

GONZALES COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2019

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

TABLE OF CONTENTS

FINANCIAL SECTION

1. Independent Auditor's Report
3. Management's Discussion and Analysis

Basic Financial Statements:

Government-wide Financial Statements:

14. Statement of Net Position
15. Statement of Activities

Fund Financial Statements:

16. Balance Sheet - Governmental Funds
17. Reconciliation of the Government Funds
18. Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
19. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
20. Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - General Fund
22. Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Road and Bridge Fund
23. Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund
24. Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Revolving Loan Fund
25. Statement of Net Position - Fiduciary Funds
26. Notes to the Financial Statements

Required Supplementary Information:

78. Schedule of Funding Progress - Public Employees Retirement System
82. OPEB Information – Analysis of Funding Progress

Combining and Individual Fund Statements and Schedules:

84. Combining Balance Sheet - Road and Bridge Fund
85. Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Road and Bridge Fund
86. Combining Balance Sheet - Non-major Governmental Funds
90. Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds

FINANCIAL SECTION

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

Wayne R. Beyer, C.P.A.

P.O. Box 366 / 442 West Oaklawn
Pleasanton, Texas 78064
Phone: (830) 569-8781 ~ Fax: (830) 569-6776
E-mail: beyerandco@sbcglobal.net

111 North Odem
Sinton, Texas 78387

Please reply to Pleasanton address

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gonzales County, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund, the Road and Bridge fund, the Debt Service fund, and the Revolving Loan 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, employees' retirement system information, and the OPEB system information on pages 3–13, 78-81, and 82–83 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 Gonzales County, Texas's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Beyer & Co.

BEYER & COMPANY
Certified Public Accountants
May 19, 2020

Management's Discussion and Analysis

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

Financial Highlights

- . The assets of Gonzales County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$37,874,855 (net position). Of this amount, \$3,994,280 or 11% (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total net position decreased by \$4,057,051. This decrease is mainly attributable to an increase in Net Pension Liability of \$4,366,797, the payback of \$523,815 to the Texas Comptroller for sales tax received, and an additional contribution of \$500,000 to the TCDRS.
- . Gonzales County, Texas' total restricted net position at September 30, 2019 is \$10,482,739 or 28% of net position.
- . Gonzales County, Texas' total debt increased by \$4,763,195 (103.49 percent) during the current fiscal year. The key factor in this increase was the issuance of Capital Leases of \$1,206,424 and an increase in Net Pension Liability of \$4,366,797.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Gonzales County, Texas' basic financial statements. Gonzales 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 Gonzales County, Texas' finances, in a manner like a private-sector business.

The statement of net position presents information on all of Gonzales 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 Gonzales 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 Gonzales 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 Gonzales 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 government-wide financial statements include only Gonzales County, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 14-15 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. Gonzales County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Gonzales County, Texas can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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.

Gonzales County, Texas maintains twenty-eight (28) 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 Road and Bridge Fund, the Debt Service Fund, the Revolving Loan Fund and the Energy Transportation Reinvestments Fund, each of which are considered to be major funds. Data from the other twenty-three (23) 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.

Gonzales County, Texas adopts an annual appropriated budget for its General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Revolving Loan Fund. A budgetary comparison statement has been provided for the General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Revolving Loan Fund. The basic governmental fund financial statements can be found on pages 16-24 of this report.

Gonzales County, Texas also has one agency fund and one private purpose trust fund. The fiduciary fund types can be found on pages 25 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 26-79 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Gonzales County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 78-83 of this report.

The combining statements referred to earlier in connection with major road and bridge funds, 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 84-85 and on pages 86-93 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 Gonzales County, Texas, assets exceeded liabilities by \$37,874,855 at the close of the most recent fiscal year.

By far the largest portion of Gonzales County, Texas' net position (62 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. Gonzales County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Gonzales County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**GONZALES COUNTY, TEXAS
NET POSITION**

	Governmental Activities		Total	
	2019	2018	2019	2018
Current and Other Assets	\$20,197,938	\$21,726,746	\$20,197,938	\$21,726,746
Capital Assets:	24,517,133	24,442,367	24,517,133	24,442,367
Total Assets	44,715,071	46,169,113	44,715,071	46,169,113
Total Deferred Outflows of Resources	2,868,773	1,430,686	2,868,773	1,430,686
Total Assets	\$47,583,844	\$47,599,799	\$47,583,844	\$47,599,799
Long-term Liabilities	9,365,742	4,602,547	9,365,742	4,602,547
Other liabilities	339,277	788,492	339,277	788,492
Total Liabilities	9,705,019	5,391,039	9,705,019	5,391,039
Total Deferred Inflows of Resources	3,970	276,854	3,970	276,854
Net Investment in Capital Assets	23,397,836	23,750,618	23,397,836	23,750,618
Restricted	10,482,739	10,763,377	10,482,739	10,763,377
Unrestricted	3,994,280	7,417,911	3,994,280	7,417,911
Total Net Assets	\$37,874,855	\$41,931,906	\$37,874,855	\$41,931,906

A portion of Gonzales County, Texas' net position (28 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$3,994,280) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year and the prior fiscal year, Gonzales County, Texas can report positive balances in all three categories of net position.

There was a decrease of \$280,638 in restricted net position reported in connection with Gonzales County, Texas' governmental activities. This decrease resulted from monies being expended for road construction.

The government's total net position decreased by \$4,057,051. This decrease is mainly attributable to an increase in Net Pension Liability of \$4,366,797, the payback of \$523,815 to the Texas Comptroller for sales tax received, and an additional contribution of \$500,000 to the TCDRS.

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.

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

	Governmental Activities		Total	
	2019	2018	2019	2018
Revenues:				
Program Revenues:				
Charges for Services	\$2,940,573	\$2,633,394	\$2,940,573	\$2,633,394
Operating Grants and Contributions	149,673	202,568	149,673	202,568
General Revenues:				
Maintenance and Operations Taxes	13,581,272	13,677,330	13,581,272	13,677,330
Sales Taxes	2,262,705	2,024,933	2,262,705	2,024,933
Other Taxes	22,277	26,285	22,277	26,285
Oil Royalties	119,247	169,228	119,247	169,228
Unrestricted Investment Earnings	242,525	109,861	242,525	109,861
Miscellaneous	463,796	473,909	463,796	473,909
Total Revenue	19,782,068	19,317,508	19,782,068	19,317,508
Expenses:				
General Administration	3,582,641	2,843,652	3,582,641	2,843,652
Legal	767,788	656,760	767,788	656,760
Judicial	1,950,596	1,723,092	1,950,596	1,723,092
Financial Administration	1,284,236	1,122,596	1,284,236	1,122,596
Public Facilities	2,311,744	960,109	2,311,744	960,109
Public Safety	6,916,871	6,047,264	6,916,871	6,047,264
Public Transportation	6,793,564	6,129,283	6,793,564	6,129,283
Health and Welfare	1,660	1,720	1,660	1,720
Conservation - Agriculture	183,049	115,979	183,049	115,979
Interest and Fiscal Charges	46,970	29,251	46,970	29,251
Total Expenses	23,839,119	19,629,706	23,839,119	19,629,706
Increase in Net Position before transfers and special items	(4,057,051)	(312,198)	(4,057,051)	(312,198)
Transfers	0	0	0	0
Increase in Net Position	(4,057,051)	(312,198)	(4,057,051)	(312,198)
Net Position at 09/30/2018	41,931,906	42,244,104	41,931,906	42,244,104
Net Position at 09/30/2019	\$37,874,855	\$41,931,906	\$37,874,855	\$41,931,906

Functions/Programs	Expenses	Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$3,582,641	\$392,500	\$25,200	\$0
Legal	767,788		3,607	
Judicial	1,950,596	969,359	10,733	
Financial Administration	1,284,236	470,348		
Public Facilities	2,311,744			
Public Safety	6,916,871	290,811	80,849	
Public Transportation	6,793,564	817,555	29,284	
Health and Welfare	1,660			
Conservation - Agriculture	183,049			
Interest and Fiscal Charges	46,970			
Total Government Activities	<u>\$23,839,119</u>	<u>\$2,940,573</u>	<u>\$149,673</u>	<u>\$0</u>

Revenues by source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$2,940,573	14.86%
Operating Grants and Contributions	149,673	0.76%
Maintenance and Operations Taxes	13,581,272	68.65%
Sales Taxes	2,262,705	11.44%
Other Taxes	22,277	0.11%
Oil Royalties	119,247	0.60%
Unrestricted Investment Earnings	242,525	1.24%
Miscellaneous	463,796	2.34%
	<u>\$19,782,068</u>	<u>100.00%</u>

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

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Gonzales County, Texas' governmental funds reported combined ending fund balances of \$16,790,520, a decrease of \$657,401 in comparison with the prior year. Approximately 37% of this total amount (\$6,254,349) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is restricted or committed.

The general fund is the chief operating fund of Gonzales County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,270,704, while total fund balance reached a balance of \$6,299,344. 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. Unassigned, undesignated fund balance represents 43 percent of total general fund expenditures, while total fund balance represents 43 percent of that same amount.

The fund balance of the general fund decreased by \$378,313 during the current fiscal year. This decrease is a result of a payback of \$523,815 to the Texas Comptroller for sales tax received and an additional contribution of \$500,000 to the TCDRS.

At the end of the current fiscal year restricted fund balance of the road and bridge fund was \$9,249,623, while total fund balance reached a balance of \$9,264,415. 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 135 percent of total road and bridge fund expenditures, while total fund balance represents 135 percent of that same amount.

The fund balance of the road and bridge fund decreased by \$390,257 during the current fiscal year. Key factors in this increase are as follows:

. This decrease is a result of additional road and bridge expenditures in the 2019 year.

At the end of the current fiscal year unassigned fund balance of the Debt Service fund was \$0, while total fund balance reached \$81,950. As a measure of the Debt Service fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 0 percent of total Debt Service fund expenditures, while total fund balance represents 34 percent of that same amount.

The fund balance of Gonzales County, Texas' Debt Service fund increased by \$25,204 during the current fiscal year. This increase is a result of debt service expenditures being less than the property tax revenue.

There is no discussion regarding the Revolving Loan fund and the Energy Transportation Reinvestment fund. The Revolving Loan fund is a grant fund and the Energy Transportation Reinvestment fund is a construction fund.

Budgetary Highlights:

Differences between the original budget and the final amended budget in the general fund was an increase of \$1,847,438 in appropriations and most of the amendments can be briefly summarized as follows:

- . The major increase occurred in the courthouse department and the non-departmental department which increased by \$754,591 and \$540,997, respectively; by reason of the payback of \$523,815 to the Texas Comptroller for sales tax received in the non-departmental department and the jail remediation of \$307,467 and the building repair of \$400,860 in the courthouse department. The increases were funded from available fund balance.

Capital Asset and Debt Administration

Capital assets:

Gonzales County, Texas' investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$24,517,133 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, roads and infrastructure, machinery and equipment, and park facilities. The total increase in Gonzales County, Texas' investment in capital assets for the current fiscal year was .31 percent.

The major capital asset event during the current fiscal year was construction for the Justice of the Peace building of \$252,565.

