

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2018**

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Commissioners' Court
Hondo, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Medina County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Medina County, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in the notes to the financial statements, in fiscal year 2018 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit 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 Medina County Texas' basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 and schedules and the schedule of expenditures of federal awards is the responsibility of management and were derived from and relates 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 and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2019, on our consideration of Medina County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Medina County, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Medina County, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, LLP

Waco, Texas
May 22, 2019

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Medina County, we offer readers of Medina County's financial statements this narrative overview and analysis of the financial activities of Medina County for the fiscal year ended September 30, 2018.

Financial Highlights

- The assets of Medina County exceeded its liabilities at the close of the most recent fiscal year by \$38,692,646.
- The County's total net position increased by \$1,835,246.
- Unrestricted net position of \$10,809,782 is available to meet the County's ongoing obligations to citizens and creditors.
- Restricted net position of \$2,535,394 are funds set aside for specific purposes.
- As of the close of the fiscal year ending September 30, 2018, Medina County's governmental funds reported combined ending fund balances of \$13,367,825, an increase of \$2,299,143 from the prior year.
- Unassigned fund balance for the General Fund was \$8,758,590.

Overview of the Financial Statements

This discussion and analysis is an introduction to Medina County's basic financial statements. The County's basic financial statements encompass three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements provide readers with a broad overview of Medina County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's 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 as to the direction of the financial position of Medina County.

The statement of activities presents information showing how the County'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, debt payments, and earned but unused vacation leave).

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. The County, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary 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 available resources, as well as on balances of available 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.

Medina County maintains 54 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, Debt Service Fund, and the TAN Series 2018 Fund which are considered to be major funds. Data from the other 51 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Medina County adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, and the Debt Service Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds. Medina County maintains proprietary funds in the form of Internal Service Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Medina County uses an Internal Service Fund to account for its Employee Health Insurance funds and Claims Escrow. Because both of these services benefit governmental activities, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties which are not a component of the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Medina County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Financial Analysis of Government-wide Statements

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Medina County, assets exceeded liabilities by \$38,692,646 at the close of the most recent fiscal year.

MEDINA COUNTY’S NET POSITION

	Governmental Activities	
	2018	2017
Current assets	\$ 19,870,270	\$ 16,891,394
Capital assets	28,691,172	27,473,186
Total assets	<u>48,561,442</u>	<u>44,364,580</u>
Deferred outflows of resources	<u>990,051</u>	<u>2,190,076</u>
Current liabilities	1,609,216	1,280,556
Noncurrent liabilities	8,742,419	8,246,806
Total liabilities	<u>10,351,635</u>	<u>9,527,362</u>
Deferred inflows of resources	<u>507,212</u>	<u>169,894</u>
Net position:		
Net investment		
in capital assets	25,347,470	23,090,826
Restricted	2,535,394	2,555,457
Unrestricted	<u>10,809,782</u>	<u>11,211,117</u>
Total net position	<u>\$ 38,692,646</u>	<u>\$ 36,857,400</u>

A portion of the County's net position \$25,347,470 reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). Medina County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are shown in the chart below.

	<u>2018</u>	<u>2017</u>
Non-depreciable:		
CIP	\$ 13,112	\$ 7,377,097
Land	<u>1,354,683</u>	<u>1,346,616</u>
Capital assets, non-depreciable	<u>1,367,795</u>	<u>8,723,713</u>
Capital assets, net of depreciation:		
Buildings and improvements	12,257,336	5,483,507
Equipment	3,862,429	3,915,419
Infrastructure	<u>11,203,612</u>	<u>9,350,547</u>
	<u>\$ 27,323,377</u>	<u>\$ 18,749,473</u>

An additional portion of the County's net position \$2,535,394 represents resources that are subject to external restrictions on how they may be used. The unrestricted net position \$10,809,782 may be used to meet the County's ongoing obligations to citizens and creditors.

MEDINA COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2018	2017
REVENUES		
Program revenues:		
Charges for services	\$ 4,343,174	\$ 4,454,957
Operating grants and contributions	1,625,614	1,515,523
Capital grants and contributions	28,470	176,887
General revenues:		
Property taxes	17,411,712	16,309,580
Sales taxes	2,645,597	2,369,409
Other	68,927	20,562
Investment earnings	167,037	82,505
Miscellaneous	673,169	462,866
Total revenues	26,963,700	25,392,289
EXPENSES		
General government	6,961,254	5,215,409
Legal	3,793,534	3,631,070
Public safety	7,901,444	7,884,518
Public transportation	3,573,388	4,736,594
Health and welfare	1,166,411	1,154,657
Interest on long-term debt	114,854	121,535
Total expenses	23,510,885	22,743,783
CHANGE IN NET POSITION	3,452,815	2,648,506
NET POSITION, BEGINNING	36,857,400	34,208,894
PRIOR PERIOD ADJUSTMENT	(1,617,569)	-
NET POSITION, ENDING	\$ 38,692,646	\$ 36,857,400

Property taxes are collected to support government activity through the General Fund, special road and bridge funds, and Debt Service Fund. The county tax rate increased from the prior year. Property tax revenues increased by \$1,378,320 (7%) to \$20,057,309 for the year because of increased values and new developments added to the rolls.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, Medina County's governmental funds reported combined ending fund balances of \$13,367,825, an increase of \$2,299,143 in comparison with the prior year. Approximately 63% percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$5,002,230 is nonspendable, restricted or assigned and is not available for new spending.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was \$9,356,777. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Fund balance in the General Fund represents 57% of total General Fund expenditures. Maintaining a significant fund balance is essential for sound financial management because a great majority of the grant funding for the County is in the form of reimbursements requiring the use of County funding upfront.

Proprietary funds. Proprietary funds are made up of two Internal Service Funds, which include the Employee Health Insurance and Claims Escrow Funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for fiscal year ending September 30, 2018, can be summarized as follows:

- Actual revenue exceeded budgeted revenue by \$1,203,663.
- Actual revenues exceeded expenditures by \$2,643,997.
- Final budgeted expenditures exceeded the actual final budgeted expenditure amount by \$499,031.

