>\$25,772,497</u> | <u>100%</u> |

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

## Financial Analysis of the Government's Funds

As noted earlier, 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. In particular, *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 \$18,183,862, an increase of \$2,956,710 in comparison with the prior year. Approximately 58% of this total amount \$10,481,627 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 \$10,603,698, while total fund balance reached a balance of \$10,631,165. 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 72 percent of total general fund expenditures, while total fund balance represents 72 percent of that same amount.

The fund balance of the general fund increased by \$1,948,306 during the current fiscal year. This is a result of ad valorem taxes increased by \$926,063, sales tax revenue increased by \$440,108, and unrestricted investment earnings increased by \$189,883.

At the end of the current fiscal year, restricted fund balance of the road and bridge fund was \$4,085,731, while total fund balance reached a balance of \$4,091,827. 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 128 percent of total road and bridge fund expenditures, while total fund balance represents 129 percent of that same amount.

The fund balance of the road and bridge fund increased by \$477,653 during the current fiscal year. Key factors in this increase are as follows:

- . ad valorem taxes increased by \$168,848 and intergovernmental increased by \$137,091.

At the end of the current fiscal year, restricted fund balance of the F/M and Lateral fund was \$2,374,613, while total fund balance reached a balance of \$2,374,613. 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. Unrestricted balance represents 0 percent of total F/M and Lateral fund expenditures, while total fund balance represents 67 percent of that same amount.

The fund balance of the F/M and Lateral Fund increased by \$187,171 during the current fiscal year. Key factors in this decrease are as follows:

- . ad valorem taxes increased by \$206,398.

#### Budgetary Highlights:

Differences between the original budget and the final amended budget in the general fund were a increase of \$377,185 in appropriations. This increase is a result of an increase in other which increased by \$323,762; in particular, out of county inmate housing, which increased by \$349,380.

Differences between the original budget and the final amended budget in the road and bridge fund were an increase of \$3,411,300 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 \$2,252,918 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, 2018, amounts to \$15,958,953 (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 1.46 percent.

The County had natural disaster expenditures and road maintenance and improvement expenditures during the current fiscal year.

#### **AUSTIN COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)**

|                           | Governmental<br>Activities |                     | Total               |                     |
|---------------------------|----------------------------|---------------------|---------------------|---------------------|
|                           | 2018                       | 2017                | 2018                | 2017                |
| Land                      | \$500,506                  | \$500,506           | \$500,506           | \$500,506           |
| Construction in Progress  | 0                          | 1,622,718           | 0                   | 1,622,718           |
| Building and Improvements | 5,588,818                  | 4,907,619           | 5,588,818           | 4,907,619           |
| Machinery and Equipment   | 2,497,016                  | 1,871,413           | 2,497,016           | 1,871,413           |
| Infrastructure            | 7,356,966                  | 6,808,985           | 7,356,966           | 6,808,985           |
| Intangible                | 15,647                     | 18,168              | 15,647              | 18,168              |
| Total                     | <u>\$15,958,953</u>        | <u>\$15,729,409</u> | <u>\$15,958,953</u> | <u>\$15,729,409</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.

|                                 | <u>Beginning</u><br><u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Debt Refinancing</u> |                   | <u>Ending</u><br><u>Balance</u> | <u>Due Within</u><br><u>One Year</u> | <u>Due Within</u><br><u>One Year</u> |
|---------------------------------|------------------------------------|------------------|-------------------|-------------------------|-------------------|---------------------------------|--------------------------------------|--------------------------------------|
|                                 |                                    |                  |                   | <u>Additions</u>        | <u>Reductions</u> |                                 |                                      |                                      |
| <u>Governmental Activities:</u> |                                    |                  |                   |                         |                   |                                 |                                      |                                      |
| General Obligation Bonds        | \$4,295,000                        | \$0              | \$270,000         | \$0                     | \$0               | \$4,025,000                     | \$280,000                            | \$3,745,000                          |
|                                 | <u>4,295,000</u>                   | <u>0</u>         | <u>270,000</u>    | <u>0</u>                | <u>0</u>          | <u>4,025,000</u>                | <u>280,000</u>                       | <u>3,745,000</u>                     |
| Grand Total                     | <u>\$4,295,000</u>                 | <u>\$0</u>       | <u>\$270,000</u>  | <u>\$0</u>              | <u>\$0</u>        | <u>\$4,025,000</u>              | <u>\$280,000</u>                     | <u>\$3,745,000</u>                   |

Austin County, Texas' total bonded debt decreased by \$270,000 (6.29 percent) during the current fiscal year. The key factor in this decrease was the payment of bonds of \$270,000.

Additional information on Austin County, Texas' long-term debt can be found in note IV F on pages 43-47 of this report.

Future 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.

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, 2018

|  | Primary<br>Governmental |                     |
|--|-------------------------|---------------------|
|  | Activities              | Total               |
| <b>ASSETS</b>  |                         |                     |
| Cash and Cash Equivalents                            | \$18,875,792            | \$18,875,792        |
| Receivables (net of allowance for uncollectibles)    | 2,403,591               | 2,403,591           |
| Net Pension Receivable                               | 280,212                 | 280,212             |
| Prepaid Items  | 33,563                  | 33,563              |
| Capital assets not being depreciated:                |                         |                     |
| Land   | 500,506                 | 500,506             |
| Total Capital assets being depreciated, net          |                         |                     |
| Building and Improvements                            | 5,588,818               | 5,588,818           |
| Machinery and Equipment                              | 2,497,016               | 2,497,016           |
| Infrastructure                                       | 7,356,966               | 7,356,966           |
| Intangible   | 15,647                  | 15,647              |
| Total Assets   | <u>\$37,552,111</u>     | <u>\$37,552,111</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                         |                     |
| <b>GASB 68</b>                                       |                         |                     |
| Contributions (after 12/31/16)                       | 1,027,704               | 1,027,704           |
| Changes of assumptions                               | 182,239                 | 182,239             |
| Total Deferred Outflows of Resources                 | <u>1,209,943</u>        | <u>1,209,943</u>    |
| <b>LIABILITIES:</b>                                  |                         |                     |
| Accounts Payable                                     | \$597,922               | \$597,922           |
| Accrued Wages  | 274,750                 | 274,750             |
| Accrued Interest Payable                             | 3,626                   | 3,626               |
| Noncurrent Liabilities:                              |                         |                     |
| Due within one year                                  | 1,003,656               | 1,003,656           |
| Due in more than one year                            | 5,569,303               | 5,569,303           |
| Total Liabilities                                    | <u>7,449,257</u>        | <u>7,449,257</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |                         |                     |
| <b>GASB 68</b>                                       |                         |                     |
| Net difference between projected and actual earnings | 539,410                 | 539,410             |
| Differences between expected and actual experience   | 92,275                  | 92,275              |
| Total Deferred Inflows of Resources                  | <u>631,685</u>          | <u>631,685</u>      |
| <b>NET POSITION</b>                                  |                         |                     |
| Invested in Capital Assets, Net of Related Debt      | 9,666,270               | 9,666,270           |
| Restricted   |                         |                     |
| Administrative                                       | 15,896                  | 15,896              |
| Archives   | 87,010                  | 87,010              |
| Construction   | 2,740                   | 2,740               |
| Debt Service   | 17,676                  | 17,676              |
| Environmental Protection                             | 930                     | 930                 |
| Health   | 185,913                 | 185,913             |
| Judicial   | 186,591                 | 186,591             |
| Public Safety  | 644,752                 | 644,752             |
| Public Transportation                                | 6,460,344               | 6,460,344           |
| Unrestricted   | 13,412,990              | 13,412,990          |
| Total Net Position                                   | <u>\$30,681,112</u>     | <u>\$30,681,112</u> |

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2018

| Functions/Programs                          | Expenses            | Program Revenues        |  |  | Net (Expense)       | Net (Expense)       |
|---|---------------------|-------------------------|--|--|---------------------|---------------------|
|   |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Revenue and         | Revenue and         |
|   |                     |                         |  |  | Governmental        | Changes in          |
|   |                     |                         |  | Net Position                           | Changes in          |                     |
|   |                     |                         |  | Activities                             | Net Position        |                     |
|   |                     |                         |  |  | Total               |                     |
| Primary Government                          |                     |                         |  |  |                     |                     |
| Government Activities:                      |                     |                         |  |  |                     |                     |
| General Administration                      | \$4,853,614         | \$828,094               | \$201,348                                |  | (\$3,824,172)       | (\$3,824,172)       |
| Legal                                       | 474,730             | 25,865                  |  |  | (448,865)           | (448,865)           |
| Judicial                                    | 1,160,546           | 796,952                 | 223,271                                  |  | (140,323)           | (140,323)           |
| Financial Administration                    | 721,549             | 513,352                 |  |  | (208,197)           | (208,197)           |
| Public Facilities                           | 400,645             |                         |  |  | (400,645)           | (400,645)           |
| Public Safety                               | 8,324,402           | 970,607                 | 155,905                                  |  | (7,197,890)         | (7,197,890)         |
| Public Transportation                       | 7,060,593           | 1,020,385               | 90,770                                   | 641,130                                | (5,308,308)         | (5,308,308)         |
| Culture and Recreation                      | 130,302             |                         |  |  | (130,302)           | (130,302)           |
| Health and Welfare                          | 91,809              |                         | 79,353                                   |  | (12,457)            | (12,457)            |
| Conservation - Agriculture                  | 154,343             |                         |  |  | (154,343)           | (154,343)           |
| Interest and Fiscal Charges                 | 253,039             |                         |  |  | (253,039)           | (253,039)           |
| Total Government Activities                 | <u>23,625,572</u>   | <u>4,155,256</u>        | <u>750,646</u>                           | <u>641,130</u>                         | <u>(18,078,541)</u> | <u>(18,078,541)</u> |
| Total Primary Government                    | <u>\$23,625,572</u> | <u>\$4,155,256</u>      | <u>\$750,646</u>                         | <u>\$641,130</u>                       | <u>(18,078,541)</u> | <u>(18,078,541)</u> |
| General Revenues                            |                     |                         |  |  |                     |                     |
| Property Taxes, Levies for General Purposes |                     |                         |  |  | 16,672,370          | 16,672,370          |
| Sales Taxes                                 |                     |                         |  |  | 1,930,199           | 1,930,199           |
| Other Taxes                                 |                     |                         |  |  | 37,074              | 37,074              |
| Unrestricted Investment Earnings            |                     |                         |  |  | 468,116             | 468,116             |
| Miscellaneous                               |                     |                         |  |  | 1,117,706           | 1,117,706           |
| Total General Revenues and Transfers        |                     |                         |  |  | <u>20,225,465</u>   | <u>20,225,465</u>   |
| Change in Net Position                      |                     |                         |  |  | <u>2,146,924</u>    | <u>2,146,924</u>    |
| Net Position - Beginning - Restated         |                     |                         |  |  | <u>28,534,187</u>   | <u>28,534,187</u>   |
| Net Position - Ending                       |                     |                         |  |  | <u>\$30,681,112</u> | <u>\$30,681,112</u> |

The accompanying notes are an integral part of this statement.

## FUND FINANCIAL STATEMENTS

AUSTIN COUNTY, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

|  | General<br>Fund     | Road<br>and<br>Bridge | F/M and<br>Lateral<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-----------------------|----------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                     |                       |                            |                                |                                |
| Cash and Cash Equivalents                            | \$11,022,892        | \$4,193,227           | \$2,437,038                | \$1,180,631                    | \$18,833,788                   |
| Receivables (net of allowance<br>for uncollectibles) | 710,526             | 108,975               | 97,280                     | 36,535                         | 953,316                        |
| Prepaid Items  | 27,467              | 6,096                 |                            |                                | 33,563                         |
| Due from Other Funds                                 |                     | 55,409                |                            |                                | 55,409                         |
| <b>Total Assets</b>                                  | <b>\$11,760,885</b> | <b>\$4,363,707</b>    | <b>\$2,534,318</b>         | <b>\$1,217,166</b>             | <b>\$19,876,076</b>            |
| <b>LIABILITIES AND FUND BALANCES:</b>                |                     |                       |                            |                                |                                |
| <b>Liabilities</b>                                   |                     |                       |                            |                                |                                |
| Accounts Payable                                     | \$375,093           | \$149,297             | \$64,694                   | \$8,838                        | \$597,922                      |
| Accrued Wages  | 230,826             | 43,924                |                            |                                | 274,750                        |
| Due to Other Funds                                   | 55,409              |                       |                            |                                | 55,409                         |
| Bank Overdraft                                       |                     |                       |                            | 122,071                        | 122,071                        |
| <b>Total Liabilities</b>                             | <b>661,328</b>      | <b>193,221</b>        | <b>64,694</b>              | <b>130,909</b>                 | <b>1,050,152</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |                     |                       |                            |                                |                                |
| Deferred Property Taxes                              |                     |                       |                            |                                |                                |
| <b>Total deferred inflows of resources</b>           | <b>468,392</b>      | <b>78,659</b>         | <b>95,011</b>              | <b>0</b>                       | <b>642,062</b>                 |
| <b>Fund Balances:</b>                                |                     |                       |                            |                                |                                |
| <b>Non-Spendable</b>                                 |                     |                       |                            |                                |                                |
| Prepaid Items  | 27,467              | 6,096                 |                            |                                | 33,563                         |
| <b>Restricted</b>                                    |                     |                       |                            |                                |                                |
| Administrative                                       |                     |                       |                            | 15,896                         | 15,896                         |
| Archives   |                     |                       |                            | 87,010                         | 87,010                         |
| Construction   |                     |                       |                            | 2,740                          | 2,740                          |
| Debt Service   |                     |                       |                            | 17,676                         | 17,676                         |
| Environmental Protection                             |                     |                       |                            | 930                            | 930                            |
| Health   |                     |                       |                            | 185,913                        | 185,913                        |
| Judicial   |                     |                       |                            | 186,591                        | 186,591                        |
| Public Safety  |                     |                       |                            | 644,752                        | 644,752                        |
| Public Transportation                                |                     | 4,085,731             | 2,374,613                  |                                | 6,460,344                      |
| <b>Committed</b>                                     |                     |                       |                            |                                |                                |
| Culture and Recreation                               |                     |                       |                            | 66,820                         | 66,820                         |
| Unassigned   | 10,603,698          |                       |                            | (122,071)                      | 10,481,627                     |
| <b>Total Fund Balance</b>                            | <b>10,631,165</b>   | <b>4,091,827</b>      | <b>2,374,613</b>           | <b>1,086,257</b>               | <b>18,183,862</b>              |
| <b>Total Liabilities and Fund Balances</b>           | <b>\$11,760,885</b> | <b>\$4,363,707</b>    | <b>\$2,534,318</b>         | <b>\$1,217,166</b>             | <b>\$19,876,076</b>            |