GONZALES COUNTY, TEXAS CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Total	
	2019	2018	2019	2018
Land	\$3,591	\$3,591	\$3,591	\$3,591
Construction In Progress	252,566	0	252,566	0
Building and Improvements	10,616,757	10,909,308	10,616,757	10,909,308
Machinery, Equipment and Vehicles	6,283,859	5,870,697	6,283,859	5,870,697
Infrastructure	7,360,360	7,658,771	7,360,360	7,658,771
Total	<u>\$24,517,133</u>	<u>\$24,442,367</u>	<u>\$24,517,133</u>	<u>\$24,442,367</u>

Additional information on Gonzales County, Texas' capital assets can be found in note IV C on pages 38-39 of this report.

Long-term debt:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Summary	
					Noncurrent Liabilities	
					Due Within One Year	Due in More Than One Year
<u>Governmental Activities:</u>						
Bonds Payable	\$465,000		\$230,000	\$235,000	\$235,000	\$0
Total Bonds Payable	465,000	0	230,000	235,000	235,000	0
Grand Total	\$465,000	\$0	\$230,000	\$235,000	\$235,000	\$0

Gonzales County, Texas' total bonded debt decreased by \$230,000 (49 percent) during the current fiscal year. The key factor in this decrease was the payment of \$230,000 on bond retirement.

Additional information on Gonzales County, Texas' long-term debt can be found in note IV F on pages 41-42 of this report.

Economic Factors

The Eagle Ford Oil and Gas Shale has brought in an increase in construction and an increase in property values.

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

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 Gonzales County Auditor's Office; 414 St. Joseph Street, Suite 400; Gonzales, Texas 78629, or (830) 672-6397.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Governmental	
	Activities	Total
<i>ASSETS</i>		
Cash and Cash Equivalents	\$16,751,579	\$16,751,579
Receivables (net of allowance for uncollectibles)	3,392,927	3,392,927
Prepaid Expenses	53,432	53,432
Capital Assets Not Being Depreciated:		
Land	3,591	3,591
Construction in Progress	252,566	252,566
Total Capital Assets Being Depreciated, Net		
Building and Improvements	10,616,757	10,616,757
Machinery and Equipment	6,283,859	6,283,859
Infrastructure	7,360,360	7,360,360
Total Assets	<u>\$44,715,071</u>	<u>\$44,715,071</u>
DEFERRED OUTFLOWS OF RESOURCES		
GASB 68		
Deferred Outflow of Resources-Contributions (after 12/31/18)	1,302,655	1,302,655
Deferred Outflow-Changes of assumptions	83,562	83,562
Deferred Outflow-Net difference between projected and actual earnings	1,353,347	1,353,347
Deferred Outflow-Differences between expected and actual experience	82,867	82,867
GASB 75		
Deferred Outflow of Resources-Contributions (after 12/31/18)	45,990	45,990
Deferred Outflow-Net difference between projected and actual earnings	352	352
Total Deferred Outflows of Resources	<u>2,868,773</u>	<u>2,868,773</u>
LIABILITIES:		
Accounts Payable	\$113,175	\$113,175
Accrued Wages	219,883	219,883
Accrued Interest Payable	1,219	1,219
Unearned Revenues	5,000	5,000
Noncurrent Liabilities:		
Due Within One Year	629,865	629,865
Due in More Than One Year	8,735,877	8,735,877
Total Liabilities	<u>9,705,019</u>	<u>9,705,019</u>
DEFERRED INFLOWS OF RESOURCES		
GASB 68		
Deferred Inflow-Differences between expected and actual experience	0	0
Deferred Inflow-Net difference between projected and actual earnings	0	0
GASB 75		
Deferred Inflow-Differences between expected and actual experience	3,970	3,970
Total Deferred Inflows of Resources	<u>3,970</u>	<u>3,970</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	23,397,836	23,397,836
Restricted		
Debt Service	81,950	81,950
Elections	16,564	16,564
Financial Administration	16,917	16,917
General Administration	347,943	347,943
Judicial	208,936	208,936
Judicial - District Attorney	14,834	14,834
Public Safety	11,211	11,211
Public Safety - Sheriff	40,046	40,046
Public Transportation	9,249,623	9,249,623
Records Archives	494,715	494,715
Unrestricted	3,994,280	3,994,280
Total Net Position	<u>\$37,874,855</u>	<u>\$37,874,855</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in	Revenue and Changes in
					Net Position	Net Position
				Governmental Activities	Total	
Primary Government						
Government Activities:						
General Administration	\$3,582,641	\$392,500	\$25,200	\$0	(\$3,164,941)	(\$3,164,941)
Legal	767,788		3,607		(764,181)	(764,181)
Judicial	1,950,596	969,359	10,733		(970,504)	(970,504)
Financial Administration	1,284,236	470,348			(813,888)	(813,888)
Public Facilities	2,311,744				(2,311,744)	(2,311,744)
Public Safety	6,916,871	290,811	80,849		(6,545,211)	(6,545,211)
Public Transportation	6,793,564	817,555	29,284		(5,946,725)	(5,946,725)
Health and Welfare	1,660				(1,660)	(1,660)
Conservation - Agriculture	183,049				(183,049)	(183,049)
Interest and Fiscal Charges	46,970				(46,970)	(46,970)
Total Government Activities	<u>23,839,119</u>	<u>2,940,573</u>	<u>149,673</u>	<u>0</u>	<u>(20,748,873)</u>	<u>(20,748,873)</u>
Total Primary Government	<u>\$23,839,119</u>	<u>\$2,940,573</u>	<u>\$149,673</u>	<u>\$0</u>	<u>(20,748,873)</u>	<u>(20,748,873)</u>
General Revenues						
Property Taxes, Levies for General Purposes					13,581,272	13,581,272
Sales Taxes					2,262,705	2,262,705
Other Taxes					22,277	22,277
Oil and Gas Royalties					119,247	119,247
Unrestricted Investment Earnings					242,525	242,525
Miscellaneous					463,796	463,796
Total General Revenues and Transfers					<u>16,691,822</u>	<u>16,691,822</u>
Change in Net Position					(4,057,051)	(4,057,051)
Net Position - Beginning					<u>41,931,906</u>	<u>41,931,906</u>
Net Position - Ending					<u>\$37,874,855</u>	<u>\$37,874,855</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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

	General Fund	Road and Bridge	Debt Service Fund	Revolving Loan Fund	Energy Transportation Reinvestment	Other Governmental Funds	Total Governmental Funds
<i>ASSETS</i>							
Cash and Cash Equivalents	\$6,244,510	\$9,275,184	\$81,950	\$341,452		\$808,483	\$16,751,579
Receivables (net of allowance for uncollectibles)	1,471,902	27,191		317,668	99,921	2,587	1,919,269
Prepaid Items	38,640	14,792					53,432
Total Assets	<u>\$7,755,052</u>	<u>\$9,317,167</u>	<u>\$81,950</u>	<u>\$659,120</u>	<u>\$99,921</u>	<u>\$811,070</u>	<u>\$18,724,280</u>
<i>LIABILITIES AND FUND BALANCES:</i>							
<i>Liabilities</i>							
Accounts Payable		\$5,543		\$466	\$106,276	\$890	\$113,175
Accrued Wages	172,674	47,209					219,883
Deferred Revenues				317,668			317,668
Total Liabilities	<u>172,674</u>	<u>52,752</u>	<u>0</u>	<u>318,134</u>	<u>106,276</u>	<u>890</u>	<u>650,726</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>							
Deferred Property Taxes	1,283,034						1,283,034
Total Deferred Inflows of Resources	<u>1,283,034</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,283,034</u>
<i>Fund Balances:</i>							
<i>Non-Spendable</i>							
Prepaid Items	38,640	14,792					53,432
<i>Restricted</i>							
Debt Service			81,950				81,950
Elections						16,564	16,564
Financial Administration						16,917	16,917
General Administration				340,986		6,957	347,943
Judicial						208,936	208,936
Judicial - District Attorney						14,834	14,834
Public Safety						11,211	11,211
Public Safety - Sheriff						40,046	40,046
Public Transportation		9,249,623					9,249,623
Records Archives						494,715	494,715
Unassigned	6,260,704				(6,355)		6,254,349
Total Fund Balance	<u>6,299,344</u>	<u>9,264,415</u>	<u>81,950</u>	<u>340,986</u>	<u>(6,355)</u>	<u>810,180</u>	<u>16,790,520</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$7,755,052</u>	<u>\$9,317,167</u>	<u>\$81,950</u>	<u>\$659,120</u>	<u>\$99,921</u>	<u>\$811,070</u>	<u>\$18,724,280</u>

The accompanying notes are an integral part of this statement.

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

Total Fund Balances - governmental funds balance sheet	\$16,790,520
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.	24,517,133
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,791,326
GASB 68	
Deferred Outflow of Resources-Contribution	1,302,655
Deferred Outflow-Changes of assumptions	83,562
Deferred Outflow-Net difference between projected and actual earnings	1,353,347
Deferred Outflow-Differences between expected and actual experience	82,867
GASB 75	
Deferred Outflow of Resources-Contribution	45,990
Deferred Outflow-Net difference between projected and actual earnings	352
Deferred Inflow-Differences between expected and actual experience	(3,970)
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	1,278,034
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(9,366,961)
Net Position of Governmental Activities - Statement of Net Position	<u><u>\$37,874,855</u></u>

The accompanying notes are an integral part of this statement.

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

	General Fund	Road and Bridge	Debt Service Fund	Revolving Loan Fund	Energy Transportation Reinvestment	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>							
Taxes							
Property	\$9,559,113	\$4,121,110	\$269,137				\$13,949,360
Sales	2,262,705						2,262,705
Other	22,277						22,277
Intergovernmental	96,898	29,284				23,491	149,673
Licenses and Permits	168,913	817,555					986,468
Charges for Services	992,627					206,736	1,199,363
Fines and Forfeitures	635,312						635,312
Oil and Gas Royalties	379	118,868					119,247
Interest	108,820	129,049	558	3,711		387	242,525
Miscellaneous	432,170	31,626					463,796
Total Revenues	14,279,214	5,247,492	269,695	3,711	0	230,614	20,030,726
<i>EXPENDITURES</i>							
Current:							
General Administration	3,562,044			2,138		9,986	3,574,168
Legal	622,051						622,051
Judicial	1,565,706					121,537	1,687,243
Financial Administration	1,069,012						1,069,012
Public Facilities	1,953,055						1,953,055
Public Safety	5,732,885					31,110	5,763,995
Public Transportation		6,261,633					6,261,633
Health and Welfare	1,660						1,660
Conservation - Agriculture	151,114						151,114
Capital Projects -							
Capital Outlay and Other							0
Debt Service							
Principal Retirement		548,876	230,000				778,876
Interest Retirement		33,664	14,491				48,155
Total Expenditures	14,657,527	6,844,173	244,491	2,138	0	162,633	21,910,962
Excess (Deficiency) of Revenues Over (Under) Expenditures	(378,313)	(1,596,681)	25,204	1,573	0	67,981	(1,880,236)
<i>OTHER FINANCING SOURCES (USES):</i>							
Principal Received on Loans				16,411			16,411
Other Financing Sources - Capital Lease		1,206,424					1,206,424
Operating Transfers In	0	67,131					67,131
Operating Transfers Out		(67,131)				0	(67,131)
Total Other Financing Sources (Uses)	0	1,206,424	0	16,411	0	0	1,222,835
Net Changes in Fund Balances	(378,313)	(390,257)	25,204	17,984	0	67,981	(657,401)
Fund Balances - Beginning	6,677,657	9,654,672	56,746	323,002	(6,355)	742,199	17,447,921
Fund Balances - Ending	6,299,344	9,264,415	81,950	340,986	(6,355)	810,180	16,790,520

The accompanying notes are an integral part of this statement.