Capital Asset and Debt Administration

Capital assets. Medina County's investment in capital assets for its governmental activities as of September 30, 2018, amounts to \$28,691,172 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Acquisition of autos for various departments;
- Acquisition of additional machinery for road maintenance;
- Upgrades to software and IT equipment;

Additional information about Medina County's capital assets can be found in Note 3 of the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$0. The full amount is backed by the full faith and credit of the County. Medina County's bonded debt decreased by \$375,000 during the current fiscal year. The County does have \$4.32 million of tax notes and issued \$2 million of those during fiscal year 2018. The County also had capital leases of \$1,007,618 outstanding at year-end as well.

Medina County is not currently rated because there is no outstanding public bond issues.

Additional information on Medina County's long-term debt can be found in Note 3 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The County of Medina develops a budget to help effectively accomplish the highest priorities and objectives throughout the upcoming fiscal year.

Our fiscal year 2018-2019 budget had a new taxable appraised value of \$3.30 billion, an increase of \$220 million (7.17%) from the previous fiscal year 2017-2018. This increase is mainly due to new properties and an increase in property values. The total tax rate adopted by the Commissioner's County for the County of Medina of \$0.5517 per \$100 of assessed valuation, was the same as the total tax rate for prior fiscal year 2017-2018. This tax rate will provide 51% of our approximate total \$34.5 million of budgeted expenses and expect the remaining from other revenue sources and beginning cash. The general operating fund spending increased in fiscal year 2018-2019 budget to \$19.7 million from \$18.3 million in prior fiscal year 2017-2018 budget. This 7.5% increase in the budget was primarily due to wage increases, personnel additions and our indigent defense assistance program.

The County of Medina continues to experience an increase in population throughout the area. This rapid growth along with a rising demand for local government services has placed a strain on existing facilities, particularly our County Courthouse and County Jail. Our County Courthouse is not large enough to house all administrative employees. Therefore, we have several external offices that are currently being leased or that have been purchased by the County. Our ninety-six (96) bed County Jail is well overcrowded, forcing us to house numerous inmates at nearby counties. Due to these significant matters, the County of Medina intends to reach out to the citizens of the County in the near future and obtain their approval to construct a new County Jail and a Courthouse Annex.

Requests for Information

This financial report provides an overview of Medina County's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chris Schuchart, Medina County Judge.

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**BASIC
FINANCIAL STATEMENTS**

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MEDINA COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and investments	\$ 13,610,158
Receivables:	
Ad valorem taxes	1,323,825
Sales tax	456,127
Intergovernmental	256,473
Fines	3,773,992
Other	449,695
Capital assets:	
Nondepreciable	1,367,795
Depreciable, net of accumulated depreciation	<u>27,323,377</u>
Total assets	<u>48,561,442</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	880,709
Deferred outflows related to OPEB	<u>109,342</u>
Total deferred outflows of resources	<u>990,051</u>
LIABILITIES	
Accounts payable	1,021,402
Accrued liabilities	407,476
Interest payable	30,021
Unearned revenue	30,199
Other liabilities	120,118
Noncurrent liabilities:	
Due within one year	1,431,662
Due in more than one year	<u>7,310,757</u>
Total liabilities	<u>10,351,635</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>507,212</u>
Total deferred outflows of resources	<u>507,212</u>
NET POSITION	
Net investment in capital assets	25,347,470
Restricted for:	
Road and bridge	1,551,129
Debt service	47,599
Records management and technology	446,235
Law enforcement and security	176,453
Grant requirements	313,978
Unrestricted	<u>10,809,782</u>
Total net position	<u>\$ 38,692,646</u>

The accompanying notes are an integral part of these financial statements.

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MEDINA COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position <u>Primary Government</u>
					<u>Governmental Activities</u>
Primary Government:					
Governmental activities:					
General administration	\$ 6,961,254	\$ 1,357,787	\$ 447,502	\$ -	\$(5,155,965)
Legal	3,793,534	376,976	491,017	-	(2,925,541)
Public safety	7,901,444	1,620,844	20,516	-	(6,260,084)
Public transportation	3,573,388	985,124	-	28,470	(2,559,794)
Health and welfare	1,166,411	2,443	666,579	-	(497,389)
Interest on long-term debt	114,854	-	-	-	(114,854)
Total governmental activities	\$ 23,510,885	\$ 4,343,174	\$ 1,625,614	\$ 28,470	(17,513,627)
General revenues:					
Taxes:					
Property					17,411,712
Sales					2,645,597
Other taxes					68,927
Investment earnings					167,037
Miscellaneous					673,169
Total general revenues					20,966,442
Change in net position					3,452,815
Net position, beginning					36,857,400
Prior period adjustment					(1,617,569)
Net position, ending					\$ 38,692,646

The accompanying notes are an integral part of these financial statements.

MEDINA COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>TAN Series 2018</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 8,760,930	\$ 69,602	1,944,777	\$ 2,630,198	\$ 13,405,507
Receivables:					
Ad valorem taxes	1,039,492	83,949	-	200,384	1,323,825
Sales tax	456,127	-	-	-	456,127
Intergovernmental	24,357	-	-	232,116	256,473
Other	140,410	-	-	309,285	449,695
Due from other funds	<u>726,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>726,554</u>
Total assets	<u>11,147,870</u>	<u>153,551</u>	<u>1,944,777</u>	<u>3,371,983</u>	<u>16,618,181</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	458,009	-	-	317,863	775,872
Payroll liabilities	299,986	-	-	107,490	407,476
Other liabilities	97,885	-	-	22,233	120,118
Due to other funds	-	365,544	-	361,010	726,554
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,199</u>	<u>30,199</u>
Total liabilities	<u>855,880</u>	<u>365,544</u>	<u>-</u>	<u>838,795</u>	<u>2,060,219</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	<u>935,213</u>	<u>77,449</u>	<u>-</u>	<u>177,475</u>	<u>1,190,137</u>
Total deferred inflows of resources	<u>935,213</u>	<u>77,449</u>	<u>-</u>	<u>177,475</u>	<u>1,190,137</u>
Fund balances:					
Nonspendable - prepaid items	-	-	-	-	-
Restricted for:					
Road and bridge	-	-	-	1,551,129	1,551,129
Debt service	-	-	-	171	171
Records management and technology	-	-	-	446,235	446,235
Law enforcement and security	-	-	-	176,453	176,453
Grant requirements	-	-	-	136,503	136,503
Capital Projects	-	-	1,944,777	148,775	2,093,552
Assigned for:					
Utilization of fund balance in subsequent year's budget	598,187	-	-	-	598,187
Unassigned	<u>8,758,590</u>	<u>(289,442)</u>	<u>-</u>	<u>(103,553)</u>	<u>8,365,595</u>
Total fund balances	<u>9,356,777</u>	<u>(289,442)</u>	<u>1,944,777</u>	<u>2,355,713</u>	<u>13,367,825</u>
Total liabilities and fund balances	<u>\$ 11,147,870</u>	<u>\$ 153,551</u>	<u>\$ 1,944,777</u>	<u>\$ 3,371,983</u>	<u>\$ 16,618,181</u>

The accompanying notes are an integral part of these financial statements.