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, 2018

Total Fund Balances - governmental funds balance sheet \$18,183,862

Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:

|   |             |
|---|-------------|
| Capital assets used in governmental activities are not reported in the funds.   | 15,958,953  |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.  | 2,028,533   |
| 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. | 164,075     |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).   | 642,062     |
| Net Pension Receivable  | 280,212     |
| Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.   | (6,576,585) |

Net Position of governmental activities - statement of Net Position \$30,681,112

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, 2018

|  | General<br>Fund | Road<br>and<br>Bridge | F/M and<br>Lateral<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------|-----------------------|----------------------------|--------------------------------|--------------------------------|
| <i>REVENUES</i>  |                 |                       |                            |                                |                                |
| Taxes  |                 |                       |                            |                                |                                |
| Property   | \$11,676,554    | \$2,040,886           | \$2,462,964                | \$467,031                      | \$16,647,435                   |
| Sales  | 1,930,199       |                       |                            |                                | 1,930,199                      |
| Other  | 37,074          |                       |                            |                                | 37,074                         |
| Intergovernmental  | 390,269         | 641,130               | 60,949                     | 299,428                        | 1,391,776                      |
| Licenses and Permits   | 71,715          | 844,455               |                            |                                | 916,170                        |
| Charges for Services   | 849,760         |                       |                            | 206,223                        | 1,055,983                      |
| Fines and Forfeitures  | 1,523,990       | 104,215               |                            |                                | 1,628,205                      |
| Interest   | 294,538         | 116,937               | 40,049                     | 9,915                          | 461,439                        |
| Miscellaneous  | 773,385         | 154,430               | 622,094                    | 450,797                        | 2,000,706                      |
| Total Revenues   | 17,547,484      | 3,902,053             | 3,186,056                  | 1,433,394                      | 26,068,987                     |
| <i>EXPENDITURES</i>  |                 |                       |                            |                                |                                |
| Current:   |                 |                       |                            |                                |                                |
| General Administration                                       | 2,021,101       |                       |                            | 113,711                        | 2,134,812                      |
| Legal  | 443,063         |                       |                            | 26,969                         | 470,032                        |
| Judicial   | 1,082,164       |                       |                            | 63,226                         | 1,145,390                      |
| Financial Administration                                     | 706,214         |                       |                            |                                | 706,214                        |
| Public Facilities  | 2,147,541       |                       |                            |                                | 2,147,541                      |
| Public Safety  | 7,801,826       |                       |                            | 536,257                        | 8,338,083                      |
| Public Transportation  |                 | 3,107,490             | 3,320,379                  | 29,821                         | 6,457,690                      |
| Culture and Recreation                                       | 109,487         |                       |                            | 12,584                         | 122,071                        |
| Health and Welfare   | 43,319          |                       |                            | 51,227                         | 94,546                         |
| Conservation - Agriculture                                   | 148,591         |                       |                            |                                | 148,591                        |
| Debt Service   |                 |                       |                            |                                |                                |
| Principal Retirement   | 246,466         | 74,242                | 209,939                    | 270,000                        | 800,647                        |
| Interest Retirement  | 59,615          | 1,736                 | 19,673                     | 186,019                        | 267,043                        |
| Total Expenditures   | 14,809,387      | 3,183,468             | 3,549,991                  | 1,289,814                      | 22,832,660                     |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | 2,738,097       | 718,585               | (363,935)                  | 143,580                        | 3,236,327                      |
| <i>OTHER FINANCING SOURCES (USES):</i>                       |                 |                       |                            |                                |                                |
| Other Financing Sources - Capital Lease                      | 527,209         | 59,068                | 478,096                    |                                | 1,064,373                      |
| Other Financing Sources - Notes Payable                      | 883,000         |                       | 73,010                     |                                | 956,010                        |
| Operating Transfers In                                       |                 |                       |                            | 200,000                        | 200,000                        |
| Operating Transfers Out                                      | (2,200,000)     | (300,000)             |                            | 0                              | (2,500,000)                    |
| Total Other Financing Sources (Uses)                         | (789,791)       | (240,932)             | 551,106                    | 200,000                        | (279,617)                      |
| Net Changes in Fund Balances                                 | 1,948,306       | 477,653               | 187,171                    | 343,580                        | 2,956,710                      |
| Fund Balances - Beginning                                    | 8,682,859       | 3,614,174             | 2,187,442                  | 742,677                        | 15,227,152                     |
| Fund Balances - Ending                                       | 10,631,165      | 4,091,827             | 2,374,613                  | 1,086,257                      | 18,183,862                     |

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, 2018

Net Changes in Fund Balances - total governmental funds \$2,956,710

Amounts reported for governmental activities in the statement of Net Position  
 ("SNA") 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. | 229,544     |
| 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.   | 155,231     |
| (Increase) decrease in Compensated absences from beginning of period to end of period.  | 79,994      |
| (Increase) decrease in Accrued Interest Payable from beginning of period to end of period.  | 27,876      |
| Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.   | 24,935      |
| Increase in loan principal are receipts in the funds but not revenue in the SOA.  | (2,014,092) |

**GASB 68**

|   |             |
|---|-------------|
| Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.                            | 34,508      |
| Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.                               | 18,721      |
| Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year. | (2,225,583) |
| Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year.    | 145,018     |
| 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.   | 1,612,673   |

|   |         |
|---|---------|
| Internal Service funds are used by management to account for funds for Self-Insurance.<br>The net revenue of certain activities of Internal service funds is reported with governmental activities. | 40,693  |
| Amortization of and Premiums is an income in the SOA but not an expense in the funds.   | 17,292  |
| Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.   | 763,192 |

Change in Net Position of governmental activities - statement of activities \$2,146,924

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



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, 2018

|                       | Budgeted Amounts |              | Budgetary Basis | Variance with                      |
|-----------------------|------------------|--------------|-----------------|------------------------------------|
|                       | Original         | Final        |                 | Final Budget - Positive (Negative) |
| <b>REVENUES</b>       |                  |              |                 |                                    |
| Taxes                 |                  |              |                 |                                    |
| Property              | \$11,490,722     | \$11,490,722 | \$11,676,554    | \$185,832                          |
| Sales                 | 1,500,000        | 1,500,000    | 1,930,199       | 430,199                            |
| Other                 | 20,000           | 20,000       | 37,074          | 17,074                             |
| Intergovernmental     | 274,500          | 310,392      | 267,833         | (42,559)                           |
| License and Permits   | 70,000           | 70,333       | 71,715          | 1,382                              |
| Charges for Services  | 866,500          | 872,118      | 849,760         | (22,358)                           |
| Fines and Forfeitures | 1,412,600        | 1,416,945    | 1,523,990       | 107,045                            |
| Interest              | 70,000           | 70,000       | 294,538         | 224,538                            |
| Miscellaneous         | 308,364          | 489,955      | 773,385         | 283,430                            |
| Total Revenues        | 16,012,686       | 16,240,465   | 17,425,048      | 1,184,583                          |

**EXPENDITURES**

Current:

|  |           |           |           |         |
|--|-----------|-----------|-----------|---------|
| General Administration                     |           |           |           |         |
| County Clerk                               | 364,061   | 474,559   | 339,486   | 135,073 |
| County Judge                               | 342,629   | 342,962   | 321,663   | 21,299  |
| Human Resources                            | 64,375    | 64,375    | 52,462    | 11,913  |
| Other                                      | 765,963   | 1,089,725 | 1,081,234 | 8,491   |
| System Tech.                               | 223,009   | 223,009   | 215,457   | 7,552   |
| Veteran's Service                          | 12,109    | 12,109    | 10,799    | 1,310   |
| Legal                                      |           |           |           |         |
| County/ District Attorney                  | 406,104   | 442,587   | 443,063   | (476)   |
| Judicial                                   |           |           |           |         |
| County Court at Law                        | 235,211   | 236,198   | 235,292   | 906     |
| County, District, Justice, Juvenile Courts | 350,003   | 248,650   | 220,360   | 28,290  |
| District Clerk                             | 155,555   | 155,626   | 140,660   | 14,966  |
| District Judge                             | 92,508    | 92,508    | 92,162    | 346     |
| Justice of the Peace No. 1                 | 97,687    | 97,687    | 94,543    | 3,144   |
| Justice of the Peace No. 2                 | 30,305    | 30,305    | 30,239    | 66      |
| Justice of the Peace No. 3                 | 139,632   | 139,632   | 132,690   | 6,942   |
| Justice of the Peace No. 4                 | 135,444   | 135,444   | 136,218   | (774)   |
| Financial Administration                   |           |           |           |         |
| County Auditor                             | 217,286   | 217,286   | 211,223   | 6,063   |
| County Treasurer                           | 128,635   | 128,635   | 127,790   | 845     |
| Tax Assessor-Collector                     | 360,599   | 369,953   | 367,201   | 2,752   |
| Public Facilities                          |           |           |           |         |
| Buildings and Yards                        | 356,022   | 275,024   | 267,094   | 7,930   |
| Capital Repairs                            | 1,432,556 | 1,486,314 | 970,179   | 516,135 |
| Wendt Street Building                      | 53,600    | 53,600    | 27,268    | 26,332  |
| Public Safety                              |           |           |           |         |
| Constable No. 1                            | 19,145    | 19,145    | 109       | 19,036  |
| Constable No. 2                            | 19,145    | 19,145    | 18,332    | 813     |
| Constable No. 3                            | 19,145    | 25,314    | 23,823    | 1,491   |
| Constable No. 4                            | 19,145    | 25,314    | 25,168    | 146     |
| Emergency Management                       | 42,917    | 42,917    | 40,741    | 2,176   |
| EMS  | 2,177,858 | 2,186,284 | 2,167,272 | 19,012  |
| Jail                                       | 1,848,883 | 1,809,363 | 1,393,446 | 415,917 |
| Juvenile Probation                         | 136,308   | 137,468   | 125,213   | 12,255  |
| Sheriff                                    | 3,639,328 | 3,670,396 | 3,358,077 | 312,319 |

(continued)

(continued)

|   | Budgeted Amounts   |                    | Actual              | Variance with                            |
|---|--------------------|--------------------|---------------------|--|
|   | Original           | Final              |                     | Final Budget -<br>Positive<br>(Negative) |
| Culture and Recreation                                    |                    |                    |                     |  |
| Knox Library  | \$65,451           | \$65,451           | \$50,824            | \$14,627                                 |
| West End Library  | 54,388             | 55,206             | 55,258              | (52)                                     |
| History and Visitor Information Center                    | 5,800              | 5,800              | 3,405               | 2,395                                    |
| Health and Welfare  |                    |                    |                     |  |
| County Health Department                                  | 6,141              | 6,141              | 4,770               | 1,371                                    |
| Other Health and Child Care                               | 30,000             | 40,000             | 38,549              | 1,451                                    |
| Conservation - Agriculture                                |                    |                    |                     |  |
| Agriculture Extension Service                             | 183,914            | 183,914            | 148,591             | 35,323                                   |
| Debt Service  |                    |                    |                     |  |
| Principal Retirement                                      | 246,466            | 246,466            | 246,466             | 0  |
| Interest Retirement                                       | 59,615             | 59,615             | 59,615              | 0  |
| Total Expenditures  | <u>14,536,942</u>  | <u>14,914,127</u>  | <u>13,276,742</u>   | <u>1,637,385</u>                         |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>1,475,744</u>   | <u>1,326,338</u>   | <u>4,148,306</u>    | <u>2,821,968</u>                         |
| OTHER FINANCING SOURCES (USES):                           |                    |                    |                     |  |
| Operating Transfers In                                    | 41,000             | 41,000             | 0                   | (41,000)                                 |
| Operating Transfers Out                                   | <u>(1,520,000)</u> | <u>(2,103,771)</u> | <u>(2,000,000)</u>  | <u>103,771</u>                           |
| Total Other Financing Sources (Uses)                      | <u>(1,479,000)</u> | <u>(2,062,771)</u> | <u>(2,000,000)</u>  | <u>62,771</u>                            |
| Net Changes in Fund Balances - Budgetary Basis            | <u>(\$3,256)</u>   | <u>(\$736,433)</u> | <u>2,148,306</u>    | <u>\$2,884,739</u>                       |
| Reconciliation from cash basis to modified accrual basis: |                    |                    |                     |  |
| Other Financing Sources - Capital Lease - Equipment       |                    |                    | 527,209             |  |
| Other Financing Sources - Capital Lease - Energy Upgrade  |                    |                    | 883,000             |  |
| Homeland Security Grant - Revenue                         |                    |                    | 122,436             |  |
| Homeland Security Grant - Expenditures                    |                    |                    | (122,436)           |  |
| Energy Upgrade  |                    |                    | (883,000)           |  |
| Operating Transfers Out                                   |                    |                    | (200,000)           |  |
| Purchase of Equipment                                     |                    |                    | <u>(527,209)</u>    |  |
| Net Changes in Fund Balances - Modified Accrual Basis     |                    |                    | 1,948,306           |  |
| Fund Balances - Beginning                                 |                    |                    | <u>8,682,859</u>    |  |
| Fund Balances - Ending                                    |                    |                    | <u>\$10,631,165</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, 2018