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

Net Changes in Fund Balances - Total Governmental Funds	(\$657,401)
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.	74,766
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.	119,430
GASB 68	
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	65,920
Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	(52,980)
Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	1,591,398
Deferred Outflow-Differences between expected and actual experience. This is the change in these amounts this year.	93,615
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	(4,366,797)
GASB 75	
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	(11,419)
Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	28,407
Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year.	(3,970)
(Increase) decrease in OPEB Liability from beginning of period to end of period.	1,112
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(1,206,424)
Repayment of principal on revolving loans is recognized as an other source of revenues in the funds but not in the SOA.	(174,719)
(Increase) decrease in compensated absences from beginning of period to end of period.	30,038
(Increase) decrease in accrued interest payable from beginning of period to end of period.	1,185
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(368,088)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	778,876
Change in Net Position of Governmental Activities - Statement of Activities	<u><u>(\$4,057,051)</u></u>

The accompanying notes are an integral part of this statement.

GONZALES COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>REVENUES</i>				
Taxes				
Property	\$8,501,388	\$8,501,388	\$9,559,113	\$1,057,725
Sales	2,000,000	2,000,000	2,262,705	262,705
Other	20,000	20,000	22,277	2,277
Intergovernmental	93,135	93,135	96,898	3,763
Licenses and Permits	146,475	146,475	168,913	22,438
Charges for Services	927,716	927,716	992,627	64,911
Fines and Forfeitures	600,000	600,000	635,312	35,312
Oil Royalties	550	550	379	(171)
Interest	44,000	44,000	108,820	64,820
Miscellaneous	109,937	107,937	432,170	324,233
Total Revenues	12,443,201	12,441,201	14,279,214	1,838,013

EXPENDITURES

Current:

General Administration				
County Clerk	605,678	605,678	579,773	25,905
County Judge	289,554	292,988	222,763	70,225
Elections	42,827	340,925	335,645	5,280
Non-Departmental	2,057,114	2,598,111	2,410,496	187,615
Veteran's Service	42,067	42,067	13,367	28,700
Legal				
County Attorney	632,694	638,737	622,051	16,686
Judicial				
County Court	216,360	216,360	149,537	66,823
District Clerk	382,392	382,392	370,211	12,181
District Court	333,020	333,020	278,639	54,381
Justice of the Peace	783,286	791,952	767,319	24,633
Financial Administration				
County Auditor	394,562	394,562	388,504	6,058
County Treasurer	99,576	99,964	95,452	4,512
Tax Assessor-Collector	590,569	598,218	585,056	13,162
Public Facilities				
Courthouse	1,282,608	2,037,199	1,953,055	84,144
Public Safety				
Constables	377,926	418,726	392,946	25,780
D.P.S.	98,833	100,833	91,454	9,379
Jail	2,385,024	2,435,169	2,305,243	129,926
Sheriff	2,938,199	3,068,826	2,809,935	258,891
Code Enforcement	136,896	140,896	133,307	7,589

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Indigent Services	\$8,000	\$8,000	\$1,660	\$6,340
Conservation - Agriculture				
Agriculture Extension Service	150,058	150,058	151,114	(1,056)
Total Expenditures	<u>13,847,243</u>	<u>15,694,681</u>	<u>14,657,527</u>	<u>1,037,154</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(1,404,042)</u>	<u>(3,253,480)</u>	<u>(378,313)</u>	<u>2,875,167</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0		0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	<u>(1,404,042)</u>	<u>(3,253,480)</u>	<u>(378,313)</u>	<u>2,875,167</u>
Fund Balances - Beginning	<u>6,677,657</u>	<u>6,677,657</u>	<u>6,677,657</u>	
Fund Balances - Ending	<u>\$5,273,615</u>	<u>\$3,424,177</u>	<u>\$6,299,344</u>	<u>\$2,875,167</u>

The accompanying notes are an integral part of this statement.

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

	Budgeted Amounts		Budgetary Basis	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$3,700,000	\$3,700,000	\$4,121,110	\$421,110
Intergovernmental	29,365	29,364	29,284	(80)
Licenses and Permits	719,700	719,700	817,555	97,855
Oil and Gas Royalties	57,972	57,972	118,868	60,896
Interest	40,000	40,000	129,049	89,049
Miscellaneous	79,500	79,500	31,626	(47,874)
Total Revenues	<u>4,626,537</u>	<u>4,626,536</u>	<u>5,247,492</u>	<u>620,956</u>
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	5,617,916	5,266,677	5,055,209	211,468
Debt Service				
Principal Retirement	66,447	573,063	548,876	24,187
Interest Retirement	35,000	35,000	33,664	1,336
Total Expenditures	<u>5,719,363</u>	<u>5,874,740</u>	<u>5,637,749</u>	<u>236,991</u>
Net Changes in Fund Balances - Budgetary Basis	<u>(\$1,092,826)</u>	<u>(\$1,248,204)</u>	<u>(390,257)</u>	<u>\$857,947</u>
Reconciliation from budgetary basis to modified accrual:				
Other Financing Sources - Capital Lease			1,206,424	
Purchase of Equipment			(1,206,424)	
Operating Transfers In			67,131	
Operating Transfers Out			(67,131)	
Total Other Financing Sources (Uses)			<u>0</u>	
Net Changes in Fund Balances-Modified Accrual Basis			<u>(390,257)</u>	
Fund Balances - Beginning			<u>9,654,672</u>	
Fund Balances - Ending			<u>\$9,264,415</u>	

GONZALES COUNTY, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$231,744	\$231,744	\$269,137	\$37,393
Interest	220	220	558	338
Total Revenues	231,964	231,964	269,695	37,731
EXPENDITURES				
Debt Service				
Principal Retirement	230,000	230,000	230,000	0
Interest Retirement	14,491	14,491	14,491	0
Total Expenditures	244,491	244,491	244,491	0
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(12,527)	(12,527)	25,204	37,731
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(12,527)	(12,527)	25,204	37,731
Fund Balances - Beginning	56,746	56,746	56,746	
Fund Balances - Ending	\$44,219	\$44,219	\$81,950	\$37,731

GONZALES COUNTY, TEXAS
 REVOLVING LOAN FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$1,800	\$1,800	\$3,711	\$1,911
Total Revenues	<u>1,800</u>	<u>1,800</u>	<u>3,711</u>	<u>1,911</u>
EXPENDITURES				
Current:				
General Administration				
General Administration	2,400	2,400	2,138	262
Total Expenditures	<u>2,400</u>	<u>2,400</u>	<u>2,138</u>	<u>262</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(600)</u>	<u>(600)</u>	<u>1,573</u>	<u>2,173</u>
OTHER FINANCING SOURCES (USES):				
Principal Received on Loans	57,969	57,969	16,411	(41,558)
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>57,969</u>	<u>57,969</u>	<u>16,411</u>	<u>(41,558)</u>
Net Changes in Fund Balances	57,369	57,369	17,984	(39,385)
Fund Balances - Beginning	323,002	323,002	323,002	
Fund Balances - Ending	<u>\$380,371</u>	<u>\$380,371</u>	<u>\$340,986</u>	<u>(\$39,385)</u>

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

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

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$6,096,375
Receivables (net of allowance for uncollectibles)	0
Due from Others	0
Total Assets	<u>\$6,096,375</u>
LIABILITIES	
Accounts Payable	\$0
Due to Others	6,096,375
Total Liabilities	<u>6,096,375</u>
NET POSITION	
Held in Trust-Unexpendable	0
Total Net Position	<u>\$0</u>

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

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

I. Summary of Significant Accounting Policies

A. Reporting entity

Gonzales County operates under a County Judge – Commissioner’s Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), 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. The accounting policies of Gonzales County, Texas, (the County) conform to generally accepted accounting principles. The County also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

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

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. When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

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 taxes, intergovernmental revenues and charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major governmental funds:

The general fund is the government'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 the activities of the government's road and bridge operations.

The debt service fund is used to service the County's bonds payable.

The revolving loan fund accounts for the past federal grant monies to help local businesses defray business costs associated with either business start-up or expansion.

The energy transportation reinvestment fund accounts for state grant monies and ad valorem tax monies which are located in the zone; to help with the government's road re-building.

In addition, the County reports the following fund types:

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

C. Assets, Liabilities, and Net Assets 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 are reported in the government-wide financial statements as "internal balances."

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

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

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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

4. Restricted Assets

There were no restricted assets at September 30, 2019.

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The major capital asset event during the current fiscal year was construction for the Justice of the Peace building of \$252,565.

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

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

6. Compensated Absences

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

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

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, 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 expenses in the year of occurrence.

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

8. Fund Balances – Governmental Funds

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

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

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

Unassigned — all other spendable amounts.

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

8. Fund Balances – Governmental Funds (continued)

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

Fund Balances:	
Non-Spendable	
Prepaid Items	\$53,432
Restricted	
Debt Service	81,950
Elections	16,564
Financial Administration	16,917
General Administration	347,943
Judicial	208,936
Judicial - District Attorney	14,834
Public Safety	11,211
Public Safety - Sheriff	40,046
Public Transportation	9,249,623
Records Archives	494,715
Unassigned	<u>6,254,349</u>
Total Fund Balance	<u><u>\$16,790,520</u></u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Commissioner's Court or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2011, the Commissioner's 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 18-25 percent of the subsequent year's budgeted General Fund expenditures.

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

9. 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 has two items that qualify for reporting in this category. They are deferred under GASB 68 and GASB 75.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. They are deferred under GASB 68 and GASB 75.

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.

10. 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 assets.

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 \$9,366,961 difference are as follows:

Bonds Payable	\$235,000
Capital Lease Payable	884,297
Accrued Interest Payable	1,219
GASB 75 Payable	932,066
Compensated absences	219,882
Net Pension Liability	<u>7,094,497</u>
	<u>\$9,366,961</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 \$24,517,133 difference are as follows:

Capital Assets Not Being Depreciated	\$256,157
Capital Assets Being Depreciated	36,609,252
Accumulated Depreciation	(12,348,276)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$24,517,133</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. 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 \$1,278,034 difference are as follows:

Property taxes Receivable	\$1,385,505
Allowance for Doubtful Accounts	<u>(107,471)</u>
Net	<u>\$1,278,034</u>

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. 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 \$1,791,326 difference are as follows:

Fines and Fees Receivable	\$4,912,193
Allowance for Doubtful Accounts	(3,438,535)
Principal on Revolving Loans	<u>317,668</u>
Net	<u>\$1,791,326</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 assets 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 \$74,766 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$252,566
Capital Outlay - Additions - Being Depreciated	1,809,737
Capital Outlay - Reclassifications - Net	(67,159)
Depreciation Expense	(1,920,378)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$74,766</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

The Commissioner's Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioner's Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioner's 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 Commissioner's 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 Commissioner's Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

Budgets for all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2019 fiscal year were adopted for the General Fund, the Road and Bridge Fund, the Debt Service Fund and the Revolving Loan Fund.

B. Excess of Expenditures over Appropriations

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

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2019 except for the Energy Transportation Reinvestment fund which had a deficit fund balance of \$6,355. This deficit is expected to be liquidated by future resources of the fund.