MEDINA COUNTY, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

Total fund balances - governmental funds balance sheet \$ 13,367,825

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 28,691,172

Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized in the statement of net position.

Accrued interest	\$(30,021)	
Tax Notes	(4,320,000)	
Capital leases payable	(1,007,618)	
Time Warrants	(109,636)	
Compensated absences	(228,274)	
Deferred outflow related to pensions		880,709	
Deferred inflow related to pensions	(507,212)	
Deferred outflow related to OPEB		109,342	
Net pension liability	(234,205)	
Net OPEB obligation	(<u>2,842,686)</u>	
Total long-term liabilities			(8,289,601)

The assets and liabilities of the Internal Service Fund are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. (40,879)

Long-term assets are not available to pay for current period expenditures and,

Fines and court costs		3,773,992	
Property taxes		<u>1,190,137</u>	
Total long-term assets			<u>4,964,129</u>

Net position of governmental activities \$ 38,692,646

MEDINA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General	Debt Service	TAN Series 2018	Other Governmental	Total Governmental Funds
REVENUES					
Property taxes	\$ 13,289,759	\$ 877,727	\$ -	\$ 3,243,417	\$ 17,410,903
Sales tax	2,645,597	-	-	-	2,645,597
Other taxes	24,420	-	-	44,507	68,927
Licenses and permits	-	-	-	887,952	887,952
Intergovernmental	144,283	-	-	1,450,230	1,594,513
Charges for services	1,512,147	-	-	64,728	1,576,875
Fines and forfeitures	861,855	-	-	883,899	1,745,754
Interest	137,527	704	-	28,316	166,547
Miscellaneous	412,050	-	-	335,675	747,725
Total revenues	<u>19,027,638</u>	<u>878,431</u>	<u>-</u>	<u>6,938,724</u>	<u>26,844,793</u>
EXPENDITURES					
Current:					
General administration	5,040,424	-	-	844,769	5,885,193
Legal	3,183,452	-	-	468,716	3,652,168
Public safety	6,706,229	-	-	610,374	7,316,603
Public transportation	-	-	-	4,347,714	4,347,714
Health and welfare	343,654	-	-	727,222	1,070,876
Capital outlay	742,620	-	17,723	1,102,020	1,862,363
Debt service:					
Principal	335,446	865,000	-	336,465	1,536,911
Interest and other charges	31,816	41,686	37,500	16,278	127,280
Total expenditures	<u>16,383,641</u>	<u>906,686</u>	<u>55,223</u>	<u>8,453,558</u>	<u>25,799,108</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,643,997</u>	<u>(28,255)</u>	<u>(55,223)</u>	<u>(1,514,834)</u>	<u>1,045,685</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from debt issuance	-	-	2,000,000	75,700	2,075,700
Sale of capital assets	10,920	-	-	24,838	35,758
Transfers in	-	749	-	1,038,775	1,039,524
Transfers out	<u>(1,868,305)</u>	<u>-</u>	<u>-</u>	<u>(29,219)</u>	<u>(1,897,524)</u>
Total other financing sources and uses	<u>(1,857,385)</u>	<u>749</u>	<u>2,000,000</u>	<u>1,110,094</u>	<u>1,253,458</u>
NET CHANGE IN FUND BALANCES	786,612	(27,506)	1,944,777	(404,740)	2,299,143
FUND BALANCES, BEGINNING	<u>8,570,165</u>	<u>(261,936)</u>	<u>-</u>	<u>2,760,453</u>	<u>11,068,682</u>
FUND BALANCES, ENDING	<u>\$ 9,356,777</u>	<u>\$(289,442)</u>	<u>\$ 1,944,777</u>	<u>\$ 2,355,713</u>	<u>\$ 13,367,825</u>

The accompanying notes are an integral part of these financial statements.

MEDINA COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

Net change in fund balances - total governmental funds		\$ 2,299,143
Governmental funds report capital outlays as expenditures. However, in the		
Capital outlay	\$ 3,470,573	
Retirement of capital assets	(10,854)	
Depreciation expense	<u>(1,831,413)</u>	
Net adjustment		1,628,306

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments:		
General Obligation Bonds	375,000	
Tax Notes	490,000	
Time Warrants	282,265	
Capital leases	<u>389,644</u>	
Net adjustment		1,536,909

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Accounts receivable:		
Fines and court costs	117,608	
Property taxes	<u>809</u>	
Net adjustment		118,417

An Internal Service Fund is used by management to charge the costs of certain activities, such as health insurance premiums, to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with governmental activities.

220,230

The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

(2,075,700)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable, available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized as an expenditure under the modified accrual basis of accounting until due, rather than as it accrues.

Interest on long-term debt	12,426	
Compensated absences	(46,211)	
OPEB cost	(103,416)	
Pension cost	<u>(137,289)</u>	
Net adjustment		<u>(274,490)</u>

Change in net position of governmental activities		\$ <u>3,452,815</u>
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The accompanying notes are an integral part of these financial statements.