|   | Budgeted Amounts  |                      | Budgetary Basis    | Variance with                      |
|---|-------------------|----------------------|--------------------|------------------------------------|
|   | Original          | Final                |                    | Final Budget - Positive (Negative) |
| <b>REVENUES</b>   |                   |                      |                    |                                    |
| Taxes   |                   |                      |                    |                                    |
| Property  | \$2,009,307       | \$2,009,307          | \$2,040,886        | \$31,579                           |
| Intergovernmental   | 0                 | 691,808              | 641,130            | (50,678)                           |
| Licenses and Permits                                      | 735,000           | 735,000              | 844,455            | 109,455                            |
| Fines and Forfeitures                                     | 130,000           | 130,000              | 104,215            | (25,785)                           |
| Interest  | 18,000            | 18,000               | 116,937            | 98,937                             |
| Miscellaneous   | 76,250            | 244,341              | 154,430            | (89,911)                           |
| Total Revenues  | <u>2,968,557</u>  | <u>3,828,456</u>     | <u>3,902,053</u>   | <u>73,597</u>                      |
| <b>EXPENDITURES</b>                                       |                   |                      |                    |                                    |
| Current   |                   |                      |                    |                                    |
| Public Transportation                                     |                   |                      |                    |                                    |
| Road and Bridge   | 2,650,944         | 6,062,244            | 3,048,422          | 3,013,822                          |
| Debt Service  |                   |                      |                    |                                    |
| Principal Retirement                                      | 74,242            | 74,242               | 74,242             | 0                                  |
| Interest Retirement                                       | 1,736             | 1,736                | 1,736              | 0                                  |
| Total Expenditures  | <u>2,726,922</u>  | <u>6,138,222</u>     | <u>3,124,400</u>   | <u>3,013,822</u>                   |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 241,635           | (2,309,766)          | 777,653            | 3,087,419                          |
| OTHER FINANCING SOURCES (USES):                           |                   |                      |                    |                                    |
| Operating Transfers In                                    |                   |                      |                    | 0                                  |
| Operating Transfers Out                                   | (300,000)         | (300,000)            | (300,000)          | 0                                  |
| Total Other Financing Sources (Uses)                      | <u>(300,000)</u>  | <u>(300,000)</u>     | <u>(300,000)</u>   | <u>0</u>                           |
| Net Changes in Fund Balances - Budgetary Basis            | <u>(\$58,365)</u> | <u>(\$2,609,766)</u> | <u>477,653</u>     | <u>\$3,087,419</u>                 |
| Reconciliation from cash basis to modified accrual basis: |                   |                      |                    |                                    |
| Other Financing Sources - Capital Lease                   |                   |                      | 59,068             |                                    |
| Purchase of Equipment                                     |                   |                      | (59,068)           |                                    |
| Net Changes in Fund Balances - Modified Accrual Basis     |                   |                      | <u>477,653</u>     |                                    |
| Fund Balances - Beginning                                 |                   |                      | 3,614,174          |                                    |
| Fund Balances - Ending                                    |                   |                      | <u>\$4,091,827</u> |                                    |

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, 2018

|  | Budgeted Amounts |                      | Budgetary Basis    | Variance with                      |
|--|------------------|----------------------|--------------------|------------------------------------|
|  | Original         | Final                |                    | Final Budget - Positive (Negative) |
| <b>REVENUES</b>  |                  |                      |                    |                                    |
| Taxes  |                  |                      |                    |                                    |
| Property   | \$2,424,922      | \$2,424,922          | \$2,462,964        | \$38,042                           |
| Intergovernmental  | 35,400           | 58,681               | 60,949             | 2,268                              |
| Interest   | 8,000            | 8,000                | 40,049             | 32,049                             |
| Miscellaneous  | 1,500            | 167,696              | 622,094            | 454,398                            |
| <b>Total Revenues</b>  | <b>2,469,822</b> | <b>2,659,299</b>     | <b>3,186,056</b>   | <b>526,757</b>                     |
| <b>EXPENDITURES</b>  |                  |                      |                    |                                    |
| Current  |                  |                      |                    |                                    |
| Public Transportation  |                  |                      |                    |                                    |
| Road and Bridge  | 2,240,808        | 4,493,726            | 2,769,273          | 1,724,453                          |
| Debt Service   |                  |                      |                    |                                    |
| Principal Retirement   | 209,939          | 209,939              | 209,939            | 0                                  |
| Interest Retirement  | 19,673           | 19,673               | 19,673             | 0                                  |
| <b>Total Expenditures</b>                                    | <b>2,470,420</b> | <b>4,723,338</b>     | <b>2,998,885</b>   | <b>1,724,453</b>                   |
| Excess (Deficiency) of Revenues Over (Under) Expenditures    | (598)            | (2,064,039)          | 187,171            | 2,251,210                          |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                  |                      |                    |                                    |
| Operating Transfers In                                       | 0                | 0                    | 0                  | 0                                  |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>0</b>         | <b>0</b>             | <b>0</b>           | <b>0</b>                           |
| <b>Net Changes in Fund Balances - Budgetary Basis</b>        | <b>(\$598)</b>   | <b>(\$2,064,039)</b> | <b>187,171</b>     | <b>\$2,251,210</b>                 |
| Reconciliation from cash basis to modified accrual basis:    |                  |                      |                    |                                    |
| Other Financing Sources - Notes Payable                      |                  |                      | 73,010             |                                    |
| Other Financing Sources - Capital Lease                      |                  |                      | 478,096            |                                    |
| Purchase of Equipment  |                  |                      | (551,106)          |                                    |
| <b>Net Changes in Fund Balances - Modified Accrual Basis</b> |                  |                      | <b>187,171</b>     |                                    |
| Fund Balances - Beginning                                    |                  |                      | 2,187,442          |                                    |
| Fund Balances - Ending                                       |                  |                      | <b>\$2,374,613</b> |                                    |

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, 2018

|   | Internal<br>Service<br>Self<br>Insurance<br>Current<br>Year | Internal<br>Service<br>Self<br>Insurance<br>Prior<br>Year | Total<br>Proprietary<br>Funds<br>Current<br>Year |
|---|---|---|--|
| <b>ASSETS</b>   |   |   |  |
| Current Assets  |   |   |  |
| Cash and Cash Equivalents                             | \$164,075   | \$131,423   | \$164,075  |
| Receivables (net of allowance<br>for uncollectibles)  |   |   | 0  |
| Total Current Assets                                  | <u>164,075</u>  | <u>131,423</u>  | <u>164,075</u>                                   |
| <b>TOTAL ASSETS</b>                                   | <u><u>\$164,075</u></u>                                     | <u><u>\$131,423</u></u>                                   | <u><u>\$164,075</u></u>                          |
| <b>LIABILITIES, FUND EQUITY<br/>AND OTHER CREDITS</b> |   |   |  |
| Liabilities   |   |   |  |
| Current Liabilities (Payable from Current Assets)     | \$0   | \$8,042   | \$0  |
| Total Current Liabilities                             | <u>0</u>  | <u>8,042</u>  | <u>0</u>   |
| <b>TOTAL LIABILITIES</b>                              | <u>0</u>  | <u>8,042</u>  | <u>0</u>   |
| <b>NET POSITION</b>                                   |   |   |  |
| Restricted - Expendable                               | 164,075   | 123,381   | 164,075  |
| <b>TOTAL NET POSITION</b>                             | <u><u>\$164,075</u></u>                                     | <u><u>\$123,381</u></u>                                   | <u><u>\$164,075</u></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, 2018

|   | Internal<br>Service<br>Self<br>Insurance<br>Current<br>Year | Internal<br>Service<br>Self<br>Insurance<br>Prior<br>Year | Total<br>Proprietary<br>Funds<br>Current<br>Year |
|---|---|---|--|
| OPERATING REVENUES:                     |   |   |  |
| Charges for Services                    | \$237,552   | \$323,680   | \$237,552  |
| Reinsurance                             | 162,115   | 370,382   | 162,115  |
| TOTAL OPERATING REVENUES                | <u>399,667</u>  | <u>694,062</u>  | <u>399,667</u>                                   |
| OPERATING EXPENSES                      |   |   |  |
| Administrative Fees                     | 541,400   | 531,023   | 541,400  |
| Claims paid                             | 3,971   | 8,761   | 3,971  |
| Other                                   |   |   | 0  |
| Prescriptions                           | 2,120,279   | 2,245,041   | 2,120,279  |
| Reinsurrer                              |   |   | 0  |
| TOTAL OPERATING EXPENSES                | <u>2,665,650</u>  | <u>2,784,825</u>  | <u>2,665,650</u>                                 |
| OPERATING INCOME (LOSS)                 | <u>(2,265,983)</u>  | <u>(2,090,763)</u>  | <u>(2,265,983)</u>                               |
| NON-OPERATING REVENUES (EXPENSES):      |   |   |  |
| Interest Income                         | 6,677   | 1,827   | 6,677  |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>6,677</u>  | <u>1,827</u>  | <u>6,677</u>                                     |
| Income Before Transfers                 | (2,259,306)   | (2,088,936)   | (2,259,306)                                      |
| Transfers In                            | 2,300,000   | 1,900,000   | 2,300,000  |
| Change in Net Position                  | 40,694  | (188,936)   | 40,694   |
| Total Net Position - Beginning          | <u>123,381</u>  | <u>312,317</u>  | <u>123,381</u>                                   |
| Total Net Position - Ending             | <u>\$164,075</u>  | <u>\$123,381</u>  | <u>\$164,075</u>                                 |

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, 2018

|   | Internal<br>Service<br>Self<br>Insurance<br>Current<br>Year | Internal<br>Service<br>Self<br>Insurance<br>Prior<br>Year | Total<br>Proprietary<br>Funds<br>Current<br>Year |
|---|---|---|--|
| Cash flows from Operating Activities  |   |   |  |
| Receipts from Customers and Users   | \$399,667   | \$694,062   | \$399,667  |
| Payments to Suppliers   | (2,673,692)   | (2,776,783)   | (2,673,692)                                      |
| Net Cash Provided(Used) By Operating Activities:                            | <u>(2,274,025)</u>  | <u>(2,082,721)</u>  | <u>(2,274,025)</u>                               |
| Cash Flows from Non-Capital<br>and Related Financing Activities             |   |   |  |
| Transfers Out   | 2,300,000   | 1,900,000   | 2,300,000  |
| Net Cash Provided (Used) by Non-Capital<br>and Related Financing Activities | <u>2,300,000</u>  | <u>1,900,000</u>  | <u>2,300,000</u>                                 |
| Cash Flows from Investing Activities  |   |   |  |
| Interest Received   | 6,677   | 1,827   | 6,677  |
| Net Cash Provided(Used) By Investing Activities                             | <u>6,677</u>  | <u>1,827</u>  | <u>6,677</u>                                     |
| Net Increase (Decrease) in Cash Equivalents                                 | 32,652  | (180,894)   | 32,652   |
| Cash and Cash Equivalents at Beginning of Year                              | <u>131,423</u>  | <u>312,317</u>  | <u>131,423</u>                                   |
| Cash and Cash Equivalents at End of Year                                    | <u>\$164,075</u>  | <u>\$131,423</u>  | <u>\$164,075</u>                                 |

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

(continued)

(continued)

|   | Internal<br>Service<br>Self<br>Insurance<br>Current<br>Year | Internal<br>Service<br>Self<br>Insurance<br>Prior<br>Year | Total<br>Proprietary<br>Funds<br>Current<br>Year |
|---|---|---|--|
| Reconciliation of Operating Income to net cash provided(Used) By Operating Activities |   |   |  |
| Operating Income (Loss)   | (\$2,265,983)   | (\$2,090,763)   | (\$2,265,983)                                    |
| Changes in Current Items  |   |   |  |
| Decrease(Increase) in Accounts Receivable   | 0   | 0   | 0  |
| Increase(Decrease) in Accounts Payable  | (8,042)   | 8,042   | (8,042)  |
| Net Cash Provided(Used) by Operating Activities                                       | <u>(\$2,274,025)</u>  | <u>(\$2,082,721)</u>                                      | <u>(\$2,274,025)</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, 2018

|  | Agency<br>Funds           |
|--|---------------------------|
| <b>ASSETS</b>  |                           |
| Cash and Cash Equivalents                            | <u>\$2,629,306</u>        |
| Receivables (net of allowance<br>for uncollectibles) | 4,537                     |
| Total Assets   | <u><u>\$2,633,843</u></u> |
| <br><b>LIABILITIES</b>                               |                           |
| Accounts Payable                                     | \$131,583                 |
| Bank Overdraft                                       | 6,887                     |
| Due to Others  | 2,495,373                 |
| Total Liabilities                                    | <u><u>\$2,633,843</u></u> |

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

AUSTIN COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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.

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.

## 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, 2018 and 10 percent of the delinquent outstanding property taxes at September 30, 2018.

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, 2018.

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, 2018.

4. Restricted Assets

There were no restricted assets at September 30, 2018.

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 had natural disaster expenditures and road maintenance and improvement expenditures during the current fiscal year.