IV. Detailed Notes on All Funds

A. Deposits and investments

Legal and Contractual Provisions Governing Deposits and Investments:

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

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

Deposits:

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has an investment policy for custodial credit risk. As of September 30, 2019, the government's bank balance of \$12,514,765 was not exposed to custodial credit risk. The FHA letter of credit of \$13,400,000, and the FDIC coverage is \$250,000. The book balance of the deposits was \$11,743,954. The collateral is securities held by the pledging financial institution's trust department or agent, in the government's name.

Investments:

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds.

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

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

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>	<u>Weighted Average</u>
TexPool Funds	\$11,104,000	Less than 1 year	Less than 1 year

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

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

Concentration of Credit Risk. The County places no limit on the amount that may be invested in any one issuer. The County’s portfolio is 100 invested in an external investment pool.

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	General Fund	Road and Bridge	Revolving Loan Fund	Energy Transportation Reinvestment	Other Governmental Funds	Total
<u>Receivables</u>						
Property Taxes	\$1,385,505					\$1,385,505
Fines	4,912,193					4,912,193
Accounts			317,668	99,921		417,589
Other	193,868	27,191			2,587	223,646
Gross receivables	6,491,566	27,191	317,668	99,921	2,587	6,938,933
Less: Allowance for uncollectibles	3,546,006					3,546,006
Net total receivables	<u>\$2,945,560</u>	<u>\$27,191</u>	<u>\$317,668</u>	<u>\$99,921</u>	<u>\$2,587</u>	<u>\$3,392,927</u>

C. Capital Assets

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

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$3,591			\$3,591
Construction in progress		252,566		252,566
Total capital assets not being depreciated:	3,591	252,566	0	256,157
Capital assets being depreciated:				
Building and Improvements	15,125,500	12,000		15,137,500
Machinery, Equipment and Vehicles	11,674,628	1,797,737	528,171	12,944,194
Infrastructure	8,527,558			8,527,558
Total capital assets being depreciated:	35,327,686	1,809,737	528,171	36,609,252
Less: Accumulated Depreciation for:				
Building and Improvements	4,216,192	304,551		4,520,743
Machinery, Equipment and Vehicles	5,803,931	1,317,416	461,012	6,660,335
Infrastructure	868,787	298,411		1,167,198
Total Accumulated Depreciation	10,888,910	1,920,378	461,012	12,348,276
Total Capital Assets Depreciated, Net	24,438,776	(110,641)	67,159	24,260,976
Governmental Activities capital assets, Net	<u>\$24,442,367</u>	<u>\$141,925</u>	<u>\$67,159</u>	<u>\$24,517,133</u>

The 2018-2019 depreciation is as follows:

Governmental activities	
General Administration	\$44,916
Legal	1,910
Financial Administration	2,246
Public Facilities	276,638
Public Safety	227,183
Public Transportation	<u>1,367,485</u>
Total depreciation expense - governmental activities	<u>\$1,920,378</u>

Construction commitments

The major capital asset event during the current fiscal year was construction for the Justice of the Peace building of \$252,565.

D. Interfund Receivables, Payables, and Transfers

There were no due to/from other funds at September 30, 2019. There were no interfund balances as of September 30, 2019. There were no advances at September 30, 2019.

The following were one-time transfers during the year. The transfers were to provide operating capital.

	TRANSFER	
	IN	
	<u>ROAD</u>	
	<u>AND</u>	
	<u>BRIDGE</u>	
<u>TRANSFER OUT</u>	<u>FUNDS</u>	<u>TOTAL</u>
ROAD AND BRIDGE FUND	\$67,131	\$67,131
TOTALS	<u>\$67,131</u>	<u>\$67,131</u>

E. Leases

Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were \$159,941 for the year ended September 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2020	\$ 47,737
2021	23,350
2022	4,651
2023	4,258
2024	<u>0</u>
Total	<u>\$ 79,996</u>

Rent expenditures were \$8,400 for the year ended September 30, 2019. Rental income was \$2,210 for the year ended September 30, 2019.

F. Long-Term Debt

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

Assets acquired through capital leases are as follows:

	2019 FREIGHT- LINER CAB TRACTOR	2018 CATER PILLAR MOTOR GRADER -PCT 1	2018 JOHN DEERE 770G MOTOR GRADER PCT 2	2019 JOHN DEERE 672G MOTOR GRADER PCT 3	2019 JOHN DEERE 624L LOADER PCT 3	2018 CASE 865B MOTOR GRADER PCT 1	TOTAL
Asset:							
Cost	\$106,167	\$270,329	\$275,420	\$279,870	\$202,350	\$228,455	\$1,362,591
Less: Accumulated Depreciation	42,387	18,022	18,361	18,658	13,490	15,230	126,148
Total	\$63,780	\$252,307	\$257,059	\$261,212	\$188,860	\$213,225	\$1,236,443

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

Year Ending Sep. 30	2019 FREIGHT- LINER CAB TRACTOR	2018 CATER PILLAR MOTOR GRADER -PCT 1	2018 JOHN DEERE 770G MOTOR GRADER PCT 2	2019 JOHN DEERE 672G MOTOR GRADER PCT 3	2019 JOHN DEERE 624L LOADER PCT 3	2018 CASE 865B MOTOR GRADER PCT 1	TOTAL
2020	\$20,023	\$43,816	\$45,848	\$21,319	\$17,857	\$63,048	\$211,911
2021	20,023	43,816	45,848	21,319	17,857	63,048	211,911
2022	20,023	43,816	45,848	21,319	17,857		148,863
2023	20,023	43,816	45,848	21,319	17,857		148,863
2024	13,349	122,970	45,848	15,989	13,393		211,549
2025			45,848				45,848
2026			15,283				15,283
Total	93,441	298,234	290,371	101,265	84,821	126,096	994,228
Less: Amount Representing Interest	8,631	37,518	37,672	11,188	7,655	7,267	109,931
Present Value of Minimum Lease Payments	\$84,810	\$260,716	\$252,699	\$90,077	\$77,166	\$118,829	\$884,297

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

Bonds

The government issued a General Obligation Refunding Bond, Series 2006. The security for the bonds is the ad valorem taxes of the County to be put into a debt service fund.

Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Refunding Bonds - Series 2006	3.55-4.15%	\$235,000

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

Year Ending September 30,	<u>Governmental Activities</u> <u>Principal</u>	
2020	\$235,000	\$4,878
TOTALS	\$235,000	\$4,878

The changes in long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	<u>Summary</u> <u>Noncurrent Liabilities</u>	
					Due Within One Year	Due in More Than One Year
<u>Governmental Activities:</u>						
Bonds Payable	\$465,000		\$230,000	\$235,000	\$235,000	\$0
Capital Lease Payable	226,749	1,206,424	548,876	884,297	174,983	709,314
GASB 75 Payable	933,178	932,066	933,178	932,066		932,066
Net Pension Liability	2,727,700	4,366,797		7,094,497		7,094,497
Compensated Absences Payable	249,920	219,882	249,920	219,882	219,882	0
	<u>4,602,547</u>	<u>6,725,169</u>	<u>1,961,974</u>	<u>9,365,742</u>	<u>629,865</u>	<u>8,735,877</u>
Grand Total	<u>\$4,602,547</u>	<u>\$6,725,169</u>	<u>\$1,961,974</u>	<u>\$9,365,742</u>	<u>\$629,865</u>	<u>\$8,735,877</u>

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2019-20 year is \$219,882. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$629,865 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2018-2019 is \$46,970.

The net pension liability is discussed in note V-E below. For a discussion of other post employee benefits please see part V F in these notes.

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 <u>09/30/19</u>	Year ended <u>09/30/18</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>

1. General Liability Insurance

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

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

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

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

2. Property and Casualty Insurance

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

3. Workers' Compensation Insurance

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

4. Group Health and Life Insurance

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

5. Unemployment Compensation Insurance

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

B. Related Party Transaction

John Brumme is a County Attorney Investigator and partners with his brother, Jared Brumme a Sheriff's Deputy. He owns Vortex Public Safety. The County paid Vortex \$3,942.98 for the year ended September 30, 2019. There were no amounts due at September 30, 2019.

C. Subsequent Events

A GLO Grant in the amount of \$903,446.00 has been awarded to the County thru the County Judge's Office subsequent to September 30, 2019.

In the October 15, 2019, Commissioners Court Meeting, the Commissioners approved a sole source justification purchase of a 2014 Peterbilt, Vin #1XPHDP9X1ED238745, Precinct #1 and a 2014 Peterbilt, Vin #1XPHDP9X6ED238756, for Precinct #4, both from Reynolds Sales Company.

In the November 12, 2019, Commissioners Court Meeting, the Commissioners approved the lease purchase of a 2019 John Deere 672G Motor Grader for Precinct #3, and a 2020 John Deere 672G Motor Grader for Precinct #1 from John Deere to be financed through John Deere Financial.

In the November 25, 2019, Commissioners Court Meeting, the Commissioners approved a sole source justification purchase of a 1992 CAT 953B Crawler-Loader for Precinct #4 from Quality Used Equipment of South Texas.

In the December 9, 2019, Commissioners Court Meeting, the Commissioners approved a contract to lease/purchase a 2020 John Deere 642L Wheel Loader for Precinct #2 from John Deere to be financed through John Deere Financial.

In the January 7, 2020, Commissioners Court Meeting, the Commissioners approved the purchase of a 2020 F350, VIN #1FT8W3B67LEC30520, and trading in 2006 F250 Vin #B82618 at Caraway Ford for Precinct #4.

In the April 13, 2020, Commissioners Court Meeting, the Commissioners approved a sole source justification for the purchase of a used 2019 Ford F-250 from Caraway Ford for Precinct #1.

In the May 11, 2020, Commissioners Court Meeting, the Commissioners approved Gonzales County Grant Administration & Environmental Services Contract /GLO Contract No. 20-065-047-C139 (Infrastructure) \$72,277.28 GLO Contract No 20-066-033-C229 Contract Amount for Housing Project not to exceed (BUYOUT) \$33,354.28 Project Delivery Expense for Housing Project not to exceed (BUYOUT) \$166,771.40

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 not a defendant in any lawsuit at September 30, 2019.

E. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2017	December 31, 2018
Total pension liability	\$23,771,633	\$28,820,893
Fiduciary net position	21,043,934	21,726,396
Net pension liability/(asset)	2,727,700	7,094,497
Fiduciary net position as a % of total pension liability	88.53%	75.38%
Pensionable covered payroll	\$7,398,525	\$7,623,603
Net Pension liability as a % of covered payroll	36.87%	93.06%

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

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

Discount Rate

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

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

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

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 1Q-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 — December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index Hedge Fund Research, Inc. (HFRI) Fund of Funds	6.00%	6.30%
Hedge Funds	Composite Index	13.00%	3.90%

Depletion of Plan Assets / GASB Discount Rate

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

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

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

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

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

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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

Projection of Fiduciary Net Position

Calendar Year Ending	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
	(a)	(b)	(c)	(d)	(e)	
2019	\$21,726,396	\$1,688,093	\$1,535,962	\$21,726	\$1,765,017	\$23,621,817
2020	23,621,817	1,693,987	1,491,259	23,622	1,920,480	25,721,403
2021	25,721,403	1,711,626	1,633,914	25,721	2,085,498	27,858,892
2022	27,858,892	1,737,313	1,777,909	27,859	2,253,852	30,044,289
2023	30,044,289	1,770,400	1,912,291	30,044	2,426,760	32,299,113
2024	32,299,113	1,797,611	2,054,909	32,299	2,604,728	34,614,243
2025	34,614,243	1,796,588	2,227,461	34,614	2,785,268	36,934,024
2026	36,934,024	1,803,465	2,374,509	36,934	2,967,512	39,293,558
2027	39,293,558	1,704,050	2,524,543	39,294	3,148,635	41,582,406
2028	41,582,406	1,571,216	2,719,420	41,582	3,320,927	43,713,547
2038	59,621,888	1,305,279	4,504,693	59,622	4,699,952	61,062,804
2048	72,203,841	1,401,688	5,817,458	72,204	5,670,287	73,386,154
2058	88,835,160	1,766,717	5,941,427	88,535	7,002,048	91,573,962
2068	138,309,960	2,397,936	4,595,328	138,310	11,110,353	147,084,611
2078	281,579,415	3,300,016	2,607,205	281,579	22,824,263	304,814,910
2088	635,994,845	4,543,774	853,957	635,995	51,636,854	690,685,521
2098	1,443,127,538	6,256,296	96,836	1,443,128	117,080,623	1,564,924,494

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2017	\$23,771,633	\$21,043,934	\$2,727,700
Changes of the year:			
Service cost	1,129,030		1,129,030
Interest on total pension liability	1,973,009		1,973,009
Effect of plan changes	2,969,418		2,969,418
Effect of economic/demographic gains or losses	84,408		84,408
Effect of assumptions changes or inputs	76,452		76,452
Refund of contributions	(110,043)	(110,043)	0
Benefit payments	(996,562)	(996,562)	0
Administrative expenses		(17,451)	17,451
Member contributions		533,652	(533,652)
Net investment income		(380,351)	380,351
Employer contributions		1,619,911	(1,619,911)
Other	0	33,305	(33,305)
Balances as of December 31, 2018	\$28,820,893	\$21,726,396	\$7,094,497

Sensitivity Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	Increase 9.10%
Total pension liability	\$32,681,610	\$28,820,893	\$25,590,192
Fiduciary net position	21,726,396	21,726,396	21,726,396
Net pension liability/(asset)	\$10,955,214	\$7,094,497	\$3,863,796

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2018 to December 31, 2018
Service cost	\$1,129,030
Interest on total pension liability	1,973,009
Effect of plan changes	2,969,418
Administrative expenses	17,451
Member contributions	(533,652)
Expected investment return net of investment expenses	(1,746,765)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(9,206)
Recognition of assumption changes or inputs	52,980
Recognition of investment gains or losses	535,720
Other	(33,305)
Pension expense	\$4,354,679

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

Deferred Inflows/Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$54,488	\$137,355
Changes of assumptions	0	83,562
Net difference between projected and actual earnings	0	1,353,347
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 ended December 31:

2019	\$538,235
2020	291,079
2021	248,158
2022	442,304
2023	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2018	
Original Amount (a)	Date Established (b)	Original Recognition Period (c)	Amount Recognized for 2018 (a) / (c)	Inflows	Outflows
Investment (gains) or losses					
\$2,127,116	12/31/2018	5.0	\$425,423	0	\$1,701,693
(1,112,353)	12/31/2017	5.0	(222,471)	667,411	0
137,779	12/31/2016	5.0	27,556	0	55,112
1,319,764	12/31/2015	5.0	263,953	0	263,953
206,293	12/31/2014	5.0	41,259	0	0
Economic/demographic (gains) or losses					
84,408	12/31/2018	5.0	16,882	0	67,526
65,142	12/31/2017	5.0	13,028	0	39,086
76,858	12/31/2016	5.0	15,372	0	30,743
(272,441)	12/31/2015	5.0	(54,488)	54,488	0
(80,324)	12/31/2014	4.0	0	0	0
Assumption changes or inputs					
0	12/31/2018	5.0	0	0	0
76,452	12/31/2017	5.0	15,290	0	45,872
0	12/31/2016	5.0	0	0	0
188,450	12/31/2015	5.0	37,690	0	37,690
0	12/31/2014	4.0	0	0	0

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31					2013 - 2009
	2018	2017	2016	2015	2014	
Total Pension Liability						
Service cost	\$1,129,030	\$990,850	\$976,508	\$857,720	\$743,601	N/A
Interest on total pension liability	1,973,009	1,682,545	1,507,148	1,401,918	1,294,712	N/A
Effect of plan changes	2,969,418	1,690,735	0	(138,275)	0	N/A
Effect of assumption changes or inputs	0	76,452	0	188,450	0	N/A
Effect of economic/demographic (gains) or losses	84,408	65,142	76,858	(272,441)	(80,324)	N/A
Benefit payments/refunds of contributions	<u>(1,106,606)</u>	<u>(1,011,109)</u>	<u>(807,317)</u>	<u>(737,771)</u>	<u>(693,130)</u>	<u>N/A</u>
Net change in total pension liability	5,049,260	3,494,615	1,753,197	1,299,600	1,264,861	<u>N/A</u>
Total pension liability, beginning	<u>23,771,633</u>	<u>20,277,018</u>	<u>18,523,821</u>	<u>17,224,221</u>	<u>15,959,360</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$28,820,893</u>	<u>\$23,771,633</u>	<u>\$20,277,018</u>	<u>\$18,523,821</u>	<u>\$17,224,221</u>	<u>N/A</u>
Fiduciary Net Position						
Employer contributions	\$1,619,911	\$1,486,847	\$1,028,452	\$961,758	\$968,268	N/A
Member contributions	533,652	517,897	490,058	458,249	413,741	N/A
Investment income net of investment expenses	(380,351)	2,567,918	1,152,169	(73,671)	912,845	N/A
Benefit payments/refunds of contributions	(1,106,606)	(1,011,109)	(807,317)	(737,771)	(693,130)	N/A
Administrative expenses	(17,451)	(13,995)	(12,548)	(10,993)	(10,918)	N/A
Other	<u>33,305</u>	<u>13,184</u>	<u>97,321</u>	<u>36,146</u>	<u>(76,138)</u>	<u>N/A</u>
Net change in fiduciary net position	682,462	3,560,743	1,948,135	633,718	1,514,669	N/A
Fiduciary net position, beginning	<u>21,043,934</u>	<u>17,483,191</u>	<u>15,535,056</u>	<u>14,901,338</u>	<u>13,386,669</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$21,726,396</u>	<u>\$21,043,934</u>	<u>\$17,483,191</u>	<u>\$15,535,056</u>	<u>\$14,901,338</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$7,094,497</u>	<u>\$2,727,700</u>	<u>\$2,793,827</u>	<u>\$2,988,765</u>	<u>\$2,322,884</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	75.38%	88.53%	86.22%	83.87%	86.51%	N/A
Pensionable covered payroll	\$7,623,603	\$7,398,525	\$7,000,833	\$6,546,416	\$5,910,589	N/A
Net pension liability/(asset) as % of covered payroll	93.06%	36.87%	39.91%	45.65%	39.30%	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	347,126	359,577	(12,451)	3,773,107	9.5%
2010	363,114	369,314	(6,200)	3,875,281	9.5%
2011	377,943	383,579	(5,636)	4,024,955	9.5%
2012	514,476	614,477	(100,002)	4,237,857	14.5%
2013	717,705	817,720	(100,015)	4,885,673	16.7%
2014	868,268	968,268	(100,000)	5,910,589	16.4%
2015	840,560	961,758	(121,198)	6,546,416	14.7%
2016	830,999	1,028,452	(197,454)	7,000,833	14.7%
2017	845,651	1,486,847	(641,196)	7,398,525	20.1%
2018	1,109,234	1,619,911	(510,677)	7,623,603	21.2%

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	10.9 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected.
	2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule.
	2016: No changes in plan provisions were reflected in the Schedule.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: Employer contributions reflect that the current service matching rate was increased to 235% and a 2% flat COLA was adopted.

Appendix A— GASB 68 Plan Description for Gonzales County

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

- a. Gonzales 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 235%) 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 Gonzales 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 2018 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.

Membership Information

Members	Dec. 31, 2017	Dec. 31, 2018
Number of inactive employees entitled to but not yet receiving benefits:	78	80
Number of active employees:	159	161
Average monthly salary:	\$3,862	\$3,881
Average age:	46.19	46.53
Average length of service in years:	9.84	9.99
<hr/>		
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	85	87
Average monthly benefit:	\$951	\$984

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

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

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

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

Appendix C—Actuarial Methods and Assumptions Used for Funding Valuation

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

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

Economic Assumptions

TCDRS system-wide economic assumptions:

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

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee. (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	All Other Causes	Age	Work Related	All Other Causes
	Male and Female	Male and Female		Male and Female	Male and Female
less than 25	0.000%	0.000%	43	0.004%	0.058%
25	0.000	0.000	44	0.004	0.063
26	0.000	0.000	45	0.004	0.069
27	0.000	0.000	46	0.005	0.076
28	0.000	0.008	47	0.006	0.084
29	0.000	0.008	48	0.007	0.095
30	0.000	0.009	49	0.009	0.109
31	0.000	0.010	50	0.010	0.125
32	0.000	0.010	51	0.012	0.142
33	0.000	0.011	52	0.013	0.162
34	0.000	0.014	53	0.015	0.183
35	0.001	0.018	54	0.018	0.203
36	0.001	0.022	55	0.018	0.222
37	0.002	0.028	56	0.018	0.238
38	0.002	0.033	57	0.018	0.250
39	0.002	0.038	58	0.018	0.259
40	0.002	0.042	59	0.018	0.270
41	0.003	0.047	60 & Above	0.018	0.000
42	0.003	0.053			

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 MPQ014 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.

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	33.4%	36.2%	27.8%	30.2%	23.7%	25.6%	22.3%	24.1%
1	22.8	24.8	19.2	20.8	16.3	17.7	15.4	16.6
2	17.0	18.4	14.4	15.6	12.2	13.3	11.5	12.5
3	13.5	14.6	11.5	12.5	9.8	10.6	9.2	10.0
4	11.1	12.1	9.6	10.4	8.2	8.8	7.7	8.3
5	9.9	10.8	8.6	9.4	7.3	8.0	6.9	7.5
6	8.8	9.5	7.7	8.3	6.5	7.1	6.1	6.7
7	7.8	8.5	6.9	7.5	5.9	6.4	5.5	6.0
8	6.5	7.0	5.8	6.2	4.9	5.3	4.6	5.0
9	6.2	6.7	5.6	6.0	4.7	5.1	4.5	4.8
10	5.5	5.9	5.0	5.4	4.2	4.6	4.0	4.3
11	4.8	5.2	4.4	4.8	3.8	4.1	3.5	3.8
12	4.4	4.7	4.0	4.4	3.4	3.7	3.2	3.5
13	3.9	4.2	3.6	4.0	3.1	3.4	2.9	3.2
14	3.5	3.7	3.3	3.5	2.8	3.0	2.6	2.8
15	3.0	3.3	2.9	3.1	2.4	2.7	2.3	2.5
16	2.6	2.8	2.5	2.7	2.1	2.3	2.0	2.2
17	2.3	2.5	2.2	2.4	1.9	2.0	1.8	1.9
18	2.0	2.1	1.9	2.1	1.6	1.8	1.5	1.7
19	1.7	1.9	1.7	1.9	1.5	1.6	1.4	1.5
20	1.6	1.8	1.6	1.8	1.4	1.5	1.3	1.4
21	1.4	1.6	1.4	1.6	1.2	1.3	1.2	1.3
22	1.3	1.5	1.3	1.5	1.1	1.2	1.1	1.2
23	1.2	1.4	1.2	1.4	1.0	1.1	1.0	1.1
24	1.2	1.3	1.2	1.3	1.0	1.1	1.0	1.0
25	1.1	1.2	1.1	1.2	0.9	1.0	0.9	1.0
26	1.1	1.1	1.1	1.1	0.9	1.0	0.9	0.9
27	1.0	1.0	1.0	1.0	0.8	0.9	0.8	0.8
28	0.9	0.9	0.9	0.9	0.7	0.8	0.7	0.7
29	0.9	0.8	0.9	0.8	0.7	0.8	0.7	0.6
30 & Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