MEDINA COUNTY, TEXAS

STATEMENT OF NET POSITION

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

SEPTEMBER 30, 2018

ASSETS

Cash and investments \$ 204,651

Total assets \$ 204,651

LIABILITIES

Accounts payable \$ 245,530

Total liabilities \$ 245,530

NET POSITION

Unrestricted \$(40,879)

Total net position \$(40,879)

MEDINA COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

OPERATING REVENUES	
Charges for services	\$ 2,613,374
Miscellaneous revenue	<u>5,094</u>
Total operating revenues	<u>2,618,468</u>
OPERATING EXPENSES	
Claims	668,096
Premiums and administrative	<u>2,588,632</u>
Total operating expenses	<u>3,256,728</u>
OPERATING INCOME	<u>(638,260)</u>
NONOPERATING REVENUES	
Interest and investment earnings	<u>490</u>
Income before transfers	<u>(637,770)</u>
TRANSFERS	
Transfer In	<u>858,000</u>
CHANGE IN NET POSITION	220,230
TOTAL NET POSITION, BEGINNING	<u>(261,109)</u>
TOTAL NET POSITION, ENDING	<u><u>\$ (40,879)</u></u>

MEDINA COUNTY, TEXAS
STATEMENT OF CASH FLOWS
GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 2,618,468
Cash paid to suppliers for services	(3,304,800)
Net cash used by operating activities	<u>(686,332)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds	<u>858,000</u>
Net cash provided by operating activities	<u>858,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment earnings	<u>490</u>
Net cash provided by investing activities	<u>490</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	172,158
CASH AND CASH EQUIVALENTS, BEGINNING	<u>32,493</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 204,651</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$(638,260)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	4,257
(Increase) decrease in prepaid items	1,605
Increase (decrease) in accounts payable	<u>(53,934)</u>
Net cash used by operating activities	<u>\$(686,332)</u>

MEDINA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>3,320,838</u>
Total assets	\$ <u><u>3,320,838</u></u>
LIABILITIES	
Due to others	\$ <u>3,320,838</u>
Total liabilities	\$ <u><u>3,320,838</u></u>

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MEDINA COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Medina County, Texas, was organized in 1848. The County operates under a County Judge-Commissioners' Court type of government and provides the following services throughout the County: public safety (law enforcement), public transportation (highways and roads), health and welfare, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. A summary of the significant accounting policies consistently applied in the preparation of financial statements follows:

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

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Based upon the foregoing criteria, there are no component units for Medina County.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The ***Debt Service Fund*** is used to account for the accumulation of resources for and the payment of long-term debt principal and interest. The primary source of revenue for Debt Service Funds is ad valorem taxes. The use of Debt Service Funds to service debt is not required unless legally mandated or if resources are accumulated for payments maturing in future years.

The ***TAN Series 2018*** was issued to finance the costs of paying contractual obligations to be incurred for the purpose of (i) designing, constructing, renovating, equipping, enlarging, and improving County facilities, including the expansion and renovation of the County Jail and Sheriff's Office and the construction of a new County Courthouse Annex, and (ii) paying professional services relating to the aforementioned projects and relating to the issuance of the obligations.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the county or from Commissioners' Court.

The *Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The *Internal Service Fund* accounts for health insurance services provided to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Agency Funds account for assets held by the County in a trustee capacity or as an agent for others.

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

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

D. Assets, Liabilities and Net Position or Equity

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand and demand deposits.

Operating cash is administered using a "pool" concept which combines the monies of most County funds into a single interest-bearing bank account for control purposes. Each fund's portion of this pool is accounted for in the applicable fund. Interest earnings on these deposits are apportioned to each fund based on their end of month balance in the pool. Investments for the County are reported at fair value, except for the position in investment pools.

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).

Property Taxes

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. Property taxes are levied by October 1 of the year in which assessed or as soon thereafter as practicable. The Medina County Tax Assessor-Collector bills and collects the ad valorem property taxes (including penalty and interest and delinquent tax attorney fees, if any) for the County. Property taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty.

Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent collections.

The County's taxes on Medina property are a lien against such property until paid. The County may foreclose on Medina property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older. Although the County does collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected, are generally paid when there is a sale or a transfer of the title to the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike Medina property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

The County distributes all tax collections to the General Fund, Road and Bridge, and Debt Service Funds.

The 2017 Tax Rate for the fiscal year ended September 30, 2018, was \$0.5517 per \$100 valuation.

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a County-wide appraisal district and an appraisal review board in each County in the State. The Medina County Tax Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of property for all taxing units in the County.

The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, Medina County property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action. Under the Code, the Commissioners' Court will continue to set County tax rates on property.

Inventories

Inventories of supplies on hand have not been recorded, as such supplies are of an expendable nature and are expensed when purchased. As these amounts do not seem to fluctuate a great deal from year to year, it is felt that the exclusion of inventories does not materially affect either the financial position or results of operations of these funds.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	5-50
Equipment	5-20

Compensatory Time (Comp Time)

Medina County employees may be required by their department heads to work hours in excess of forty (40) hours per week. Due to our restricted revenues, only law enforcement departments are budgeted for overtime pay. Therefore, all non-exempt employees that work in excess of 40 hours per week for an unbudgeted department, Medina County uses compensatory time off (Comp Time) to compensate for overtime hours worked. Comp time accrues only when an employee actually works over 40 hours per week. An employee may accrue a maximum of 40 hours of Comp time, any additional overtime hours worked will be paid at the one-and-one-half (1 ½) times the employee's regular hourly pay rate. Overtime for law enforcement employees shall be handled in accordance with the policy for overtime compensation established by the Sheriff's Department and approved by the Commissioner's Court. Employees are not entitled to payment for unused Comp Time upon termination.

Personnel Time Off (PTO) & Vacation Leave

All full-time regular employees of Medina County are eligible for Personnel Time Off (PTO) and vacation benefits. Accrual of PTO and vacation benefits shall begin on the employee's first day of work in a full-time position. However, an employee must work for a minimum of ninety (90) days in said position before he/she is eligible to use PTO or vacation time. Employees shall not be allowed to borrow PTO or vacation time against future accruals nor should employees be allowed to receive pay in lieu of taking time off. PTO and vacation time accrues at a rate of 3.08 hour per pay-period. An employee may carry over a maximum of 240 hours to PTO and a maximum of 160 hours vacation leave. Once an employee reaches the maximum accrual balance, he/she will stop accruing time until the balance is below the maximum allowed. An employee may carry over a maximum of 240 hours of PTO and a maximum of 40 hours of vacation leave from one calendar year to the next. Any accrued time over the carry-over maximum allowed will be removed from payroll records at the end of the calendar year and the employee will lose that time with no payment received. If a holiday falls during PTO or vacation leave, the holiday shall be charged in accordance with the policy on holidays and shall not be charged against the employee's PTO nor vacation balance. Unused PTO leave is cancelled upon leaving Medina County employment without compensation to the employee. Employees cannot use PTO in lieu of giving their two-week's notice. Unlike PTO, at the time of an employee's termination from Medina County employment, accrued vacation leave will be paid out at the employee's current rate of pay, not to exceed 160 hours.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on refunding of bond issues are reported as deferred charges and amortized over the term of the related debt.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's total OPEB liability is obtained from a reported prepared by a consulting actuary.