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    |
| Energy Conservation Upgrade | 25    |
| Heavy Equipment             | 7     |
| 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, 2018, 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, 2018, fund balances are composed of the following:

|                          |                     |
|--------------------------|---------------------|
| Fund Balances:           |                     |
| Non-Spendable            |                     |
| Prepaid Items            | \$33,563            |
| Restricted               |                     |
| Administrative           | 15,896              |
| Archives                 | 87,010              |
| Construction             | 2,740               |
| Debt Service             | 17,676              |
| Environmental Protection | 930                 |
| Health                   | 185,913             |
| Judicial                 | 186,591             |
| Public Safety            | 644,752             |
| Public Transportation    | 6,460,344           |
| Committed                |                     |
| Culture and Recreation   | 66,820              |
| Unassigned               | 10,481,627          |
| Total Fund Balance       | <u>\$18,183,862</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 unassigned fund balance at fiscal year end to be at least equal to 25 percent of the subsequent year's budgeted General Fund 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 GASB 68. 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 \$6,576,585 difference are as follows:

|                          |                    |
|--------------------------|--------------------|
| Bonds Payable            | \$4,025,000        |
| Unamortized Bond Premium | 190,207            |
| Notes Payable            | 183,560            |
| Capital Lease Payable    | 1,893,916          |
| Accrued Interest Payable | 3,626              |
| Compensated Absences     | 280,276            |
|                          | <u>\$6,576,585</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 \$15,958,953 difference are as follows:

|   |                     |
|---|---------------------|
| Capital Assets Not Being Depreciated  | \$500,506           |
| Capital Assets Being Depreciated  | 103,956,478         |
| Depreciation Expense  | (88,498,031)        |
| Net Adjustment to Increase Net Changes<br>in Fund Balances - Total Governmental Funds to<br>Arrive at Changes in Net Position of<br>Governmental Activities | <u>\$15,958,953</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 \$642,062 difference are as follows:

|                                 |                  |
|---------------------------------|------------------|
| Property Taxes Receivable       | \$689,033        |
| Allowance for Doubtful Accounts | <u>(46,971)</u>  |
| Net                             | <u>\$642,062</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 \$2,028,533 difference are as follows:

|  |                    |
|--|--------------------|
| Fines and Fees Receivable                            | \$3,450,953        |
| Allowance for Doubtful Accounts                      | (2,000,678)        |
| <b>GASB 68</b>                                       |                    |
| Contributions (after 12/31/17)                       | 1,027,704          |
| Changes of assumptions                               | 182,239            |
| Net difference between projected and actual earnings | (539,410)          |
| Differences between expected and actual experience   | <u>(92,275)</u>    |
| Net  | <u>\$2,028,533</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 \$229,544 difference are as follows:

|  |             |
|--|-------------|
| Capital Outlay - Additions - Not Being Depreciated   | \$711,980   |
| Capital Outlay - Additions - Being Depreciated   | 4,753,307   |
| Capital Outlay - Deletions - Net   | (2,345,270) |
| Depreciation Expense   | (2,890,473) |
| Net Adjustment to<br>Increase Net Changes<br>in Fund Balances - Total<br>Governmental Funds to<br>Arrive at Changes in<br>Net Position of<br>Governmental Activities | \$229,544   |

### 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 2018 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, 2018, expenditures did not exceed appropriations in any fund.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2018 except for the 2007 PSIC Grant Event fund which had a deficit fund balance of

\$70,769 and the Tax Increment Finance Zone No. 1 fund which had a deficit fund balance of \$51,302. 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 compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

The County has adopted a deposit and investment policy. That policy does address the following risks:

Cash

At year end, the carrying amount of the County's bank balance was \$21,871,838. 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 \$31,444,849 and the FDIC coverage is \$250,000. The book balance of the cash and cash equivalents was \$21,505,098.

Investments

As of September 30, 2018, the County had the following investments:

| Investment type                                | Rating* | Fair Value      | Days to Maturity |
|--|---------|-----------------|------------------|
| Government sponsored investment pool (TexPool) | AAAm    | \$ 4,936        | 1                |
| Total Fair Value                               |         | <u>\$ 4,936</u> |                  |

\* Standard and Poors

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

*Credit Risk.* State law limits investments as described previously above.

*Concentration of Credit Risk.* The County's investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the County's total investments.

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the County's depository in the County's name and held by the depository's agent.

*Custodial Credit Risk - Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's policy for investments does not restrict the amount which can be invested with an external investment pool created under the Texas Public Funds Investment Act. TexPool is an external investment pool and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investment Act provide for creation of public funds investments pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The fair value of investments in the pool is independently reviewed monthly. At September 30, 2018 the fair value of the position in TexPool approximates the fair value of the shares.

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<br>Fund | Road<br>and<br>Bridge | F/M and<br>Lateral<br>Fund | Other<br>Govern-<br>mental | Total       |
|---------------------------------------|-----------------|-----------------------|----------------------------|----------------------------|-------------|
| <u>Receivables</u>                    |                 |                       |                            |                            |             |
| Taxes                                 |                 |                       |                            |                            |             |
| Property                              | \$502,624       | \$84,429              | \$101,980                  |                            | \$689,033   |
| Sales                                 | 163,850         |                       |                            |                            | 163,850     |
| Officers Fees                         | 73,975          | 30,316                | 2,269                      | 36,535                     | 143,095     |
| GASB 34 Fees and Fines                | 3,450,953       |                       |                            |                            | 3,450,953   |
| Other Receivable                      | 4,309           |                       |                            |                            | 4,309       |
| Gross Receivables                     | 4,195,711       | 114,745               | 104,249                    | 36,535                     | 4,451,240   |
| Less: Allowance for<br>Uncollectibles | 2,034,910       | 5,770                 | 6,969                      |                            | 2,047,649   |
| Net Total Receivables                 | \$2,160,801     | \$108,975             | \$97,280                   | \$36,535                   | \$2,403,591 |

### C. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

| Governmental Activities:                    | Beginning    |             |             | Ending       |
|---|--------------|-------------|-------------|--------------|
| Capital assets not being depreciated:       | Balances     | Increases   | Decreases   | Balances     |
| Land  | \$500,506    |             | \$0         | \$500,506    |
| Construction in Progress                    | 1,622,718    | 711,980     | 2,334,698   | 0            |
| Total capital assets not being depreciated: | 2,123,224    | 711,980     | 2,334,698   | 500,506      |
|   |              |             |             |              |
| Capital assets being depreciated:           |              |             |             |              |
| Building and Improvements                   | 11,151,748   | 883,000     |             | 12,034,748   |
| Machinery and Equipment                     | 12,514,438   | 1,535,609   | 774,214     | 13,275,833   |
| Infrastructure                              | 76,281,082   | 2,334,698   |             | 78,615,780   |
| Intangibles                                 | 30,117       |             |             | 30,117       |
| Total capital assets being depreciated:     | 99,977,385   | 4,753,307   | 774,214     | 103,956,478  |
|   |              |             |             |              |
| Less: Accumulated Depreciation for:         |              |             |             |              |
| Building and Improvements                   | 6,244,129    | 201,801     |             | 6,445,930    |
| Machinery and Equipment                     | 10,643,025   | 899,434     | 763,642     | 10,778,817   |
| Infrastructure                              | 69,472,097   | 1,786,717   |             | 71,258,814   |
| Intangibles                                 | 11,949       | 2,521       |             | 14,470       |
| Total Accumulated Depreciation              | 86,371,200   | 2,890,473   | 763,642     | 88,498,031   |
| Total Capital Assets Depreciated, Net       | 13,606,185   | 1,862,834   | 10,572      | 15,458,447   |
| Governmental Activities capital assets, Net | \$15,729,409 | \$2,574,814 | \$2,345,270 | \$15,958,953 |

The 2017-2018 depreciation is as follows:

|  |                    |
|--|--------------------|
| Governmental Activities                              |                    |
| General Administration                               | \$49,793           |
| Judicial   | 7,692              |
| Financial Administration                             | 10,235             |
| Public Facilities                                    | 23,724             |
| Public Safety  | 529,987            |
| Public Transportation                                | 2,263,614          |
| Culture and Recreation                               | 5,428              |
| Total Depreciation Expense - Governmental Activities | <u>\$2,890,473</u> |

The infrastructure capital assets were not fully depreciated at September 30, 2018.

#### Construction commitments

The County had natural disaster expenditures and road maintenance and improvement expenditures during the current fiscal year.

#### 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 is expected to be liquidated in the 2018 year.

There were no interfund balances as of September 30, 2018. There were no advances at September 30, 2018. 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>INTERFUND</u>                      |                    |                   |
|---------------------------------------|--------------------|-------------------|
| <u>ACCOUNT</u>                        | <u>AMOUNT</u>      | <u>REASON</u>     |
| <u>GENERAL FUND</u>                   |                    |                   |
| TRANSFER TO SELF INSURANCE FUND       | \$2,000,000        | HEALTH CARE       |
| TRANSFER TO COURTHOUSE SECURITY FUND  | 100,000            | COURTHOUSE SAFETY |
| TRANSFER TO INDIGENT HEALTH CARE FUND | 100,000            | HEALTH CARE       |
| <u>ROAD AND BRIDGE FUND</u>           |                    |                   |
| TRANSFER TO SELF INSURANCE FUND       | 300,000            | HEALTH CARE       |
|                                       | <u>\$2,500,000</u> |                   |

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$41,242 for the year ended September 30, 2018. The future minimum lease payments for these leases are as follows:

| <u>Year Ending Sep. 30</u> | <u>Amount</u>     |
|----------------------------|-------------------|
| 2019                       | \$37,052          |
| 2020                       | 33,802            |
| 2021                       | 29,957            |
| 2022                       | 19,779            |
| 2023                       | <u>3,447</u>      |
| Total                      | <u>\$ 124,039</u> |

Rent expenditures were \$12,001 for the year ended September 30, 2018. Rental income was \$192,726 for the year ended September 30, 2018. Sublease rental income was \$0 for the year ended September 30, 2018.

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.

Assets acquired through capital leases are as follows:

|                                | (3)<br>2016<br>CHEV<br>TAHOE | CATER.<br>D7G DOZER<br>PCT 4 | (2) CATER.<br>TRACTOR<br>SCRAPER<br>PCT 4 | 05 ETNYRE<br>CHIP<br>SPREADER<br>PCT 4 | ASPHALT<br>ZIPPER/<br>DUAL AXLE<br>TLH -PCT 3 | 2018<br>FORD<br>F150 |
|--------------------------------|------------------------------|------------------------------|---|--|---|----------------------|
| Asset:                         |                              |                              |   |  |   |                      |
| Cost                           | \$142,216                    | \$16,700                     | \$32,400                                  | \$95,450                               | \$112,690                                     | \$158,062            |
| Less: Accumulated Depreciation | 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<br>TRACTOR<br>PCT 4 | 7 POWER PRO<br>AMBULANCE<br>AND POWER<br>MOWER | CATER.<br>299C<br>SKID STEER<br>PCT 1 | 5100E CAB<br>UTILITY<br>TRACTOR<br>PCT 1 | JD 5100E<br>TRACTOR<br>- PCT 1 | 2002 MACK<br>CH613 DAY<br>CAB TRUCK<br>- PCT 4 |
|--------------------------------|------------------------------|--|---------------------------------------|--|--------------------------------|--|
| Asset:                         |                              |  |                                       |  |                                |  |
| Cost                           | \$34,484                     | \$368,022                                      | \$82,534                              | \$32,982                                 | \$59,068                       | \$11,900                                       |
| Less: Accumulated Depreciation | 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<br>SCHULTE<br>XH1500<br>ROTARY<br>CUTTER<br>PCT 4 | 2016<br>SCHULTE<br>XH1500<br>ROTARY<br>CUTTER<br>PCT 4 | HEAVY<br>EQUIP-<br>MENT<br>- PCT 1 | ENERGY<br>CONSER-<br>VATION | TOTAL       |
|--------------------------------|--|--|------------------------------------|-----------------------------|-------------|
| Asset:                         |  |  |                                    |                             |             |
| Cost                           | \$22,665   | \$22,665   | \$488,996                          | \$883,000                   | \$2,563,834 |
| Less: Accumulated Depreciation | 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, 2018, were as follows:

|  | (3)<br>2016<br>CHEV | CATER.<br>D7G DOZER | (2) CATER.<br>TRACTOR<br>SCRAPER | 05 ETNYRE<br>CHIP<br>SPREADER | ASPHALT<br>ZIPPER/<br>DUAL AXLE | 2018<br>FORD |
|--|---------------------|---------------------|----------------------------------|-------------------------------|---------------------------------|--------------|
|--|---------------------|---------------------|----------------------------------|-------------------------------|---------------------------------|--------------|

| YEAR   | TAHOE           | PCT 4          | PCT 4          | PCT 4           | TLH -PCT 3      | F150             |
|--|-----------------|----------------|----------------|-----------------|-----------------|------------------|
| 2019   | \$37,800        | \$4,523        | \$8,776        | \$12,919        | \$24,680        | \$41,966         |
| 2020   |                 |                |                |                 | 24,680          | 41,966           |
| 2021   |                 |                |                |                 | 24,680          | 41,966           |
| 2022   |                 |                |                |                 |                 |                  |
| 2023   |                 |                |                |                 |                 |                  |
| TOTAL MINIMUM LEASE PAYMENTS                   | <u>37,800</u>   | <u>4,523</u>   | <u>8,776</u>   | <u>12,919</u>   | <u>74,040</u>   | <u>125,898</u>   |
| LESS: AMOUNT REPRESENTING INTEREST             | 1,356           | 143            | 279            | 410             | 4,617           | 8,392            |
| PRESENT VALUE OF NET<br>MINIMUM LEASE PAYMENTS | <u>\$36,444</u> | <u>\$4,380</u> | <u>\$8,497</u> | <u>\$12,509</u> | <u>\$69,423</u> | <u>\$117,506</u> |