**Table 5
Probability of Withdrawal**

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

F. Summary of OPEB Funding Policy

Executive Summary

Actuarial Valuation Date	December 31, 2017
Measurement Date of the Total OPEB Liability	December 31, 2018
Employer's Fiscal Year Ending Date (Reporting Date)	September 30, 2019

Membership

Number of	
Retirees and Beneficiaries	6
Inactive, Nonretired Members	0
Active Members	147
Total	<u>153</u>
Covered Payroll	\$6,343,791

Total OPEB Liability

Total OPEB Liability	\$932,066
Total OPEB Liability as a Percentage of Covered Payroll	14.69%

Development of the Single Discount Rate

Long-Term Municipal Bond Rate	3.71%
-------------------------------	-------

Total OPEB Expense

\$104,044

Balances of Deferred Outflows and Deferred Inflows of Resources Related to OPEB

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$0	\$3,970
Changes in assumptions	24,761	24,409
Contributions subsequent to the measurement date	<u>45,990</u>	<u>0</u>
Total	<u><u>\$70,751</u></u>	<u><u>\$28,379</u></u>

Discussion

Accounting Standard

GASB Statement No. 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

Reporting under GASB 75 is effective for fiscal years commencing after June 15, 2017.

The following discussion provides a summary of the information that is required to be disclosed under this new accounting standard. A number of these disclosure items are provided in this report. However, certain information within the OPEB note disclosure regarding accounting policies and investments (if any) is not included in this report. As a result, the employer is responsible for preparing and disclosing the non-actuarial information needed to comply with these accounting standards.

Financial Statements

For plans that do not have formal trusts, GASB Statement No. 75 requires state and local government employers to recognize the total OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. In traditional actuarial terms, the total OPEB liability is analogous to the actuarial accrued liability.

In addition to the deferred outflows/inflows related to plan experience and assumption changes, GASB Statement No. 75 states the benefit payments and administrative costs incurred subsequent to the measurement date and before the end of the employer's reporting period should be reported as a deferred outflow of resources.

Implicit Subsidy

GASB Statements No. 75 and No. 68 are conceptually very similar in terms of the liability which is recognized on the balance sheet, the expense calculation, and the corresponding deferred outflows and inflows of resources. The main differences between the standards are related to the differences between pension and health care benefits. One particular difference is a concept referred to as the "implicit subsidy", which applies to health plans that utilize blended premiums, that has no counterpart in GASB Statement No. 68. The County's health plan utilizes a "blended premium" structure. Said another way, the overall health care premiums for active employees and non-Medicare retirees are stated in terms of a single "blended premium". The difference between the underlying retiree claims and the blended overall health care premium is referred to as an "implicit" or "hidden" subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees.

GASB defines the employer provided OPEB benefit as the difference between the underlying claims costs and the premium contributions made by retirees. As a result, the employer's portion of the blended health care premium is not what GASB considers the employer benefit. In order to account for the employer provided OPEB benefit, as it's defined by GASB, the explicit premium subsidies need to be adjusted to reflect the implicit subsidy (the difference between the estimated retiree claims and the overall premiums).

Implicit Subsidy (continued)

For plans that use a blended premium structure, Illustrations B1-1 and B1-2 of Implementation Guide No. 2017-3 describe how a portion of the payments made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying claims costs. Adjusting the explicit health care costs for active employees and retirees by the implicit subsidy estimates provided in this report is equivalent to the reclassification described in the Implementation Guide. It's important to note that the implicit subsidy is considered an employer contribution and any employer contributions related to OPEB need to include the implicit subsidy. This report provides the estimated implicit subsidy for the measurement period and the implicit subsidy for the purpose of the deferred outflow of resources related to benefit payments made after the measurement date.

To summarize, because the health plan utilizes blended premiums, the benefit payments for GASB Statement No. 75 purposes need to include an adjustment for the implicit subsidy. This adjustment reflects the underlying cost of the benefits provided to retirees, which is how GASB defines the employer's OPEB benefit/liability. This adjustment is needed for the benefits during the measurement period and also for the purpose of the deferred outflow related to the benefits paid after the measurement date.

Timing and Frequency of the Actuarial Valuation

An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years. For the employer's financial reporting purposes, the total OPEB liability and OPEB expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year end-date. If the actuarial valuation used to determine the total OPEB liability is not calculated as of the measurement date, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total OPEB liability shown in this report is based on an actuarial valuation performed as of December 31, 2017. Update procedures were used to roll forward the total OPEB liability to the measurement date of December 31, 2018.

Discount Rate

For plans that do not have a formal trust that meets GASB's requirements, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index").

Notes to Financial Statements

Paragraphs 162 – 171 of GASB Statement No. 75 discuss the note disclosures and required supplementary information (RSI) for plans that do not have formal assets. We recommend employers review these paragraphs as well as Illustration 4 in Appendix C of GASB Statement No. 75, which provides sample note disclosures and RSI for a single-employer plan that is not administered through a formal trust. GASB Statement No. 75 requires the notes of the employer's financial statements to disclose the total OPEB expense, the OPEB plan's liabilities and assets (if any), deferred outflows of resources and inflows of resources related to OPEB, and descriptive information about the plan. The requirements listed below apply to OPEB plans that do not have formal assets that meet the criteria in paragraph 4 of GASB Statement No. 75.

Plan Description:

- The name of the OPEB plan, the administrator of the OPEB plan, and the identification of the OPEB plan as a single-employer or multiple-employer OPEB plan.
- A brief description of the types of benefits provided by the plan, automatic or ad hoc postemployment benefit changes including COLAs, and terms or policies regarding the sharing of benefit-related costs with inactive plan members.
- The authority under which benefit terms are established or may be changed.
- The number of plan members by category and if the plan is closed.
- A brief description of member and employer contribution requirements.
- The fact that there are no assets accumulated in a trust.

The total OPEB liability

Significant assumptions and other inputs used to measure the total OPEB liability

- Significant assumptions include: Inflation, healthcare cost trend rates, salary changes, ad hoc postemployment benefit changes, and the sharing of benefit-related costs with inactive plan members.
- If applicable, the patterns of practice relied upon for projecting the sharing of benefit-related costs with inactive plan members.
- Source of the assumptions for mortality and dates of experience studies.

Measure of the total OPEB liability using +/- 1% on the health care trend rate.

On the discount rate:

- The discount rate used and the change in the discount rate since the prior fiscal year-end.
- The municipal bond rate used and the source of that rate.
- Measure of the net OPEB liability using +/- 1% on the discount rate.

The measurement date, the date of the actuarial valuation, and if applicable the fact that update procedures were used to roll forward the total OPEB liability.

A brief description of changes in benefit terms or assumptions that affected the measurement of the total OPEB liability since the prior measurement date.

A brief description of changes made between the measurement date and reporting date.

The employer's contributions (including benefit payments that are not paid/reimbursed by a formal trust) made subsequent to the measurement date.

Required Supplementary Information for Plans that Do Not Have Formal Assets

GASB Statement No. 75 requires a 10-year fiscal history of:

- Sources of changes in the total OPEB liability
- Information about the total OPEB liability and related ratios, including the total OPEB liability as a percent of covered-employee payroll

Actuarial Assumptions

The actuarial assumptions used to value the liabilities are outlined in detail in Section F. The assumptions include details on the health care trend assumption, the aging factors as well as the cost method used to develop the OPEB expense. The demographic assumptions are based on the assumptions that were developed for the defined benefit plan in which the County participates (TCDRS).

Future Uncertainty or Risk

Future results may differ from those anticipated in this valuation. Reasons include, but are not limited to:

- Actual medical trend differing from expected;
- Changes in the healthcare plan designs offered to active and retired members;
- Participant behavior or experience differing from expected;
 - o Elections at retirement;
 - o One-person versus two-person coverage elections;
 - o Time of retirement or termination;
 - o Catastrophic claims.

Benefits Valued

The benefit provisions are the same as those used in the valuation report as of December 31, 2017.

Effective Date and Transition

GASB Statement No. 75 is effective for an employer's fiscal years beginning after June 15, 2017.

Schedule of Changes in Total OPEB Liability and Related Ratios

Fiscal Year Ending September 30, 2019

Total OPEB liability	
Service Cost	\$73,199
Interest on the total OPEB liability	30,883
Changes of benefit terms	0
Difference between expected and actual experience of the total OPEB liability	(4,436)
Changes of assumptions	(27,275)
Benefit payments	(73,483)
Net change in total OPEB liability	(1,112)
Total OPEB liability - beginning	933,178
Total OPEB liability - ending	932,066
Covered-employee payroll	\$6,343,791
Total OPEB liability as a percentage of covered-employee payroll	14.69%

The ending Total OPEB Liability was as of December 31, 2018.

Changes of assumptions reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

The benefit payments during the measurement period were determined as follows:

a. Explicit benefit payments	\$45,784	(data provided by the County)
b. Implicit benefit payments	27,699	(explicit benefit payments *0.605)
c. Total benefit payments	\$73,483	

The 0.605 factor equals the ratio of the expected implicit subsidy to the expected explicit costs.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

The expected remaining service lives of all active employees in the plan was approximately 1,456 years. Additionally, the total plan membership (active employees and inactive employees) was 153. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 9.5172 years.

Statement of Outflows and Inflows Arising from Current Reporting Period

	Recognition Period (or amortization years)	Total (Inflow) or Outflow	2019 Recognized Deferred (Inflow) or in current OPEB expense	Outflow in future expense
<u>Due to Liabilities:</u>				
Differences in expected and actual experience	9.5172	\$(4,436)	\$(466)	\$(3,970)
Assumption changes	9.5172	\$(27,275)	\$(2,866)	\$(24,409)
Total		\$(31,711)	\$(3,332)	\$(28,379)

This table is provided to document sources of the new deferred inflows and outflows resulting from the current reporting year. The table is not a required disclosure. The required disclosures regarding deferred inflows and outflows of resources related to OPEB are shown on the following page.

Statement of OPEB Expense under GASB Statement No. 75

Fiscal Year Ending September 30, 2019

Service Cost	\$73,199
Interest on the Total OPEB Liability	38,883
Current-Period Benefit Changes	0
OPEB Plan Administrative Expense	0
Recognition of Current Year Outflow (Inflow) due to Liabilities	(3,332)
Amortization of Prior Year Outflow (Inflow) due to Liabilities	3,294
Total OPEB Expense	\$104,044

Balances of Deferred Outflows and Deferred Inflows of Resources Related to OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$0	\$3,970
Changes in assumptions	24,761	24,409
Contributions subsequent to the measurement date	45,990	
Total	\$70,751	\$28,379

Employer contributions (benefit payments for unfunded plans) made subsequent to the measurement date of the total OPEB liability (December 31, 2017) and prior to the end of the employer's reporting period (September 30, 2018) should be reported by the employer as a deferred outflow related to OPEB. See paragraph 159 of GASB Statement No. 75 for plans that do not have formal assets.