Fund Balance Classification

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court or County Judge.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual pension experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – This difference is deferred and amortized over a closed five year period.

In addition to liability, 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 applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualified for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The following funds had a deficit fund equity:

- Debt Service \$(289,442)
- Health Unit \$(29,487)
- Sheriff Short-term Grants \$(3,221)
- Purchase of Youth Services \$(514)
- Project Safe Neighborhoods \$(1,106)
- JAG – District Attorney \$(892)
- Capital Project \$(105,399)
- Internal Service Fund \$(40,879)

The County anticipates revenues in future periods will eliminate these deficit fund balances or the County will transfer funds from the General Fund to eliminate these deficits.

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 2,496,368	28
Logic	1,784,227	31
	<u>\$ 4,280,595</u>	

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the weighted average maturity of the investment portfolios to a maximum of 90 days.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2018, the County's deposit balance was collateralized with securities held by the pledging financial institution and FDIC insurance.

Credit Risk. It is the County’s policy, as defined by the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County’s investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAAm	Standard & Poor's
Logic	AAAm	Standard & Poor's

TexPool has a redemption notice period of one day and may redeem daily. The investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool’s liquidity.

Receivables

Receivables as of year-end for the County’s individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 1,039,492	\$ 83,949	\$ 200,384	\$ 1,323,825
Sales tax	456,127	-	-	456,127
Intergovernmental	24,357	-	232,116	256,473
Other	140,410	-	309,285	449,695
Total receivables	<u>\$ 1,660,386</u>	<u>\$ 83,949</u>	<u>\$ 741,785</u>	<u>\$ 2,486,120</u>

Capital Assets

Primary Government

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

	Beginning Balance	Increases	Decreases	Transfers / Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,346,616	\$ -	\$ -	\$ 8,067	\$ 1,354,683
Construction in progress	7,377,097	13,112	-	(7,377,097)	13,112
Total capital assets not being depreciated	<u>8,723,713</u>	<u>13,112</u>	<u>-</u>	<u>(7,369,030)</u>	<u>1,367,795</u>
Capital assets, being depreciated:					
Buildings and improvements	10,803,707	532,722	-	6,983,879	18,320,308
Equipment	11,390,691	794,816	(108,530)	(111,036)	11,965,941
Infrastructure	19,061,465	2,129,923	(235,425)	-	20,955,963
Total capital assets being depreciated	<u>41,255,863</u>	<u>3,457,461</u>	<u>(343,955)</u>	<u>6,872,843</u>	<u>51,242,212</u>
Less accumulated depreciation:					
Buildings and improvements	5,320,200	853,828	-	(111,056)	6,062,972
Equipment	7,475,272	715,291	(97,676)	10,625	8,103,512
Infrastructure	9,710,918	262,294	(235,425)	14,564	9,752,351
Total accumulated depreciation	<u>22,506,390</u>	<u>1,831,413</u>	<u>(333,101)</u>	<u>(85,867)</u>	<u>23,918,835</u>
Total capital assets, being depreciated, net	<u>18,749,473</u>	<u>1,626,048</u>	<u>(10,854)</u>	<u>6,958,710</u>	<u>27,323,377</u>
Governmental activities capital assets, net	<u>\$ 27,473,186</u>	<u>\$ 1,639,160</u>	<u>\$ (10,854)</u>	<u>\$ (410,320)</u>	<u>\$ 28,691,172</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 853,678
Legal	267
Public safety	267,229
Public transportation	657,055
Health and welfare	<u>53,184</u>
Total depreciation expense - governmental activities	<u>\$ 1,831,413</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2018, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 365,544
General Fund	Nonmajor governmental	<u>361,010</u>
Total		<u>\$ 726,554</u>

All balances of the due to/due from resulted from short-term loans that are to be reimbursed within the next year.

Interfund Transfers:

	<u>Transfers In</u>			
	<u>Debt Service Fund</u>	<u>Nonmajor Governmental</u>	<u>Internal Service Fund</u>	<u>Total</u>
<u>Transfers Out:</u>				
General	\$ -	\$ 1,010,305	\$ 858,000	\$ 1,868,305
Nonmajor Governmental	<u>749</u>	<u>28,470</u>	<u>-</u>	<u>29,219</u>
Total Transfers Out	<u>\$ 749</u>	<u>\$ 1,038,775</u>	<u>\$ 858,000</u>	<u>\$ 1,897,524</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Long-term Debt

Tax Note

In November 2016, the County received a tax note in the amount of \$1,000,000 with interest rates ranging from .85 to 1.4%. The proceeds from the sale of the notes will be used for (i) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving County facilities, (ii) purchasing voting equipment, and (iii) payment of professional services relating to the aforementioned projects. Currently, the County has two outstanding tax notes.

<u>Interest Rates</u>	<u>Amount</u>
.35% - 2.60%	\$ 4,320,000

Annual debt service requirements to maturity for the tax note are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 915,000	\$ 67,771
2020	745,000	59,393
2021	765,000	46,519
2022	775,000	32,662
2023	415,000	21,019
2024	425,000	11,905
2025	<u>280,000</u>	<u>3,640</u>
Total	<u>\$ 4,320,000</u>	<u>\$ 242,909</u>

Time Warrants

The County has 3 time warrants for the purchase of various machinery and equipment. The interest rates on the warrants are 3.00% to 5.00%. Annual debt service requirements to maturity for time warrants are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 69,316	\$ 3,188
2020	<u>40,320</u>	<u>1,232</u>
Total	<u>\$ 109,636</u>	<u>\$ 4,420</u>

Capital Leases

The government has acquired certain fixed assets for governmental activities through the use of lease purchase agreements. 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 assets acquired through capital leases are as follows:

	<u>Asset</u>
Governmental activities	
Assets:	
Motorola Communications Upgrade	\$ 1,729,664
Accumulated depreciation	<u>(518,898)</u>
 Total	 <u>\$ 1,210,766</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2019	\$ 432,182
2020	432,182
2021	<u>196,340</u>
Total minimum lease payments	1,060,704
Less: amount representing interest	<u>(53,086)</u>
 Present value of minimum lease payments	 <u>\$ 1,007,618</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities					
General obligation bonds	\$ 375,000	\$ -	\$ 375,000	\$ -	\$ -
Tax note	2,810,000	2,000,000	490,000	4,320,000	915,000
Time warrants	316,201	75,700	282,265	109,636	69,316
Capital leases	1,397,262	-	389,644	1,007,618	401,691
Net pension liability	1,743,601	2,023,830	3,533,226	234,205	-
Net OPEB obligation	2,739,270	212,758	109,342	2,842,686	-
Compensated absences	<u>182,063</u>	<u>373,961</u>	<u>327,750</u>	<u>228,274</u>	<u>45,655</u>
Governmental activity					
long-term liabilities	<u>\$ 9,563,397</u>	<u>\$ 4,686,249</u>	<u>\$ 5,507,227</u>	<u>\$ 8,742,419</u>	<u>\$ 1,431,662</u>

Other Information

The County 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 County carries commercial insurance. The County has not had any significant reductions in insurance coverage in the prior year. The County also provides medical insurance for County employees.

Liabilities 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). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported in the Internal Service Fund. An excess coverage policy covers \$35,000 per participant annually and \$1,000,000 lifetime maximum benefit. Changes in the balances of claims liabilities during the past two years are as follows:

	Years Ended	
	9/30/2018	9/30/2017
Unpaid claims at beginning of year	\$ 299,464	\$ 498,873
Incurred claims (including IBNRs)	611,517	2,161,841
Claim payments	(665,451)	(2,361,250)
Unpaid claims at end of year	<u>\$ 245,530</u>	<u>\$ 299,464</u>

Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCERS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCERS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tcds.org.

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.

Benefits Provided. TCERS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCERS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	112
Inactive employees entitled to but not yet receiving benefits	183
Active employees	237
	<hr style="width: 100%; border: 0.5px solid black;"/>
	<u>532</u>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the County were 8.0% in calendar years 2017 and 2018. The County’s contributions to TCDRS for the year ended September 30, 2018, were \$781,451, and were equal to the required contributions.

Net Pension Liability. The County’s Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.25% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

The County/District has no automatic cost-of-living adjustments (“COLA”) and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the County/District may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

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

The actuarial assumptions that determined the total pension liability as of December 31, 2017, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except for mortality assumptions. Mortality assumptions were updated for the 2017 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2018 information for a 7 to 10 year time horizon. 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 2013. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

Asset Class	Benchmark	Target Allocation⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation)⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities - Developed	MSCI World Ex USA (net)	11.00%	4.55%
International Equities - Emerging	MSCI EM Standard (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

(1) Target asset allocation adopted at the April 2018 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 capital market assumptions.

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	\$ 24,893,531	\$ 23,149,931	\$ 1,743,600
Changes for the year:			
Service cost	1,096,294	-	1,096,294
Interest on total pension liability ⁽¹⁾	2,058,841	-	2,058,841
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(119,781)	-	(119,781)
Effect of assumptions changes or inputs	155,259	-	155,259
Refund of contributions	(135,219)	(135,219)	-
Benefit payments	(1,031,564)	(1,031,564)	-
Administrative expenses	-	(17,747)	17,747
Member contributions	-	571,174	(571,174)
Net investment income	-	3,381,770	(3,381,770)
Employer contributions	-	762,738	(762,738)
Other ⁽³⁾	-	2,073	(2,073)
Balance at 12/31/2017	<u>\$ 26,917,361</u>	<u>\$ 26,683,156</u>	<u>\$ 234,205</u>

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

⁽²⁾ No plan changes valued

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 30,616,111	\$ 26,917,362	\$ 23,831,914
Fiduciary net position	<u>26,683,157</u>	<u>26,683,157</u>	<u>26,683,157</u>
Net pension liability/(asset)	<u>\$ 3,932,954</u>	<u>\$ 234,205</u>	<u>\$(2,851,243)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the County recognized pension expense of \$918,025. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 209,088	\$ 43,077
Changes in actuarial assumptions	-	234,360
Difference between projected and actual investment earnings	298,124	-
Contributions subsequent to the measurement date	-	603,272
Total	<u>\$ 507,212</u>	<u>\$ 880,709</u>

\$603,272 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>For The Year Ended September 30,</u>	
2018	\$ 199,550
2019	123,596
2020	(259,894)
2021	(293,027)

Other Post-retirement Health Care Benefits

Plan Description

The County provides certain health care and dental benefits, under county policy, for employees upon retirement that meet one of the following requirements: age 60 with 8 or more years of service, at least 30 years of service at any age, or a combined age plus service of at least 75. Employees hired on October 1, 2012 or after will no longer be eligible for such retiree coverage.

BENEFITS AND CONTRIBUTIONS

Except for employees hired on or after October 1, 2012, a Medina County employee who retires and chooses a monthly pension through Texas County and District Retirement System is covered on Medina County's health and dental insurance plan through the month he or she turns 65. Retirees who take a lump sum payment of retirement savings are only eligible to remain on Medina County's health and dental insurance plan as provided for by COBRA guidelines. The qualified retiree may continue any dependent coverage up to the retiree's age of 65 at the same rate afforded to current employees. When the retiree turns 65 and becomes Medicare eligible, he or she is removed from coverage on Medina County's health and dental insurance plan. The retiree may continue dependent coverage according to COBRA guidelines.

Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, post-retirement health care benefits paid by the County were \$109,342.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>97</u>
	<u>107</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial cost method	Individual Entry Age
Inflation rate	3.00%
Salary increases	3.50%
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	RP-2014 Healthy Annuitant Mortality Table for males and females, both projected with the MP-2018.
Health care cost trend rates	Level 5.00%
Participation rates	It was assumed that 100% of retirees who are eligible for the County subsidy and 100% of active employees would choose to receive health care benefits through the County.
Discount rate	4.06% as of September 30, 2018.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 4.06% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of September 30, 2018.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$2,842,686 was measured as of September 30, 2018 and was determined by an actuarial valuation as of September 30, 2018.

	Total OPEB Liability
Balance at 10/01/2017	\$ 2,739,270
Changes for the year:	
Service cost	99,715
Interest on the total liability	113,043
Benefit payments	(109,342)
Net changes	103,416
Balance at 09/30/2018	\$ 2,842,686

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.06%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (3.06%)</u>	<u>Discount Rate (4.06%)</u>	<u>1% Increase in Discount Rate (5.06%)</u>
County's total OPEB liability	\$ 3,128,930	\$ 2,842,686	\$ 2,582,199

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
County's total OPEB liability	\$ 2,490,902	\$ 2,842,686	\$ 3,261,071

OPEB Expense

For the year ended September 30, 2018, the County recognized OPEB expense of \$212,758.