| (continued)<br>YEAR                            | JD 5100E<br>TRACTOR<br>PCT 4 | 7 POWER PRO<br>AMBULANCE | CATER.<br>299C<br>SKID STEER<br>PCT 1 | 5100E CAB<br>UTILITY<br>TRACTOR<br>PCT 1 | JD 5100E<br>TRACTOR<br>- PCT 1 | 2002 MACK<br>CH613 DAY<br>CAB TRUCK<br>- PCT 4 |
|--|------------------------------|--------------------------|---------------------------------------|--|--------------------------------|--|
| 2019   | \$7,604                      | \$73,829                 | \$16,929                              | \$7,202                                  | \$10,980                       | \$6,320  |
| 2020   | 7,604                        | 73,829                   |                                       | 7,202                                    | 10,980                         | 6,320  |
| 2021   |                              | 73,830                   |                                       | 7,202                                    | 10,980                         |  |
| 2022   |                              | 73,830                   |                                       |  | 10,980                         |  |
| 2023   |                              |                          |                                       |  |                                |  |
| TOTAL MINIMUM LEASE PAYMENTS                   | <u>15,208</u>                | <u>295,318</u>           | <u>16,929</u>                         | <u>21,606</u>                            | <u>43,920</u>                  | <u>12,640</u>                                  |
| LESS: AMOUNT REPRESENTING INTEREST             | 731                          | 0                        | 234                                   | 1,843                                    | 11,143                         | 740  |
| PRESENT VALUE OF NET<br>MINIMUM LEASE PAYMENTS | <u>\$14,477</u>              | <u>\$295,318</u>         | <u>\$16,695</u>                       | <u>\$19,763</u>                          | <u>\$32,777</u>                | <u>\$11,900</u>                                |

| (continued)<br>YEAR | 2016<br>SCHULTE<br>XH1500<br>ROTARY<br>CUTTER<br>PCT 4 | 2016<br>SCHULTE<br>XH1500<br>ROTARY<br>CUTTER<br>PCT 4 | HEAVY<br>EQUIP-<br>MENT<br>- PCT 1 | ENERGY<br>CONSER-<br>VATION | <u>Total</u><br>Governmental<br>Activities |
|---------------------|--|--|------------------------------------|-----------------------------|--|
|                     |  |  |                                    |                             |  |

|  |                |                 |                  |                  |                    |
|--|----------------|-----------------|------------------|------------------|--------------------|
| 2019   | \$4,925        | \$4,949         | \$98,919         | \$87,603         | \$449,924          |
| 2020   | 4,925          | 4,949           | 98,919           | 87,603           | 368,977            |
| 2021   | 1              | 4,949           | 98,919           | 87,603           | 350,130            |
| 2022   |                | 1               | 98,920           | 87,603           | 271,334            |
| 2023   |                |                 |                  | 87,602           | 87,602             |
| 2024   |                |                 |                  | 87,602           | 87,602             |
| 2025   |                |                 |                  | 87,602           | 87,602             |
| 2026   |                |                 |                  | 87,602           | 87,602             |
| 2027   |                |                 |                  | 87,602           | 87,602             |
| 2028   |                |                 |                  | 87,602           | 87,602             |
| 2029   |                |                 |                  | 87,602           | 87,602             |
| 2030   |                |                 |                  | 87,602           | 87,602             |
| TOTAL MINIMUM LEASE PAYMENTS                   | <u>9,851</u>   | <u>14,848</u>   | <u>395,677</u>   | <u>1,051,228</u> | <u>2,141,181</u>   |
| LESS: AMOUNT REPRESENTING INTEREST             | 473            | 854             | 27,015           | 189,035          | 247,265            |
| PRESENT VALUE OF NET<br>MINIMUM LEASE PAYMENTS | <u>\$9,378</u> | <u>\$13,994</u> | <u>\$368,662</u> | <u>\$862,193</u> | <u>\$1,893,916</u> |

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

## Bonds

The government issues Bonds to provide funds for various County projects. The original amount of the bond issued is \$6,000,000. 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> |
|--|--------------|---------------|
| Unlimited Tax Road Bonds - Series 2009 | 4.625%       | \$4,025,000   |

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

| Year Ending<br>September 30, | Governmental Activities |                    |
|------------------------------|-------------------------|--------------------|
|                              | Principal               | Interest           |
| 2019                         | \$280,000               | \$174,519          |
| 2020                         | 295,000                 | 162,650            |
| 2021                         | 310,000                 | 149,406            |
| 2022                         | 330,000                 | 135,006            |
| 2023                         | 345,000                 | 119,819            |
| 2024 to 2028                 | 2,000,000               | 344,005            |
| 2029                         | 465,000                 | 10,753             |
| TOTALS                       | <u>\$4,025,000</u>      | <u>\$1,096,158</u> |

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

#### Notes

The County had the following notes payable:

Four Vehicles to 1<sup>st</sup> National Bank. Total amount financed is \$136,995, Two annual payments of \$38,337. Balance at September 30, 2018 is \$72,535.

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, 2018 is \$111,025.

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

| Year Ending<br>September 30, | Governmental Activities |          |
|------------------------------|-------------------------|----------|
|                              | Principal               | Interest |
| 2019                         | \$62,642                | \$5,833  |
| 2020                         | 63,872                  | 4,604    |
| 2021                         | 27,999                  | 2,139    |
| 2022                         | 29,047                  | 1,090    |
| TOTALS                       | \$183,560               | \$13,666 |

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<br>Balance | Additions        | Reductions       | Debt Refinancing |                | Ending<br>Balance | Due Within<br>One Year | Due After<br>One Year |
|---------------------------------|----------------------|------------------|------------------|------------------|----------------|-------------------|------------------------|-----------------------|
|                                 |                      |                  |                  | Additions        | Reductions     |                   |                        |                       |
| <u>Governmental Activities:</u> |                      |                  |                  |                  |                |                   |                        |                       |
| General Obligation Bonds        | \$4,295,000          |                  | \$270,000        |                  |                | \$4,025,000       | \$280,000              | \$3,745,000           |
| Bond Premium                    | 207,499              |                  | 17,292           |                  |                | 190,207           | 0                      | 190,207               |
| Net Bonds                       | 4,502,499            | 0                | 287,292          | 0                | 0              | 4,215,207         | 280,000                | 3,935,207             |
| Capital Leases                  | 365,669              | 1,941,082        | 412,835          |                  |                | 1,893,916         | 380,798                | 1,513,118             |
| Notes Payable                   | 190,907              | 73,010           | 80,357           | 111,025          | 111,025        | 183,560           | 62,582                 | 120,978               |
| TMRS GASB 38 Payable            | 1,612,673            |                  | 1,612,673        |                  |                | 0                 |                        | 0                     |
| Compensated Absences            | 360,270              | 280,276          | 360,270          |                  |                | 280,276           | 280,276                | 0                     |
|                                 | <u>7,032,018</u>     | <u>2,294,368</u> | <u>2,753,427</u> | <u>111,025</u>   | <u>111,025</u> | <u>6,572,959</u>  | <u>1,003,656</u>       | <u>5,569,303</u>      |
| Grand Total                     | \$7,032,018          | \$2,294,368      | \$2,753,427      | \$111,025        | \$111,025      | \$6,572,959       | \$1,003,656            | \$5,569,303           |

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2018-19 year is \$280,276. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$1,003,656 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2017-2018 is \$253,039.

## 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<br><u>09/30/18</u> | Year ended<br><u>09/30/17</u> |
|---|-------------------------------|-------------------------------|
| Unpaid Claims, Beginning of Fiscal Year | \$ -0-                        | \$ -0-                        |
| Incurred Claims (including IBNRs)       |                               |                               |
| Claim Payments                          |                               |                               |
| Unpaid Claims, End of Fiscal Year       | <u>\$ -0-</u>                 | <u>\$ -0-</u>                 |

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.

### C. Subsequent Events

On October 22, 2018, the County approved the bid for the Pyka Bridge project to Wakefield Bridge in the amount of \$77,500.00. The county approved the bid for the Old Columbus road/Pyka Intersection project to Wakefield Bridge in the amount of \$86,250.00.

On November 13, 2018, the County approved the lease purchase of EMS Equipment for 6 annual payments of \$57,189.04. The County approved the purchase of Computer/IT equipment for Wendt Street Building in the amount of \$86,283.56.

On February 25, 2019, the County approved the bid for the Neumann Road Bridge project to Wakefield Bridge in the amount of \$138,000.00.

On March 11, 2019, the County approved a performance bond for AMP Interstate Pipeline LLC in the amount of \$350,000.00.

On March 26, 2019, the County approved the receipt of a Bond for the rebuild of the Sheriff's office and the Jail in the amount of \$9,500,000.00.

On April 8, 2019, the County approved the purchase of a Single Roller Drum in the amount of \$71,995.00 financed through Government Capital.

On May 28, 2019, the County approved the purchase of a John Deere Compact Track Loader, Scrap Grapple and Angle Boom through buy board purchasing in the amount of \$65,706.52.

### 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:

1. ***Derry, Levar v. Austin County Sheriff's Office***; Cause No. 2018V-0057; in the 155<sup>th</sup> Judicial District Court of Austin County, Texas. Germer No. 94930

Plaintiff Levar S. Derry ("Derry") asserts negligence claims against Austin County based on a September 22, 2018 motor vehicle accident involving Austin County Sheriff's Office Deputy Andrew Berger ("Deputy Berger") in Columbus, Colorado County, Texas.

At the time of the incident, Plaintiff was stationary in the left lane of Hwy 71. Deputy Berger approached from the rear and failed to stop before rear-ending the stationary vehicle. At this preliminary stage, liability seems probable. Deputy Berger readily admits that he was looking down at the time of the accident and did not see the stationary vehicle in time. Deputy Berger was in the course and scope of his employment. The impact of the collision appears to be severe, as both drivers were noted to have injuries on the crash report and were transported from the scene by EMS. As a result of the accident, Plaintiff claims injuries to his chest and lower back.

A lawsuit has been filed by Levar S. Derry against Austin County. The County intends to vigorously defend this matter. Austin County is being defended by the County's risk pool, and counsel does not anticipate the expenditure of any County funds on this matter, beyond the County's deductible.

2. ***Guzman v. Austin Co.***; Cause No. 2018V-0126

Plaintiff filed a lawsuit alleging 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 Counsel is trying to get the case against County dropped due to the man hole not being the County's.

- E. Prior Period Adjustments



The County has determined that certain transactions were recorded incorrectly in a prior year.

The County had a prior period adjustment whereby Net Assets were increased by \$168,018. The restatement was a result of the EMS (\$32,245) and Justices of the Peace (\$135,773). These restatements had a corresponding effect on the beginning net assets.

|                                      | <b>Net Assets,<br/>as Previously<br/>Reported</b> | <b>GASB 34<br/>Receivables<br/>Restatement</b> | <b>Net Assets<br/>As Restated</b> |
|--------------------------------------|---|--|-----------------------------------|
| <b>Governmental Activities:</b>      |   |  |                                   |
| Net Assets                           | \$28,366,169                                      | \$168,018                                      | \$28,534,187                      |
| <b>Total Governmental Activities</b> | <u>\$28,366,169</u>                               | <u>\$168,018</u>                               | <u>\$28,534,187</u>               |

**F. Summary of TCDRS Funding Policy**

| Net Pension Liability / (Asset)                          | Net Pension Liability / (Asset) |                   |
|--|---------------------------------|-------------------|
|  | December 31, 2016               | December 31, 2017 |
| Total pension liability                                  | \$33,289,476                    | \$35,644,224      |
| Fiduciary net position                                   | 31,676,805                      | 35,924,437        |
| Net pension liability/(asset)                            | 1,612,672                       | (280,213)         |
| Fiduciary net position as a % of total pension liability | 95.16%                          | 100.79%           |
| Pensionable covered payroll                              | \$8,508,954                     | \$8,955,242       |
| Net Pension liability as a % of covered payroll          | 18.95%                          | (3.13%)           |

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, 2017 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, 2016 | December 31, 2017 |
| Measurement date       | December 31, 2016 | December 31, 2017 |
| Employer's fiscal year | January 1, 2018   | December 31, 2018 |

## 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   | 11.500/0          | 4.55%                         |
| Private Equity                     | Cambridge Associates Global Private Equity & Venture Capital Index                                      | 16.00%            | 7.550/0                       |
| Global Equities                    | MSCI World (net) Index  | 1.500/0           | 4.85%                         |
| Int'l Equities - Developed Markets | MSCI World Ex USA (net) Index   | 11.00%            | 4.55%                         |
| Int'l Equities - Emerging Markets  | MSCI Emerging Markets (net) Index   | 8.00%             | 5.55%                         |
| Investment-Grade Bonds             | Bloomberg Barclays U.S. Aggregate Bond Index  | 3.00%             | 0.75%                         |
| Strategic Credit                   | FTSE High-yield Cash-Pay Capped Index   | 8.00%             | 4.12%                         |
| Direct Lending                     | S&P/LSTA Leveraged Loan Index   | 10.00%            | 8.06%                         |
| Distressed Debt                    | Cambridge Associates Distressed Securities Index  | 2.00%             | 6.30%                         |
| REIT Equities                      | 67% FTSE NAREIT Equity REITs Index + S&P Global REIT (net) Index  | 2.00%             | 4.05%                         |
| Master Limited Partnerships (MLPs) | Alerian MLP Index   | 3.00%             | 6.00%                         |
| Private Real Estate Partnerships   | Cambridge Associates Real Estate Index <sup>(8)</sup><br>Hedge Fund Research, Inc. (HFRI) Fund of Funds | 6.00%             | 6.25%                         |
| Hedge Funds                        | Composite Index   | 18.00%            | 4.10%                         |