The benefit payments made subsequent to the measurement date were \$57,409 (\$35,769 of explicit premium subsidies and \$21,640 of implicit subsidies). The implicit subsidy was estimated by multiplying the explicit costs by 0.605. The 0.605 factor equals the ratio of the expected implicit subsidy to the expected explicit costs. The calculation is similar to how the benefit payments for the measurement period were developed (see page B-1).

Deferred Outflows and Deferred Inflows to be Recognized in Future OPEB Expense

Year Ending September 30	Net Deferred Outflows/(Inflows)
2020	(38)
2021	(38)
2022	(38)
2023	(38)
2024	(38)
Thereafter	(3,428)
Total	(\$3,618)

Deferred Outflows and Inflows - Amortization Schedule

	Remaining Recognition Period	Outflow/(Inflow) at beginning of Fiscal Year (or created in current year)	Fiscal Year Ending							Outflow/(Inflow) at end of Fiscal Year
			2019	2020	2021	2022	2023	2024	Thereafter	
Differences in Experience										
2019	9.5172	(\$4,436)	(\$466)	(\$466)	(\$466)	(\$466)	(\$466)	(\$466)	(\$1,640)	(\$3,970)
2018	5.6900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
		Total	(\$466)	(\$466)	(\$466)	(\$466)	(\$466)	(\$466)	(\$1,640)	(\$3,970)
Assumption Changes										
2019	9.5172	(\$27,275)	(\$2,866)	(\$2,866)	(\$2,866)	(\$2,866)	(\$2,866)	(\$2,866)	(\$10,079)	-24409
2018	8.5172	\$28,055	\$3,294	\$3,294	\$3,294	\$3,294	\$3,294	\$3,294	\$8,291	24761
		Total	\$428	\$428	\$428	\$428	\$428	\$428	(\$1,788)	\$352
Total Recognized in Future Expense				(\$38)	(\$38)	(\$38)	(\$38)	(\$38)	(\$3,428)	(\$3,618)

This table is provided to document sources of the outstanding deferred inflows and outflows from year to year. The table is not a required disclosure. The required disclosures regarding deferred inflows and outflows of resources related to OPEB are shown on the previous page.

Actuarial Assumptions and Methods

Valuation Date: December 31, 2017

Methods and Assumptions:

Actuarial Cost Method – Individual Entry-Age

Discount Rate – 3.71% as of December 31, 2018

Inflation – 2.50%

Salary Increases – 0.50% to 5.00%, not including wage inflation of 3.25%

Demographic Assumptions Based on the experience study covering the four-year period ending December 31, 2016 as conducted for the Texas County and District Retirement System (TCDRS)

Mortality For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014.

Health Care Trend Rates Initial rate of 7.50% declining to an ultimate rate of 5.25% after 11 years; Ultimate trend rate includes a 1.00% adjustment for the excise tax

Participation Rates 100% of retirees eligible for the County subsidy

Other Information:

Notes The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 3.31% as of the prior measurement date.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following table provides a summary of the number of participants in the plan as of December 31, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	147
Total Plan Members	153

Note: Membership information should be disclosed as of the measurement date (December 31, 2018). Because valuations are performed biennially, GRS does not have the membership counts as of the measurement date. It is the responsibility of the plan sponsor to disclose the membership counts as of December 31, 2018.

Rollforward Disclosure

The actuarial valuation was performed as of December 31, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2018.

Sample Disclosures and Required Supplementary Information (RSI)

Illustration 4 in Appendix C of GASB Statement No. 75 provides sample note disclosures and required supplementary information for a single-employer plan that is not administered through a formal trust.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.71%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease 2.71%	Current Discount Rate Assumption 3.71%	1% Increase 4.71%
\$ 1,001,189	\$ 932,066	\$ 866,740

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 817,646	\$ 932,066	\$ 1,069,973

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years (which may be built prospectively)

Fiscal year ending September 30,	2019	2018
Total OPEB liability		
Service Cost	\$73,199	\$65,297
Interest on the total OPEB liability	30,883	33,606
Changes of benefit terms	0	0
Differences between expected and actual experience	(4,436)	0
Changes of assumptions	(27,275)	31,349
Benefit payments	(73,483)	(92,944)
Net change in total OPEB liability	(1,112)	37,308
Total OPEB liability - beginning	\$933,178	\$895,870
Total OPEB liability - ending	\$932,066	\$933,178
Covered-employee payroll	\$6,343,791	\$6,924,726
Total OPEB liability as a percentage of covered-employee payroll	14.69%	13.48%

Notes to Schedule:

Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FYE	Discount Rate
2019	3.71%
2018	3.31%
2017	3.81%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31					2013 - 2009
	2018	2017	2016	2015	2014	
Total Pension Liability						
Service cost	\$1,129,030	\$990,850	\$976,508	\$857,720	\$743,601	N/A
Interest on total pension liability	1,973,009	1,682,545	1,507,148	1,401,918	1,294,712	N/A
Effect of plan changes	2,969,418	1,690,735	0	(138,275)	0	N/A
Effect of assumption changes or inputs	0	76,452	0	188,450	0	N/A
Effect of economic/demographic (gains) or losses	84,408	65,142	76,858	(272,441)	(80,324)	N/A
Benefit payments/refunds of contributions	<u>(1,106,606)</u>	<u>(1,011,109)</u>	<u>(807,317)</u>	<u>(737,771)</u>	<u>(693,130)</u>	<u>N/A</u>
Net change in total pension liability	5,049,260	3,494,615	1,753,197	1,299,600	1,264,861	<u>N/A</u>
Total pension liability, beginning	<u>23,771,633</u>	<u>20,277,018</u>	<u>18,523,821</u>	<u>17,224,221</u>	<u>15,959,360</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$28,820,893</u>	<u>\$23,771,633</u>	<u>\$20,277,018</u>	<u>\$18,523,821</u>	<u>\$17,224,221</u>	<u>N/A</u>
Fiduciary Net Position						
Employer contributions	\$1,619,911	\$1,486,847	\$1,028,452	\$961,758	\$968,268	N/A
Member contributions	533,652	517,897	490,058	458,249	413,741	N/A
Investment income net of investment expenses	(380,351)	2,567,918	1,152,169	(73,671)	912,845	N/A
Benefit payments/refunds of contributions	(1,106,606)	(1,011,109)	(807,317)	(737,771)	(693,130)	N/A
Administrative expenses	(17,451)	(13,995)	(12,548)	(10,993)	(10,918)	N/A
Other	<u>33,305</u>	<u>13,184</u>	<u>97,321</u>	<u>36,146</u>	<u>(76,138)</u>	<u>N/A</u>
Net change in fiduciary net position	682,462	3,560,743	1,948,135	633,718	1,514,669	N/A
Fiduciary net position, beginning	<u>21,043,934</u>	<u>17,483,191</u>	<u>15,535,056</u>	<u>14,901,338</u>	<u>13,386,669</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$21,726,396</u>	<u>\$21,043,934</u>	<u>\$17,483,191</u>	<u>\$15,535,056</u>	<u>\$14,901,338</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$7,094,497</u>	<u>\$2,727,700</u>	<u>\$2,793,827</u>	<u>\$2,988,765</u>	<u>\$2,322,884</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	75.38%	88.53%	86.22%	83.87%	86.51%	N/A
Pensionable covered payroll	\$7,623,603	\$7,398,525	\$7,000,833	\$6,546,416	\$5,910,589	N/A
Net pension liability/(asset) as % of covered payroll	93.06%	36.87%	39.91%	45.65%	39.30%	N/A

Schedule of Employer Contributions

Year Ending December-19	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$347,126	\$359,577	\$(12,451)	\$3,773,107	9.5%
2010	363,114	369,314	(6,200)	3,875,281	9.5%
2011	377,943	383,579	(5,636)	4,024,955	9.5%
2012	514,476	614,477	(100,002)	4,237,857	14.5%
2013	717,705	817,720	(100,015)	4,885,673	16.7%
2014	868,268	968,268	(100,000)	5,910,589	16.4%
2015	840,560	961,758	(121,198)	6,546,416	14.7%
2016	830,999	1,028,452	(197,454)	7,000,833	14.7%
2017	845,651	1,486,847	(641,196)	7,398,525	20.1%
2018	1,109,234	1,619,911	(510,677)	7,623,603	21.2%

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	10.9 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RPQ014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service matching rate was increased to 235% and a 2% flat COLA was adopted.

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

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

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

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported,
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C
Salary Increases	Same as funding valuation: See Appendix C
Investment Rate of Return	8.10% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Gonzales 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

Schedule of Changes in Total OPEB Liability and Related Ratios

Fiscal Year Ending September 30, 2019

Total OPEB liability	
Service Cost	\$73,199
Interest on the total OPEB liability	30,883
Changes of benefit terms	0
Difference between expected and actual experience of the total OPEB liability	(4,436)
Changes of assumptions	(27,275)
Benefit payments	(73,483)
Net change in total OPEB liability	(1,112)
Total OPEB liability - beginning	933,178
Total OPEB liability - ending	932,066
Covered-employee payroll	\$6,343,791
Total OPEB liability as a percentage of covered-employee payroll	14.69%

The ending Total OPEB Liability was as of December 31, 2018.

Changes of assumptions reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

The benefit payments during the measurement period were determined as follows:

		(data provided by the
a. Explicit benefit payments	\$45,784	County)
b. Implicit benefit payments	27,699	(explicit benefit payments
		*0.605)
c. Total benefit payments	\$73,483	

The 0.605 factor equals the ratio of the expected implicit subsidy to the expected explicit costs.

Actuarial Assumptions and Methods

Valuation Date: December 31, 2017

Methods and Assumptions:

Actuarial Cost Method – Individual Entry-Age

Discount Rate – 3.71% as of December 31, 2018

Inflation – 2.50%

Salary Increases – 0.50% to 5.00%, not including wage inflation of 3.25%

Demographic Assumptions Based on the experience study covering the four-year period ending December 31, 2016 as conducted for the Texas County and District Retirement System (TCDRS)

Mortality For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014.