Commitments and Contingencies

Various claims and lawsuits are pending against the County. The evaluation of County management is that any liability to the County relating to such claims and lawsuits will not have a material impact on the County's financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.

In addition, the County also participates in several federally assisted grant programs, all of which are subject to federal regulations and guidelines. Should any of the grant program expenditures be disallowed by any of the respective grantor agencies or should any other contingency become a Medina liability, funds would have to be appropriated in future County budgets for settlements.

Prior Period Commitment

The County implemented GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB). The effect of this standard was to decrease beginning net position by \$1,207,249. The County also had some adjustments to capital assets that reduced beginning net position by \$410,320.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad valorem	\$ 13,241,975	\$ 13,241,975	\$ 13,289,759	\$ 47,784
Sales	2,325,000	2,325,000	2,645,597	320,597
Beer and wine	19,000	19,000	24,420	5,420
Total taxes	<u>15,585,975</u>	<u>15,585,975</u>	<u>15,959,776</u>	<u>373,801</u>
Intergovernmental				
State allocation - HB66	80,000	80,000	84,000	4,000
State allocation - grants	55,200	55,200	60,283	5,083
Total intergovernmental	<u>135,200</u>	<u>135,200</u>	<u>144,283</u>	<u>9,083</u>
Charges for services				
County clerk	250,000	250,000	326,836	76,836
District clerk	60,000	60,000	106,521	46,521
Tax assessor-collector	130,000	130,000	230,169	100,169
Sheriff	112,500	112,500	163,943	51,443
County attorney	120,000	120,000	91,444	(28,556)
County treasurer	150,000	150,000	204,905	54,905
Constable fees	35,000	35,000	37,651	2,651
County Judge	2,000	2,000	1,908	(92)
Other taxing entities	135,000	135,000	143,067	8,067
Other fees	89,700	89,700	205,703	116,003
Total charges for services	<u>1,084,200</u>	<u>1,084,200</u>	<u>1,512,147</u>	<u>427,947</u>
Fines and forfeitures				
Justice of the peace	806,000	806,000	861,855	55,855
Total fines and forfeitures	<u>806,000</u>	<u>806,000</u>	<u>861,855</u>	<u>55,855</u>
Interest	<u>45,000</u>	<u>45,000</u>	<u>137,527</u>	<u>92,527</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Other	\$ 167,600	\$ 167,600	\$ 412,050	\$ 244,450
Total miscellaneous	<u>167,600</u>	<u>167,600</u>	<u>412,050</u>	<u>244,450</u>
Total revenues	<u>17,823,975</u>	<u>17,823,975</u>	<u>19,027,638</u>	<u>1,203,663</u>
EXPENDITURES				
General administration				
Commissioners' court				
Personnel services	193,864	193,864	191,292	2,572
Supplies	1,500	1,500	1,322	178
Other services and charges	<u>20,250</u>	<u>20,250</u>	<u>15,087</u>	<u>5,163</u>
Total commissioners' court	<u>215,614</u>	<u>215,614</u>	<u>207,701</u>	<u>7,913</u>
Loss control				
Personnel services	11,546	11,546	10,612	934
Supplies	200	200	-	200
Other services and charges	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>
Total loss control	<u>12,046</u>	<u>12,046</u>	<u>10,612</u>	<u>1,434</u>
County clerk				
Personnel services	436,474	436,474	435,967	507
Supplies	10,000	10,000	10,694	(694)
Other services and charges	<u>41,850</u>	<u>41,850</u>	<u>56,566</u>	<u>(14,716)</u>
Total County clerk	<u>488,324</u>	<u>488,324</u>	<u>503,227</u>	<u>(14,903)</u>
Veteran service officer				
Personnel services	73,076	73,076	74,555	(1,479)
Supplies	1,500	1,500	1,250	250
Other services and charges	<u>8,000</u>	<u>7,000</u>	<u>6,168</u>	<u>832</u>
Total veteran service officer	<u>82,576</u>	<u>81,576</u>	<u>81,973</u>	<u>(397)</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General administration				
Elections				
Personnel services	\$ 211,781	\$ 236,781	\$ 237,955	\$(1,174)
Supplies	12,500	17,500	16,622	878
Other services and charges	112,100	82,100	57,062	25,038
Total elections	<u>336,381</u>	<u>336,381</u>	<u>311,639</u>	<u>24,742</u>
County auditor				
Personnel services	353,946	353,946	330,634	23,312
Supplies	4,000	4,000	3,614	386
Other services and charges	21,400	21,400	19,846	1,554
Total County auditor	<u>379,346</u>	<u>379,346</u>	<u>354,094</u>	<u>25,252</u>
County treasurer				
Personnel services	267,829	267,829	270,569	(2,740)
Supplies	4,500	4,500	3,949	551
Other services and charges	24,960	24,960	16,047	8,913
Total County treasurer	<u>297,289</u>	<u>297,289</u>	<u>290,565</u>	<u>6,724</u>
Human resources/grants				
Personnel services	231,529	231,529	179,083	52,446
Supplies	9,400	9,400	6,601	2,799
Other services and charges	12,300	12,300	11,716	584
Total human resources/grants	<u>253,229</u>	<u>253,229</u>	<u>197,400</u>	<u>55,829</u>
Tax assessor-collector				
Personnel services	849,426	849,426	781,705	67,721
Supplies	25,000	25,000	10,666	14,334
Other services and charges	80,600	80,600	66,284	14,316
Total tax assessor-collector	<u>955,026</u>	<u>955,026</u>	<u>858,655</u>	<u>96,371</u>
Nondepartmental				
Personnel services	186,981	186,981	176,586	10,395
Other services and charges	1,554,725	1,484,725	1,282,428	202,297
Total nondepartmental	<u>1,741,706</u>	<u>1,671,706</u>	<u>1,459,014</u>	<u>212,692</u>
County agent				
Personnel services	125,387	125,387	99,867	25,520
Supplies	3,250	2,120	1,898	222