## 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 | Projected    | Projected     | Projected   | Projected      | Projected   | Projected                               |
|----------|--------------|---------------|-------------|----------------|-------------|---|
| Year     | Fiduciary    | Total         | Benefit     | Administrative | Investment  | Ending                                  |
| Ending   | Net Position | Contributions | Payments    | Expenses       | Earnings    | Fiduciary                               |
|          | (a)          | (b)           | (c)         | (d)            | (e)         | Net Position<br>(a)+(b)-(c)-<br>(d)+(e) |
| 2018     | \$35,924,437 | \$1,296,358   | \$2,252,361 | \$35,924       | \$2,870,488 | \$37,802,998                            |
| 2019     | 37,802,998   | 1,229,868     | 2,008,208   | 37,803         | 3,029,633   | 40,016,488                              |
| 2020     | 40,016,488   | 1,171,748     | 2,161,697   | 40,016         | 3,200,434   | 42,186,957                              |
| 2021     | 42,186,957   | 1,119,500     | 2,350,564   | 42,187         | 3,366,581   | 44,280,286                              |
| 2022     | 44,280,286   | 1,077,088     | 2,545,952   | 44,280         | 3,526,614   | 46,293,755                              |
| 2023     | 46,293,755   | 1,035,513     | 2,767,135   | 46,294         | 3,679,190   | 48,195,030                              |
| 2024     | 48,195,030   | 1,014,050     | 2,891,239   | 48,195         | 3,827,338   | 50,096,983                              |
| 2025     | 50,096,983   | 994,769       | 3,004,795   | 50,097         | 3,976,045   | 52,012,905                              |
| 2026     | 52,012,905   | 975,397       | 3,132,942   | 52,013         | 4,125,300   | 53,928,647                              |
| 2027     | 53,928,647   | 957,395       | 3,272,210   | 53,929         | 4,274,154   | 55,834,058                              |
| 2037     | 66,718,662   | 421,623       | 4,811,806   | 66,719         | 5,227,221   | 67,488,981                              |
| 2047     | 69,311,661   | 154,709       | 5,828,233   | 69,312         | 5,386,188   | 68,955,013                              |
| 2057     | 64,262,585   | 29,611        | 5,378,722   | 64,263         | 4,990,296   | 63,839,508                              |
| 2067     | 66,993,896   | 2,100         | 3,674,850   | 66,994         | 5,277,995   | 68,532,148                              |
| 2077     | 100,520,990  | 0             | 1,788,792   | 100,521        | 8,067,173   | 106,698,849                             |
| 2087     | 198,345,090  | 0             | 534,807     | 198,345        | 16,036,838  | 213,648,775                             |
| 2097     | 423,470,247  | 0             | 67,489      | 423,470        | 34,281,593  | 457,260,881                             |

**Changes in Net Pension Liability / (Asset)**

| <b>Changes in Net Pension<br/>Liability / (Asset)</b> | <b>Total</b>     |                     |                    |
|---|------------------|---------------------|--------------------|
|   | <b>Pension</b>   | <b>Fiduciary</b>    | <b>Net Pension</b> |
|   | <b>Liability</b> | <b>Net Position</b> | <b>Liability /</b> |
|   | <b>(a)</b>       | <b>(b)</b>          | <b>(a) - (b)</b>   |
| Balances as of December 31, 2016                      | \$33,289,476     | \$31,676,805        | \$1,612,672        |
| Changes of the year:                                  |                  |                     |                    |
| Service cost  | 1,028,884        |                     | 1,028,884          |
| Interest on total pension liability                   | 2,715,110        |                     | 2,715,110          |
| Effect of plan changes                                | 0                |                     | 0                  |
| Effect of economic/demographic gains or losses        | 113,834          |                     | 113,834            |
| Effect of assumptions changes or inputs               | 125,600          |                     | 125,600            |
| Refund of contributions                               | (162,422)        | (162,422)           | 0                  |
| Benefit payments                                      | (1,466,257)      | (1,466,257)         | 0                  |
| Administrative expenses                               |                  | (23,891)            | 23,891             |
| Member contributions                                  |                  | 626,867             | (626,867)          |
| Net investment income                                 |                  | 4,618,209           | (4,618,209)        |
| Employer contributions                                |                  | 659,993             | (659,993)          |
| Other   | 0                | (4,866)             | 4,866              |
| Balances as of December 31, 2017                      | \$35,644,224     | \$35,924,437        | (\$280,213)        |

**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.

|                               | <b>1%<br/>Decrease<br/>7.10%</b> | <b>Current<br/>Discount<br/>Rate<br/>8.10%</b> | <b>1%<br/>Increase<br/>9.10%</b> |
|-------------------------------|----------------------------------|--|----------------------------------|
| Total pension liability       | \$40,047,342                     | \$35,644,224                                   | \$31,911,855                     |
| Fiduciary net position        | 35,924,437                       | 35,924,437                                     | 35,924,437                       |
| Net pension liability/(asset) | \$4,122,905                      | (\$280,213)                                    | (\$4,012,582)                    |

**Pension Expense / (Income)**

**Pension Expense / (Income)**

**January 1, 2017 to  
December 31, 2017**

|   |             |
|---|-------------|
| Service cost  | \$1,028,884 |
| Interest on total pension liability                   | 2,715,110   |
| Effect of plan changes                                | 0           |
| Administrative expenses                               | 23,891      |
| Member contributions                                  | (626,867)   |
| Expected investment return net of investment expenses | (2,551,105) |
| Recognition of deferred inflows/outflows of resources |             |
| Recognition of economic/demographic gains or losses   | (31,185)    |
| Recognition of assumption changes or inputs           | 106,879     |
| Recognition of investment gains or losses             | 158,479     |
| Other   | 4,866       |
| Pension expense                                       | \$828,952   |

As of December 31, 2017, the deferred inflows and outflows of resources are as follows:

**Deferred Inflows/Outflows of Resources**

|  | <b>Deferred Inflows<br/>of Resources</b> | <b>Deferred Outflows<br/>of Resources</b> |
|--|--|---|
| Differences between expected and actual experience   | \$183,342                                | \$91,067                                  |
| Changes of assumptions                               | 0  | 182,239                                   |
| Net difference between projected and actual earnings | 539,410                                  | 0   |
| 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:

|            |           |
|------------|-----------|
| 2018       | \$169,657 |
| 2019       | 72,660    |
| 2020       | (326,229) |
| 2021       | (365,534) |
| 2022       | 0         |
| Thereafter | 0         |



**Schedule of Deferred Inflows and Outflows of Resources**

| Expense / (Income) Calculation                |                  |                             |                            | Balances of Deferred Inflows and Outflows as of 12/31/2017 |          |
|---|------------------|-----------------------------|----------------------------|--|----------|
| Original Amount                               | Date Established | Original Recognition Period | Amount Recognized for 2017 | Inflows  | Outflows |
| (a)   | (b)              | (c)                         | (a) / (c)                  |  |          |
| <b>Investment (gains) or losses</b>           |                  |                             |                            |  |          |
| (\$2,067,104)                                 | 12/31/2017       | 5.0                         | (\$413,421)                | \$1,653,683  | \$0      |
| 196,526                                       | 12/31/2016       | 5.0                         | 39,305                     | 0  | 117,916  |
| 2,318,814                                     | 12/31/2015       | 5.0                         | 463,763                    | 0  | 927,525  |
| 344,161                                       | 12/31/2014       | 5.0                         | 68,832                     | 0  | 68,832   |
| <b>Economic/demographic (gains) or losses</b> |                  |                             |                            |  |          |
| 113,834                                       | 12/31/2017       | 5.0                         | 22,767                     | 0  | 91,067   |
| (259,495)                                     | 12/31/2016       | 4.0                         | (64,874)                   | 129,748  | 0        |
| (214,376)                                     | 12/31/2015       | 4.0                         | (53,594)                   | 53,594   | 0        |
| 258,063                                       | 12/31/2014       | 4.0                         | 64,516                     | 0  | 0        |
| <b>Assumption changes or inputs</b>           |                  |                             |                            |  |          |
| 125,600                                       | 12/31/2017       | 5.0                         | 25,120                     | 0  | 100,480  |
| 0   | 12/31/2016       | 4.0                         | 0                          | 0  | 0        |
| 327,037                                       | 12/31/2015       | 4.0                         | 81,759                     | 0  | 81,759   |
| 0   | 12/31/2014       | 4.0                         | 0                          | 0  | 0        |

**Schedule of Changes in Net Pension Liability and Related Ratios**

|  | Year Ended December 31 |                     |                     |                     |            |            |            |            |            |            |
|--|------------------------|---------------------|---------------------|---------------------|------------|------------|------------|------------|------------|------------|
|  | 2017                   | 2016                | 2015                | 2014                | 2013       | 2012       | 2011       | 2010       | 2009       | 2008       |
| <b>Total Pension Liability</b>                           |                        |                     |                     |                     |            |            |            |            |            |            |
| Service cost   | \$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                      | 2,715,110              | 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                   | (133,185)           | 0                   | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Effect of assumption changes or inputs                   | 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         | 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>(1,628,679)</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                    | 2,354,748              | 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>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>\$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> |
| <b>Fiduciary Net Position</b>                            |                        |                     |                     |                     |            |            |            |            |            |            |
| Employer contributions                                   | \$659,993              | \$686,673           | \$656,924           | \$636,162           | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Member contributions                                     | 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             | 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                | (1,628,679)            | (1,508,304)         | (1,338,866)         | (1,087,601)         | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Administrative expenses                                  | (23,891)               | (23,932)            | (21,387)            | (22,071)            | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Other  | <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                     | 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>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>\$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>(\$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 | 100.79%                | 95.16%              | 94.39%              | 100.40%             | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Pensionable covered payroll                              | \$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    | -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<br>Ending<br>December 31 | Actuarially<br>Determined<br>Contribution | Actual<br>Employer<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Pensionable<br>Covered<br>Payroll | Actual Contribution<br>as a % of Covered<br>Payroll |
|-------------------------------|---|------------------------------------|--|-----------------------------------|---|
| 2008                          | \$434,230                                 | \$434,230                          | 0                                      | \$5,698,550                       | 7.6%  |
| 2009                          | 436,390                                   | 436,390                            | 0                                      | 6,027,493                         | 7.2%  |
| 2010                          | 507,545                                   | 507,545                            | 0                                      | 6,273,738                         | 8.1%  |
| 2011                          | 491,888                                   | 491,888                            | 0                                      | 6,156,098                         | 8.0%  |
| 2012                          | 516,398                                   | 516,398                            | 0                                      | 6,328,404                         | 8.2%  |
| 2013                          | 568,130                                   | 568,130                            | 0                                      | 6,652,456                         | 8.5%  |
| 2014                          | 636,162                                   | 636,162                            | 0                                      | 7,414,444                         | 8.6%  |
| 2015                          | 656,924                                   | 656,924                            | 0                                      | 8,030,891                         | 8.2%  |
| 2016                          | 686,673                                   | 686,673                            | 0                                      | 8,508,954                         | 8.1%  |
| 2017                          | 659,993                                   | 659,993                            | 0                                      | 8,955,242                         | 7.4%  |

## 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  | 12.2 years (based on contribution rate calculated in 12/31/2017 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.<br>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.<br>2016: No changes in plan provisions were reflected in the Schedule.<br>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. |

## Appendix A— GASB 68 Plan Description for Jackson 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) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS 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 TCDRS 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 TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2017 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

### Membership Information

| Members  | Dec. 31, 2016 | Dec. 31, 2017 |
|--|---------------|---------------|
| Number of inactive employees entitled to but not yet receiving benefits: | 206           | 202           |
| Number of active employees:  | 219           | 236           |
| Average monthly salary:  | \$3,179       | \$3,179       |
| Average age:   | 47.24         | 47.17         |
| Average length of service in years:                                      | 10.95         | 10.62         |
| <hr/>  |               |               |
| Inactive Employees (or their Beneficiaries) Receiving Benefits           |               |               |
| Number of benefit recipients:  | 102           | 105           |
| Average monthly benefit:   | \$1,182       | \$1,171       |

## **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                          | 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, 2016 financial reporting metrics are the same as those used in the December 31, 2017 actuarial valuation analysis for Austin County.

The following is a description of the assumptions used in the December 31, 2017 actuarial valuation analysis for Austin County. This information may also be found in the Austin County December 31, 2017 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. (See Table 1 for Merit Salary Increases.)

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

| <b>Years of Service</b> | <b>Probability</b> | <b>Years of Service</b> | <b>Probability</b> |
|-------------------------|--------------------|-------------------------|--------------------|
| 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 |                     |                     |                     |            |            |            |            |            |            |
|--|------------------------|---------------------|---------------------|---------------------|------------|------------|------------|------------|------------|------------|
|  | 2017                   | 2016                | 2015                | 2014                | 2013       | 2012       | 2011       | 2010       | 2009       | 2008       |
| <b>Total Pension Liability</b>                           |                        |                     |                     |                     |            |            |            |            |            |            |
| Service cost   | \$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                      | 2,715,110              | 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                   | (133,185)           | 0                   | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Effect of assumption changes or inputs                   | 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         | 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>(1,628,679)</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                    | 2,354,748              | 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>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>\$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> |
| <b>Fiduciary Net Position</b>                            |                        |                     |                     |                     |            |            |            |            |            |            |
| Employer contributions                                   | \$659,993              | \$686,673           | \$656,924           | \$636,162           | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Member contributions                                     | 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             | 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                | (1,628,679)            | (1,508,304)         | (1,338,866)         | (1,087,601)         | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Administrative expenses                                  | (23,891)               | (23,932)            | (21,387)            | (22,071)            | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Other  | <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                     | 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>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>\$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>(\$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 | 100.79%                | 95.16%              | 94.39%              | 100.40%             | N/A        | N/A        | N/A        | N/A        | N/A        | N/A        |
| Pensionable covered payroll                              | \$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    | -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<br>Ending<br>December 31 | Actuarially<br>Determined<br>Contribution | Actual<br>Employer<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Pensionable<br>Covered<br>Payroll | Actual Contribution<br>as a % of Covered<br>Payroll |
|-------------------------------|---|------------------------------------|--|-----------------------------------|---|
| 2008                          | \$434,230                                 | \$434,230                          | 0                                      | \$5,698,550                       | 7.6%  |
| 2009                          | 436,390                                   | 436,390                            | 0                                      | 6,027,493                         | 7.2%  |
| 2010                          | 507,545                                   | 507,545                            | 0                                      | 6,273,738                         | 8.1%  |
| 2011                          | 491,888                                   | 491,888                            | 0                                      | 6,156,098                         | 8.0%  |
| 2012                          | 516,398                                   | 516,398                            | 0                                      | 6,328,404                         | 8.2%  |
| 2013                          | 568,130                                   | 568,130                            | 0                                      | 6,652,456                         | 8.5%  |
| 2014                          | 636,162                                   | 636,162                            | 0                                      | 7,414,444                         | 8.6%  |
| 2015                          | 656,924                                   | 656,924                            | 0                                      | 8,030,891                         | 8.2%  |
| 2016                          | 686,673                                   | 686,673                            | 0                                      | 8,508,954                         | 8.1%  |
| 2017                          | 659,993                                   | 659,993                            | 0                                      | 8,955,242                         | 7.4%  |