Health Care Trend Rates Initial rate of 7.50% declining to an ultimate rate of 5.25% after 11 years; Ultimate trend rate includes a 1.00% adjustment for the excise tax

Participation Rates 100% of retirees eligible for the County subsidy

Other Information:

Notes The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GONZALES COUNTY, TEXAS
BALANCE SHEET - ROAD AND BRIDGE FUND
SEPTEMBER 30, 2019

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Road and Bridge No. 1,2,3	Total Road and Bridge
<i>ASSETS</i>						
Cash and Cash Equivalents	\$2,006,379	\$2,038,373	\$2,342,431	\$2,884,731	\$3,270	\$9,275,184
Receivables (net of allowance for uncollectibles)		11,655	10,945	4,591		27,191
Prepaid Insurance	3,342	5,068	3,250	3,132		14,792
Total Assets	<u>\$2,009,721</u>	<u>\$2,055,096</u>	<u>\$2,356,626</u>	<u>\$2,892,454</u>	<u>\$3,270</u>	<u>\$9,317,167</u>
<i>LIABILITIES AND FUND BALANCES:</i>						
<i>Liabilities:</i>						
Accounts Payable	\$5,543					\$5,543
Accrued Wages	12,675	12,723	10,232	10,339	1,240	47,209
Total Liabilities	<u>18,218</u>	<u>12,723</u>	<u>10,232</u>	<u>10,339</u>	<u>1,240</u>	<u>52,752</u>
<i>Fund Balances:</i>						
<i>Non-Spendable</i>						
Prepaid Insurance	3,342	5,068	3,250	3,132	0	14,792
<i>Restricted</i>						
Public Transportation	1,988,161	2,037,305	2,343,144	2,878,983	2,030	9,249,623
Total Fund Balance	<u>1,991,503</u>	<u>2,042,373</u>	<u>2,346,394</u>	<u>2,882,115</u>	<u>2,030</u>	<u>9,264,415</u>
Total Liabilities and Fund Balances	<u>\$2,009,721</u>	<u>\$2,055,096</u>	<u>\$2,356,626</u>	<u>\$2,892,454</u>	<u>\$3,270</u>	<u>\$9,317,167</u>

The accompanying notes are an integral part of this statement.

GONZALES COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ROAD AND BRIDGE FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Road and Bridge No. 1,2,3	Total Road and Bridge
<i>REVENUES</i>						
Taxes						
Property	\$1,030,053	\$1,030,053	\$1,030,053	\$1,030,951		\$4,121,110
Intergovernmental	7,321	7,321	7,321	7,321		29,284
Licenses and Permits	204,113	204,113	206,113	203,216		817,555
Oil and Gas Royalties	29,717	29,717	29,717	29,717		118,868
Interest	30,938	33,552	33,495	31,064		129,049
Miscellaneous	11,205	10,552	435	9,434		31,626
Total Revenues	<u>1,313,347</u>	<u>1,315,308</u>	<u>1,307,134</u>	<u>1,311,703</u>	<u>0</u>	<u>5,247,492</u>
<i>EXPENDITURES</i>						
Current:						
Public Transportation						
Road and Bridge	1,795,500	1,562,716	1,627,171	1,210,708	65,538	6,261,633
Debt Service						
Principal Retirement	69,239	164,660	314,977			548,876
Interest Retirement	16,592	16,008	1,064			33,664
Total Expenditures	<u>1,881,331</u>	<u>1,743,384</u>	<u>1,943,212</u>	<u>1,210,708</u>	<u>65,538</u>	<u>6,844,173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(567,984)</u>	<u>(428,076)</u>	<u>(636,078)</u>	<u>100,995</u>	<u>(65,538)</u>	<u>(1,596,681)</u>
<i>OTHER FINANCING SOURCES (USES):</i>						
Other Financing Sources - Capital Lease	448,784	275,420	482,220			1,206,424
Operating Transfers In					67,131	67,131
Operating Transfers Out	(22,377)	(22,377)	(22,377)			(67,131)
Total Other Financing Sources (Uses)	<u>426,407</u>	<u>253,043</u>	<u>459,843</u>	<u>0</u>	<u>67,131</u>	<u>1,206,424</u>
Net Changes in Fund Balances	<u>(141,577)</u>	<u>(175,033)</u>	<u>(176,235)</u>	<u>100,995</u>	<u>1,593</u>	<u>(390,257)</u>
Fund Balances - Beginning	<u>2,133,080</u>	<u>2,217,406</u>	<u>2,522,629</u>	<u>2,781,120</u>	<u>437</u>	<u>9,654,672</u>
Fund Balances - Ending	<u>\$1,991,503</u>	<u>\$2,042,373</u>	<u>\$2,346,394</u>	<u>\$2,882,115</u>	<u>\$2,030</u>	<u>\$9,264,415</u>

The accompanying notes are an integral part of this statement.

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

	SPECIAL REVENUE					
	APPELLATE JUDICIAL FUND	CHILD ABUSE PREV.	COUNTY AND DISTRICT COURT TECH.	COUNTY JUDGE EXCESS SUPP.	COURTHOUSE SECURITY FUND	COURT REPORTER SERVICES FUND
ASSETS						
Cash and Cash Equivalents	\$2,961	\$1,300	\$6,968	\$6,957	\$3,738	\$5,856
Receivables (net of allowance for uncollectibles)					1,755	
TOTAL ASSETS	\$2,961	\$1,300	\$6,968	\$6,957	\$5,493	\$5,856
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable						
Total Liabilities	0	0	0	0	0	0
Fund Balances						
Restricted						
Elections						
Health Care						
General Administration				6,957		
Judicial	2,961	1,300	6,968			5,856
Vital Statistics						
Public Safety						
Public Safety - Sheriff						
Records Archives					5,493	
Total Fund Balances	2,961	1,300	6,968	6,957	5,493	5,856
TOTAL LIABILITIES AND FUND BALANCES	\$2,961	\$1,300	\$6,968	\$6,957	\$5,493	\$5,856

(continued)

SPECIAL REVENUE

DIGITAL RECORDS PRES.	FAMILY PROTEC- TION	HAVA GRANT	INDIGENT HEALTH CARE FUND	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECHNOLOGY FUND	LAW LIBRARY FUND	MEDIATION FEE FUND	MVBA FUND
\$18,670	\$3,905	\$16,564	\$16,917	\$40,046	\$13,063	\$91,573	\$45,129	\$943
						832		
\$18,670	\$3,905	\$16,564	\$16,917	\$40,046	\$13,063	\$92,405	\$45,129	\$943
\$3					\$8			
3	0	0	0	0	8	0	0	0
		16,564						
			16,917					
		3,905			13,055	92,405	45,129	943
				40,046				
18,667								
18,667	3,905	16,564	16,917	40,046	13,055	92,405	45,129	943
\$18,670	\$3,905	\$16,564	\$16,917	\$40,046	\$13,063	\$92,405	\$45,129	\$943

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

	SPECIAL REVENUE				
	PROBATE COURT FUND	RECORDS MANAGEMENT COUNTY CLERK	RECORDS MANAGEMENT COUNTY AND DISTRICT	RECORDS MANAGEMENT DISTRICT CLERK	RECORDS MANAGEMENT AND PRES.
ASSETS					
Cash and Cash Equivalents	\$1,364	\$398,979	\$63,107	\$18,389	\$8,469
Receivables (net of allowance for uncollectibles)					
TOTAL ASSETS	\$1,364	\$398,979	\$63,107	\$18,389	\$8,469
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable				\$79	
Total Liabilities	0	0	0	79	0
 Fund Balances					
Restricted					
Elections					
Health Care					
General Administration					
Judicial	1,364			18,310	
Vital Statistics					
Public Safety					
Public Safety - Sheriff					
Records Archives		398,979	63,107		8,469
Total Fund Balances	1,364	398,979	63,107	18,310	8,469
TOTAL LIABILITIES AND FUND BALANCES	\$1,364	\$398,979	\$63,107	\$18,389	\$8,469

SPECIAL REVENUE

SCAAP FUND	SUPPLEMENTAL GUARDIANSHIP FEE FUND	VITAL STATISTICS FUND	NON-MAJOR GOVERN- MENTAL FUNDS
\$12,011	\$16,740	\$14,834	\$808,483
			2,587
\$12,011	\$16,740	\$14,834	\$811,070
\$800			\$890
800	0	0	890
			16,564
			16,917
			6,957
	16,740		208,936
		14,834	14,834
11,211			11,211
			40,046
			494,715
11,211	16,740	14,834	810,180
\$12,011	\$16,740	\$14,834	\$811,070

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

	SPECIAL REVENUE					
	APPELLATE JUDICIAL FUND	CHILD ABUSE PREV.	COUNTY AND DISTRICT COURT TECH.	COUNTY JUDGE EXCESS SUPP.	COURTHOUSE SECURITY FUND	COURT REPORTER SERVICES FUND
<i>REVENUES</i>						
Intergovernmental				\$3,457		
Charges for Services	1,941		1,062		17,233	3,783
Interest						
Total Revenues	1,941	0	1,062	3,457	17,233	3,783
<i>EXPENDITURES</i>						
Current:						
General Administration						
Judicial						
Judicial	1,426		2,097			624
Public Safety						
Sheriff					16,133	
Total Expenditures	1,426	0	2,097	0	16,133	624
Excess (Deficiency) of Revenues Over (Under)						
Expenditures	515	0	(1,035)	3,457	1,100	3,159
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating Transfers In						
Operating Transfers Out						
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Changes in Fund Balances	515	0	(1,035)	3,457	1,100	3,159
Fund Balances - Beginning	2,446	1,300	8,003	3,500	4,393	2,697
Fund Balances - Ending	\$2,961	\$1,300	\$6,968	\$6,957	\$5,493	\$5,856

(continued)

SPECIAL REVENUE

DIGITAL RECORDS PRES.	FAMILY PROTECTION	HAVA GRANT	INDIGENT HEALTH CARE FUND	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECHNOLOGY FUND	LAW LIBRARY FUND	MEDIATION FEE FUND	MVBA FUND
4,212	1,115		387	4,656	19,166	13,572	3,882	66,678
4,212	1,115	0	387	4,656	19,166	13,572	3,882	66,678
9,986				10,387	16,467	9,113		81,423
9,986	0	0	0	10,387	16,467	9,113	0	81,423
(5,774)	1,115	0	387	(5,731)	2,699	4,459	3,882	(14,745)
0	0	0	0	0	0	0	0	0
(5,774)	1,115	0	387	(5,731)	2,699	4,459	3,882	(14,745)
24,441	2,790	16,564	16,530	45,777	10,356	87,946	41,247	15,688
\$18,667	\$3,905	\$16,564	\$16,917	\$40,046	\$13,055	\$92,405	\$45,129	\$943

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

	SPECIAL REVENUE				
	PROBATE COURT FUND	RECORDS MANAGEMENT COUNTY CLERK	RECORDS MANAGEMENT COUNTY AND DISTRICT	RECORDS MANAGEMENT DISTRICT CLERK	RECORDS MANAGEMENT AND PRES.
<i>REVENUES</i>					
Intergovernmental					
Charges for Services	216	54,100	8,459	3,448	664
Interest					
Total Revenues	216	54,100	8,459	3,448	664
<i>EXPENDITURES</i>					
Current:					
Judicial					
Judicial					
Judicial					
Judicial					
Public Safety					
Sheriff					
Total Expenditures	0	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	216	54,100	8,459	3,448	664
<i>OTHER FINANCING SOURCES (USES):</i>					
Operating Transfers In					
Operating Transfers Out					
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Changes in Fund Balances	216	54,100	8,459	3,448	664
Fund Balances - Beginning	1,148	344,879	54,648	14,862	7,805
Fund Balances - Ending	\$1,364	\$398,979	\$63,107	\$18,310	\$8,469

SPECIAL REVENUE

SCAAP FUND	SUPPLEMENTAL GUARDIANSHIP FEE FUND	VITAL STATISTICS FUND	NON-MAJOR GOVERN- MENTAL FUNDS
\$20,034			\$23,491
	1,440	1,109	206,736
			387
20,034	1,440	1,109	230,614
			9,986
			121,537
14,977			31,110
14,977	0	0	162,633
5,057	1,440	1,109	67,981
			0
			0
0	0	0	0
5,057	1,440	1,109	67,981
6,154	15,300	13,725	742,199
\$11,211	\$16,740	\$14,834	\$810,180