## 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  | 12.2 years (based on contribution rate calculated in 12/31/2017 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.<br>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.<br>2016: No changes in plan provisions were reflected in the Schedule.<br>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. |



## 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, 2018

|  | SPECIAL REVENUE       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
|--|-----------------------|----------------------------|------------------------------|------------------------------------|----------------------------|-----------------------------------|----------------------------------|-----------------------------|--------------------------------------|
|  | 2007<br>PSIC<br>GRANT | ABAND-<br>ONED<br>VEHICLES | ARRA<br>JAG<br>GRANT<br>FUND | AUSTIN<br>COUNTY<br>RECY-<br>CLING | CC &<br>DC<br>TECH<br>FUND | COLLEC-<br>TION<br>FEE/<br>ESTRAY | COUNTY<br>AND<br>LATERAL<br>ROAD | COURT-<br>HOUSE<br>SECURITY | COURT<br>REPORTER<br>SERVICE<br>FUND |
| ASSETS   |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Cash and Cash Equivalents                            |                       | \$1,015                    | \$320                        | \$13,212                           | \$9,191                    | \$1,115                           |                                  | \$30,106                    | \$64,805                             |
| Receivables (net of allowance<br>for uncollectibles) |                       |                            |                              |                                    | 55                         |                                   |                                  | 428                         | 255                                  |
| <b>TOTAL ASSETS</b>                                  | <b>\$0</b>            | <b>\$1,015</b>             | <b>\$320</b>                 | <b>\$13,212</b>                    | <b>\$9,246</b>             | <b>\$1,115</b>                    | <b>\$0</b>                       | <b>\$30,534</b>             | <b>\$65,060</b>                      |

LIABILITIES AND FUND BALANCES

|                          |               |          |          |          |          |          |          |              |          |
|--------------------------|---------------|----------|----------|----------|----------|----------|----------|--------------|----------|
| Liabilities              |               |          |          |          |          |          |          |              |          |
| Accounts Payable         |               |          |          |          |          |          |          | \$1,935      |          |
| Bank Overdraft           | 70,769        |          |          |          |          |          |          |              |          |
| <b>Total Liabilities</b> | <b>70,769</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>1,935</b> | <b>0</b> |

|  |                 |                |              |                 |                |                |            |                 |                 |
|--|-----------------|----------------|--------------|-----------------|----------------|----------------|------------|-----------------|-----------------|
| Fund Balances                                  |                 |                |              |                 |                |                |            |                 |                 |
| Restricted                                     |                 |                |              |                 |                |                |            |                 |                 |
| Administrative                                 |                 |                |              |                 | 9,246          |                |            |                 |                 |
| Archives                                       |                 |                |              |                 |                |                |            |                 |                 |
| Construction                                   |                 |                |              |                 |                |                |            |                 |                 |
| Debt Service                                   |                 |                |              |                 |                |                |            |                 |                 |
| Environmental Protection                       |                 |                |              |                 |                |                |            |                 |                 |
| Health   |                 |                |              | 13,212          |                |                |            |                 |                 |
| Judicial                                       |                 |                |              |                 |                |                |            | 28,599          | 65,060          |
| Public Safety                                  |                 | 1,015          | 320          |                 |                | 1,115          |            |                 |                 |
| Committed                                      |                 |                |              |                 |                |                |            |                 |                 |
| Culture and Recreation                         |                 |                |              |                 |                |                |            |                 |                 |
| Unassigned                                     | (70,769)        |                |              |                 |                |                |            |                 |                 |
| <b>Total Fund Balances</b>                     | <b>(70,769)</b> | <b>1,015</b>   | <b>320</b>   | <b>13,212</b>   | <b>9,246</b>   | <b>1,115</b>   | <b>0</b>   | <b>28,599</b>   | <b>65,060</b>   |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$0</b>      | <b>\$1,015</b> | <b>\$320</b> | <b>\$13,212</b> | <b>\$9,246</b> | <b>\$1,115</b> | <b>\$0</b> | <b>\$30,534</b> | <b>\$65,060</b> |

(continued)

SPECIAL REVENUE

| CRIMINAL<br>DA -<br>HOT<br>CHECK | DISTRICT<br>ATTORNEY<br>FOR-<br>FEITURE | DONATIONS -<br>LEPC<br>AND<br>CERT | CDA<br>LAW<br>ENFORCE-<br>MENT | EMS/<br>SPECIAL<br>FUNDS | ENVIRO-<br>MENTAL<br>FUND | ESTRAY          | INDIGENT<br>HEALTH<br>CARE | JUSTICE<br>COURT<br>BUILDING<br>SECURITY | JUSTICE<br>COURT<br>TECH-<br>NOLOGY | JUVENILE<br>PROBATION<br>PARENTAL<br>SUPPORT | JUVENILE<br>CASE<br>MANAGE-<br>MENT | LAW<br>LIBRARY  |
|----------------------------------|---|------------------------------------|--------------------------------|--------------------------|---------------------------|-----------------|----------------------------|--|-------------------------------------|--|-------------------------------------|-----------------|
| \$13,336                         | \$2,362                                 | \$1,873                            | \$245,710                      | \$61,990                 | \$930                     | \$13,618        | \$92,054                   | \$49,595                                 | \$1,134                             | \$8,597                                      | \$86,933                            | \$21,565        |
| 145                              |   |                                    |                                | 1,075                    |                           |                 |                            |  |                                     |  |                                     | 610             |
| <u>\$13,481</u>                  | <u>\$2,362</u>                          | <u>\$1,873</u>                     | <u>\$245,710</u>               | <u>\$63,065</u>          | <u>\$930</u>              | <u>\$13,618</u> | <u>\$92,054</u>            | <u>\$49,595</u>                          | <u>\$1,134</u>                      | <u>\$8,597</u>                               | <u>\$86,933</u>                     | <u>\$22,175</u> |

|              |          |          |          |            |          |          |              |          |            |            |          |          |
|--------------|----------|----------|----------|------------|----------|----------|--------------|----------|------------|------------|----------|----------|
| \$3,954      |          |          |          | \$184      |          |          | \$1,133      |          | \$296      | \$162      |          |          |
| <u>3,954</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>184</u> | <u>0</u> | <u>0</u> | <u>1,133</u> | <u>0</u> | <u>296</u> | <u>162</u> | <u>0</u> | <u>0</u> |

|                 |                |                |                  |                 |              |                 |                 |                 |                |                |                 |                 |
|-----------------|----------------|----------------|------------------|-----------------|--------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| 9,527           | 2,362          | 1,873          | 245,710          | 62,881          | 930          | 13,618          | 90,921          | 49,595          | 838            | 8,435          | 86,933          | 22,175          |
| <u>9,527</u>    | <u>2,362</u>   | <u>1,873</u>   | <u>245,710</u>   | <u>62,881</u>   | <u>930</u>   | <u>13,618</u>   | <u>90,921</u>   | <u>49,595</u>   | <u>838</u>     | <u>8,435</u>   | <u>86,933</u>   | <u>22,175</u>   |
| <u>\$13,481</u> | <u>\$2,362</u> | <u>\$1,873</u> | <u>\$245,710</u> | <u>\$63,065</u> | <u>\$930</u> | <u>\$13,618</u> | <u>\$92,054</u> | <u>\$49,595</u> | <u>\$1,134</u> | <u>\$8,597</u> | <u>\$86,933</u> | <u>\$22,175</u> |

AUSTIN COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018  
 (continued)

|  | SPECIAL REVENUE                            |                                      |                                      |                                       |  |   |   |   |
|--|--|--------------------------------------|--------------------------------------|---------------------------------------|--|---|---|---|
|  | RECORDS<br>MANAGE-<br>MENT<br>POD<br>GRANT | RECORDS<br>MANAGE-<br>FEES<br>COUNTY | DEA/<br>SHERIFF'S<br>FORFEI-<br>TURE | SPECIAL<br>DONA-<br>TIONS/<br>SHERIFF | SPECIAL<br>LIBRARY/<br>KNOX<br>LIBRARY | SPECIAL<br>LIBRARY/<br>W. E.<br>LIBRARY | TAX INCRE-<br>MENT<br>FINANCE<br>ZONE NO. 1 | TOBACCO<br>LITIGA-<br>TION/<br>SETTLEMENT |
| ASSETS   |  |                                      |                                      |                                       |  |   |   |   |
| Cash and Cash Equivalents                            | \$6,650                                    | \$38,796                             | \$45,426                             | \$167,893                             | \$2,781                                | \$47,230                                | \$20,114                                    | \$81,780                                  |
| Receivables (net of allowance<br>for uncollectibles) |  | 483                                  | 2,788                                | 30,529                                |  |   | 167   |   |
| <b>TOTAL ASSETS</b>                                  | <b>\$6,650</b>                             | <b>\$39,279</b>                      | <b>\$48,214</b>                      | <b>\$198,422</b>                      | <b>\$2,781</b>                         | <b>\$47,230</b>                         | <b>\$20,281</b>                             | <b>\$0</b>                                |

LIABILITIES AND FUND BALANCES

|                          |          |          |            |          |          |           |            |               |
|--------------------------|----------|----------|------------|----------|----------|-----------|------------|---------------|
| Liabilities              |          |          |            |          |          |           |            |               |
| Accounts Payable         |          |          | \$483      |          |          | \$47      | \$644      |               |
| Bank Overdraft           |          |          |            |          |          |           | 51,302     |               |
| <b>Total Liabilities</b> | <b>0</b> | <b>0</b> | <b>483</b> | <b>0</b> | <b>0</b> | <b>47</b> | <b>644</b> | <b>51,302</b> |

|  |                |                 |                 |                  |                |                 |                 |                 |
|--|----------------|-----------------|-----------------|------------------|----------------|-----------------|-----------------|-----------------|
| Fund Balances                                  |                |                 |                 |                  |                |                 |                 |                 |
| Restricted                                     |                |                 |                 |                  |                |                 |                 |                 |
| Administrative                                 | 6,650          |                 |                 |                  |                |                 |                 |                 |
| Archives                                       |                | 39,279          | 47,731          |                  |                |                 |                 |                 |
| Construction                                   |                |                 |                 |                  |                |                 |                 |                 |
| Debt Service                                   |                |                 |                 |                  |                |                 |                 |                 |
| Environmental Protection                       |                |                 |                 |                  |                |                 |                 |                 |
| Health   |                |                 |                 |                  |                |                 |                 | 81,780          |
| Judicial                                       |                |                 |                 |                  |                |                 |                 |                 |
| Public Safety                                  |                |                 |                 | 198,422          | 2,781          |                 |                 |                 |
| Committed                                      |                |                 |                 |                  |                |                 |                 |                 |
| Culture and Recreation                         |                |                 |                 |                  |                | 47,183          | 19,637          |                 |
| Unassigned                                     |                |                 |                 |                  |                |                 |                 | (51,302)        |
| <b>Total Fund Balances</b>                     | <b>6,650</b>   | <b>39,279</b>   | <b>47,731</b>   | <b>198,422</b>   | <b>2,781</b>   | <b>47,183</b>   | <b>19,637</b>   | <b>(51,302)</b> |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$6,650</b> | <b>\$39,279</b> | <b>\$48,214</b> | <b>\$198,422</b> | <b>\$2,781</b> | <b>\$47,230</b> | <b>\$20,281</b> | <b>\$0</b>      |

(continued)

| SPECIAL REVENUE             |                    | DEBT SERVICE                        | CAPITAL PROJECT          |                              |
|-----------------------------|--------------------|-------------------------------------|--------------------------|------------------------------|
| TRAFFIC FEES/ JUSTICE COURT | VIDEO/ COURT COSTS | CERTIFICATE OF OBLIGATION SER. 2009 | TAX ROAD BONDS SER. 2009 | NON-MAJOR GOVERNMENTAL FUNDS |
| \$23,282                    | \$6,802            | \$17,676                            | \$2,740                  | \$1,180,631                  |
|                             |                    |                                     |                          | 36,535                       |
| \$23,282                    | \$6,802            | \$17,676                            | \$2,740                  | \$1,217,166                  |
|                             |                    |                                     |                          | \$8,838                      |
|                             |                    |                                     |                          | 122,071                      |
| 0                           | 0                  | 0                                   | 0                        | 130,909                      |
|                             |                    |                                     |                          | 15,896                       |
|                             |                    |                                     |                          | 87,010                       |
|                             |                    |                                     | 2,740                    | 2,740                        |
|                             |                    | 17,676                              |                          | 17,676                       |
|                             |                    |                                     |                          | 930                          |
|                             |                    |                                     |                          | 185,913                      |
|                             |                    |                                     |                          | 186,591                      |
| 23,282                      | 6,802              |                                     |                          | 644,752                      |
|                             |                    |                                     |                          | 66,820                       |
|                             |                    |                                     |                          | (122,071)                    |
| 23,282                      | 6,802              | 17,676                              | 2,740                    | 1,086,257                    |
| \$23,282                    | \$6,802            | \$17,676                            | \$2,740                  | \$1,217,166                  |

AUSTIN COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

|  | SPECIAL REVENUE       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
|--|-----------------------|----------------------------|------------------------------|------------------------------------|----------------------------|-----------------------------------|----------------------------------|-----------------------------|--------------------------------------|
|  | 2007<br>PSIC<br>GRANT | ABAND-<br>ONED<br>VEHICLES | ARRA<br>JAG<br>GRANT<br>FUND | AUSTIN<br>COUNTY<br>RECY-<br>CLING | CC &<br>DC<br>TECH<br>FUND | COLLEC-<br>TION<br>FEE/<br>ESTRAY | COUNTY<br>AND<br>LATERAL<br>ROAD | COURT-<br>HOUSE<br>SECURITY | COURT<br>REPORTER<br>SERVICE<br>FUND |
| <i>REVENUES</i>                              |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Taxes  |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Property                                     |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Intergovernmental                            |                       |                            |                              |                                    |                            |                                   | 29,821                           |                             |                                      |
| Charges for Services                         |                       |                            |                              |                                    | 1,626                      |                                   |                                  | 25,395                      | 8,511                                |
| Interest                                     |                       |                            |                              |                                    | 184                        |                                   |                                  |                             |                                      |
| Miscellaneous                                |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Total Revenues                               | 0                     | 0                          | 0                            | 0                                  | 1,810                      | 0                                 | 29,821                           | 25,395                      | 8,511                                |
| <i>EXPENDITURES</i>                          |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Current:                                     |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| General Administration                       |                       |                            |                              |                                    | 652                        |                                   |                                  |                             |                                      |
| Legal  |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Judicial                                     |                       |                            |                              |                                    |                            |                                   |                                  |                             | 1,297                                |
| Public Safety                                |                       |                            |                              |                                    |                            |                                   |                                  | 76,643                      |                                      |
| Public Transportation                        |                       |                            |                              |                                    |                            |                                   | 29,821                           |                             |                                      |
| Culture and Recreation                       |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Health and Welfare                           |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Debt Service                                 |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Principal Retirement                         |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Interest Retirement                          |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Total Expenditures                           | 0                     | 0                          | 0                            | 0                                  | 652                        | 0                                 | 29,821                           | 76,643                      | 1,297                                |
| Excess (Deficiency) of Revenues Over (Under) |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Expenditures                                 | 0                     | 0                          | 0                            | 0                                  | 1,158                      | 0                                 | 0                                | (51,248)                    | 7,214                                |
| <i>OTHER FINANCING SOURCES (USES):</i>       |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Operating Transfers In                       |                       |                            |                              |                                    |                            |                                   |                                  | 100,000                     |                                      |
| Operating Transfers Out                      |                       |                            |                              |                                    |                            |                                   |                                  |                             |                                      |
| Total Other Financing Sources (Uses)         | 0                     | 0                          | 0                            | 0                                  | 0                          | 0                                 | 0                                | 100,000                     | 0                                    |
| Net Changes in Fund Balances                 | 0                     | 0                          | 0                            | 0                                  | 1,158                      | 0                                 | 0                                | 48,752                      | 7,214                                |
| Fund Balances - Beginning                    | (70,769)              | 1,015                      | 320                          | 13,212                             | 8,088                      | 1,115                             | 0                                | (20,153)                    | 57,846                               |
| Fund Balances - Ending                       | (\$70,769)            | \$1,015                    | \$320                        | \$13,212                           | \$9,246                    | \$1,115                           | \$0                              | \$28,599                    | \$65,060                             |

(continued)

SPECIAL REVENUE

| CRIMINAL<br>DA -<br>HOT<br>CHECK | DISTRICT<br>ATTORNEY<br>FOR-<br>FEITURE | DONATIONS -<br>LEPC<br>AND<br>CERT | CDA<br>LAW<br>ENFORCE-<br>MENT | EMS/<br>SPECIAL<br>FUNDS | ENVIRO-<br>MENTAL<br>FUND | ESTRAY   | INDIGENT<br>HEALTH<br>CARE | JUSTICE<br>COURT<br>BUILDING<br>SECURITY | JUSTICE<br>COURT<br>TECH-<br>NOLOGY | JUVENILE<br>PROBATION<br>PARENTAL<br>SUPPORT | JUVENILE<br>CASE<br>MANAGE-<br>MENT | LAW<br>LIBRARY |
|----------------------------------|---|------------------------------------|--------------------------------|--------------------------|---------------------------|----------|----------------------------|--|-------------------------------------|--|-------------------------------------|----------------|
|                                  |   |                                    | 214,699                        |                          |                           |          |                            |  |                                     | 7,774  | 629                                 |                |
| 25,865<br>98                     | 67<br>611                               |                                    | 3,569                          |                          |                           | 3,008    |                            | 4,296                                    | 16,950                              |  |                                     | 29,951         |
|                                  |   |                                    |                                | 14,871                   |                           |          |                            |  |                                     | 62<br>506                                    |                                     |                |
| 25,963                           | 678                                     | 0                                  | 218,268                        | 14,871                   | 0                         | 3,008    | 0                          | 4,296                                    | 16,950                              | 8,342  | 629                                 | 29,951         |
| 24,057                           | 2,912                                   |                                    |                                |                          |                           |          |                            |  |                                     |  |                                     |                |
|                                  |   |                                    | 139,324                        | 4,785                    |                           | 1,125    |                            |  | 29,960                              | 7,358  |                                     | 24,611         |
|                                  |   |                                    |                                |                          |                           |          | 43,943                     |  |                                     |  |                                     |                |
| 24,057                           | 2,912                                   | 0                                  | 139,324                        | 4,785                    | 0                         | 1,125    | 43,943                     | 0  | 29,960                              | 7,358  | 0                                   | 24,611         |
| 1,906                            | (2,234)                                 | 0                                  | 78,944                         | 10,086                   | 0                         | 1,883    | (43,943)                   | 4,296                                    | (13,010)                            | 984  | 629                                 | 5,340          |
|                                  |   |                                    |                                |                          |                           |          |                            |  |                                     |  |                                     |                |
|                                  |   |                                    |                                |                          |                           |          | 100,000                    |  |                                     |  |                                     |                |
| 0                                | 0                                       | 0                                  | 0                              | 0                        | 0                         | 0        | 100,000                    | 0  | 0                                   | 0  | 0                                   | 0              |
| 1,906                            | (2,234)                                 | 0                                  | 78,944                         | 10,086                   | 0                         | 1,883    | 56,057                     | 4,296                                    | (13,010)                            | 984  | 629                                 | 5,340          |
| 7,621                            | 4,596                                   | 1,873                              | 166,766                        | 52,795                   | 930                       | 11,735   | 34,864                     | 45,299                                   | 13,848                              | 7,451  | 86,304                              | 16,835         |
| \$9,527                          | \$2,362                                 | \$1,873                            | \$245,710                      | \$62,881                 | \$930                     | \$13,618 | \$90,921                   | \$49,595                                 | \$838                               | \$8,435                                      | \$86,933                            | \$22,175       |



AUSTIN COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018  
 (continued)

|  | SPECIAL REVENUE           |                            |                              |                            |                             |                              |                               |                                |          |
|--|---------------------------|----------------------------|------------------------------|----------------------------|-----------------------------|------------------------------|-------------------------------|--------------------------------|----------|
|  | RECORDS                   |                            |                              | SPECIAL                    | SPECIAL                     | SPECIAL                      | TAX INCRE-                    | TOBACCO                        |          |
|  | MANAGE-<br>MENT<br>COUNTY | RECORDS<br>MANAGE-<br>FEES | SHERIFF'S<br>FORFEI-<br>TURE | DONA-<br>TIONS/<br>SHERIFF | LIBRARY/<br>KNOX<br>LIBRARY | LIBRARY/<br>W. E.<br>LIBRARY | MENT<br>FINANCE<br>ZONE NO. 1 | LITIGA-<br>TION/<br>SETTLEMENT |          |
| <b>REVENUES</b>                              |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Taxes  |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Property                                     |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Intergovernmental                            |                           |                            |                              |                            |                             |                              |                               | 46,505                         |          |
| Charges for Services                         | 17,074                    | 62,569                     |                              |                            |                             |                              |                               |                                |          |
| Interest                                     |                           | 427                        | 2,252                        |                            | 464                         | 189                          |                               | 683                            |          |
| Miscellaneous                                |                           |                            | 416,292                      | 3,900                      | 8,085                       | 6,532                        |                               |                                |          |
| Total Revenues                               | 0                         | 17,074                     | 62,996                       | 418,544                    | 3,900                       | 8,549                        | 6,721                         | 0                              | 47,188   |
| <b>EXPENDITURES</b>                          |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Current:                                     |                           |                            |                              |                            |                             |                              |                               |                                |          |
| General Administration                       | 4,900                     | 56,857                     |                              |                            |                             |                              | 51,302                        |                                |          |
| Legal  |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Judicial                                     |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Public Safety                                |                           |                            | 310,490                      | 3,890                      |                             |                              |                               |                                |          |
| Public Transportation                        |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Culture and Recreation                       |                           |                            |                              |                            | 7,433                       | 5,151                        |                               |                                |          |
| Health and Welfare                           |                           |                            |                              |                            |                             |                              |                               | 7,284                          |          |
| Debt Service                                 |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Principal Retirement                         |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Interest Retirement                          |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Total Expenditures                           | 0                         | 4,900                      | 56,857                       | 310,490                    | 3,890                       | 7,433                        | 5,151                         | 51,302                         | 7,284    |
| Excess (Deficiency) of Revenues Over (Under) |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Expenditures                                 | 0                         | 12,174                     | 6,139                        | 108,054                    | 10                          | 1,116                        | 1,570                         | (51,302)                       | 39,904   |
| <b>OTHER FINANCING SOURCES (USES):</b>       |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Operating Transfers In                       |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Operating Transfers Out                      |                           |                            |                              |                            |                             |                              |                               |                                |          |
| Total Other Financing Sources (Uses)         | 0                         | 0                          | 0                            | 0                          | 0                           | 0                            | 0                             | 0                              | 0        |
| Net Changes in Fund Balances                 | 0                         | 12,174                     | 6,139                        | 108,054                    | 10                          | 1,116                        | 1,570                         | (51,302)                       | 39,904   |
| Fund Balances - Beginning                    | 6,650                     | 27,105                     | 41,592                       | 90,368                     | 2,771                       | 46,067                       | 18,067                        | 0                              | 41,876   |
| Fund Balances - Ending                       | \$6,650                   | \$39,279                   | \$47,731                     | \$198,422                  | \$2,781                     | \$47,183                     | \$19,637                      | (\$51,302)                     | \$81,780 |

(continued)

| SPECIAL REVENUE             |                    | DEBT SERVICE                        | CAPITAL PROJECT          |                              |
|-----------------------------|--------------------|-------------------------------------|--------------------------|------------------------------|
| TRAFFIC FEES/ JUSTICE COURT | VIDEO/ COURT COSTS | CERTIFICATE OF OBLIGATION SER. 2009 | TAX ROAD BONDS SER. 2009 | NON-MAJOR GOVERNMENTAL FUNDS |
|                             |                    | \$467,031                           |                          | \$467,031                    |
|                             |                    |                                     |                          | 299,428                      |
| 10,926                      | 52                 |                                     |                          | 206,223                      |
|                             |                    | 1,920                               |                          | 9,915                        |
|                             |                    |                                     |                          | 450,797                      |
| 10,926                      | 52                 | 468,951                             | 0                        | 1,433,394                    |
|                             |                    |                                     |                          | 113,711                      |
|                             |                    |                                     |                          | 26,969                       |
|                             |                    |                                     |                          | 63,226                       |
|                             |                    |                                     |                          | 536,257                      |
|                             |                    |                                     |                          | 29,821                       |
|                             |                    |                                     |                          | 12,584                       |
|                             |                    |                                     |                          | 51,227                       |
|                             |                    | 270,000                             |                          | 270,000                      |
|                             |                    | 186,019                             |                          | 186,019                      |
| 0                           | 0                  | 456,019                             | 0                        | 1,289,814                    |
| 10,926                      | 52                 | 12,932                              | 0                        | 143,580                      |
|                             |                    |                                     |                          | 200,000                      |
|                             |                    |                                     |                          | 0                            |
| 0                           | 0                  | 0                                   | 0                        | 200,000                      |
| 10,926                      | 52                 | 12,932                              | 0                        | 343,580                      |
| 12,356                      | 6,750              | 4,744                               | 2,740                    | 742,677                      |
| \$23,282                    | \$6,802            | \$17,676                            | \$2,740                  | \$1,086,257                  |

AGENCY

AUSTIN COUNTY, TEXAS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

|  | Juvenile<br>Probation<br>State | Drainage<br>District<br>No. 1 | Court<br>Costs | Bellville<br>ISD<br>Truancy | Sealy<br>ISD<br>Truancy | New Ulm<br>WWTR<br>Rehabilitation | County<br>Officer<br>Monies | Total       |
|--|--------------------------------|-------------------------------|----------------|-----------------------------|-------------------------|-----------------------------------|-----------------------------|-------------|
| <b>ASSETS</b>  |                                |                               |                |                             |                         |                                   |                             |             |
| Cash and Cash Equivalents                            | \$26,569                       | \$62,591                      | \$356,627      | \$1,132                     | \$258                   | \$6,887                           | \$2,175,242                 | \$2,629,306 |
| Receivables (net of allowance<br>for uncollectibles) |                                |                               | 4,537          |                             |                         |                                   |                             | 4,537       |
| Total Assets   | \$26,569                       | \$62,591                      | \$361,164      | \$1,132                     | \$258                   | \$6,887                           | \$2,175,242                 | \$2,633,843 |
| <b>LIABILITIES</b>                                   |                                |                               |                |                             |                         |                                   |                             |             |
| Accounts Payable                                     | \$16,950                       |                               | \$114,633      |                             |                         |                                   |                             | \$131,583   |
| Bank Overdraft                                       |                                |                               |                |                             |                         | 6,887                             |                             | 6,887       |
| Due to Others  | 9,619                          | 62,591                        | 246,531        | 1,132                       | 258                     |                                   | 2,175,242                   | 2,495,373   |
| Total Liabilities                                    | \$26,569                       | \$62,591                      | \$361,164      | \$1,132                     | \$258                   | \$6,887                           | \$2,175,242                 | \$2,633,843 |