Other services and charges	34,450	34,450	20,142	14,308
Total County agent	<u>163,087</u>	<u>161,957</u>	<u>121,907</u>	<u>40,050</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General administration				
Courthouse and buildings				
Personnel services	\$ 220,668	\$ 220,668	\$ 203,016	\$ 17,652
Supplies	57,000	57,000	52,213	4,787
Other services and charges	367,350	367,350	374,505	(7,155)
Total courthouse and buildings	<u>645,018</u>	<u>645,018</u>	<u>629,734</u>	<u>15,284</u>
Subdivision administration department				
Personnel services	7,852	7,852	6,483	1,369
Supplies	200	200	14	186
Other services and charges	25,100	25,100	7,406	17,694
Total subdivision administration department	<u>33,152</u>	<u>33,152</u>	<u>13,903</u>	<u>19,249</u>
Total general administration	<u>5,602,794</u>	<u>5,530,664</u>	<u>5,040,424</u>	<u>490,240</u>
Legal				
District and County court				
Personnel services	290,768	290,768	288,165	2,603
Supplies	4,500	4,500	4,300	200
Other services and charges	768,941	768,941	781,851	(12,910)
Total district and County court	<u>1,064,209</u>	<u>1,064,209</u>	<u>1,074,316</u>	<u>(10,107)</u>
District clerk				
Personnel services	400,466	400,466	394,926	5,540
Supplies	7,500	7,500	6,523	977
Other services and charges	39,500	39,500	36,817	2,683
Total district clerk	<u>447,466</u>	<u>447,466</u>	<u>438,266</u>	<u>9,200</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Legal				
Justices of the peace				
Personnel services	\$ 696,214	\$ 696,214	\$ 694,155	\$ 2,059
Supplies	10,350	10,350	7,969	2,381
Other services and charges	54,960	54,960	47,279	7,681
Total justices of the peace	<u>761,524</u>	<u>761,524</u>	<u>749,403</u>	<u>12,121</u>
County attorney				
Personnel services	322,740	322,740	326,193	(3,453)
Supplies	6,500	6,500	6,098	402
Other services and charges	31,050	31,050	22,391	8,659
Total County attorney	<u>360,290</u>	<u>360,290</u>	<u>354,682</u>	<u>5,608</u>
District attorney				
Personnel services	5,151	5,151	4,883	268
Other services and charges	553,925	553,925	561,902	(7,977)
Total district attorney	<u>559,076</u>	<u>559,076</u>	<u>566,785</u>	<u>(7,709)</u>
Total legal	<u>3,192,565</u>	<u>3,192,565</u>	<u>3,183,452</u>	<u>9,113</u>
Public safety				
County jail				
Personnel services	1,464,517	1,464,517	1,394,790	69,727
Supplies	166,500	166,500	182,182	(15,682)
Other services and charges	757,900	757,900	942,747	(184,847)
Total County jail	<u>2,388,917</u>	<u>2,388,917</u>	<u>2,519,719</u>	<u>(130,802)</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Public safety				
Constables				
Personnel services	\$ 178,460	\$ 178,460	\$ 176,667	\$ 1,793
Supplies	6,800	6,800	4,128	2,672
Other services and charges	85,388	85,388	82,962	2,426
Total constables	<u>270,648</u>	<u>270,648</u>	<u>263,757</u>	<u>6,891</u>
Sheriff				
Personnel services	3,215,078	3,215,078	3,166,528	48,550
Supplies	219,858	219,858	203,824	16,034
Other services and charges	223,350	223,350	260,975	(37,625)
Total sheriff	<u>3,658,286</u>	<u>3,658,286</u>	<u>3,631,327</u>	<u>26,959</u>
Juvenile board				
Personnel services	14,126	14,126	12,734	1,392
Total juvenile board	<u>14,126</u>	<u>14,126</u>	<u>12,734</u>	<u>1,392</u>
DPS/license and weight				
Personnel services	76,242	76,242	81,449	(5,207)
Supplies	3,000	3,000	3,025	(25)
Other services and charges	11,300	11,300	8,667	2,633
Total DPS/license and weight	<u>90,542</u>	<u>90,542</u>	<u>93,141</u>	<u>(2,599)</u>
Highway patrol				
Personnel services	77,002	77,002	78,259	(1,257)
Supplies	2,200	2,200	2,140	60
Other services and charges	6,120	6,120	6,196	(76)
Total highway patrol	<u>85,322</u>	<u>85,322</u>	<u>86,595</u>	<u>(1,273)</u>
Emergency management				
Personnel services	67,109	67,109	67,755	(646)
Supplies	12,250	12,250	6,919	5,331
Other services and charges	23,570	23,570	24,282	(712)
Total emergency management	<u>102,929</u>	<u>102,929</u>	<u>98,956</u>	<u>3,973</u>
Total public safety	<u>6,610,770</u>	<u>6,610,770</u>	<u>6,706,229</u>	<u>(95,459)</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Health and welfare				
Sanitation inspection				
Personnel services	\$ 158,185	\$ 158,185	\$ 156,472	\$ 1,713
Supplies	9,300	9,300	5,874	3,426
Other services and charges	24,925	24,925	21,008	3,917
Total sanitation inspection	<u>192,410</u>	<u>192,410</u>	<u>183,354</u>	<u>9,056</u>
Social services and indigent services				
Personnel services	600	600	3,193	(2,593)
Other services and charges	184,336	182,336	157,107	25,229
Total social services and indigent services	<u>184,936</u>	<u>182,936</u>	<u>160,300</u>	<u>22,636</u>
Total health and welfare	<u>377,346</u>	<u>375,346</u>	<u>343,654</u>	<u>31,692</u>
Capital outlay	<u>801,935</u>	<u>806,065</u>	<u>742,620</u>	<u>63,445</u>
Debt Service				
Principal	335,446	335,446	335,446	-
Interest	31,816	31,816	31,816	-
Total Debt Service	<u>367,262</u>	<u>367,262</u>	<u>367,262</u>	<u>-</u>
Total expenditures	<u>16,952,672</u>	<u>16,882,672</u>	<u>16,383,641</u>	<u>499,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>871,303</u>	<u>941,303</u>	<u>2,643,997</u>	<u>1,702,694</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	30,000	30,000	10,920	(19,080)
Transfers out	(1,368,964)	(1,438,964)	(1,868,305)	(429,341)
Total other financing sources (uses)	<u>(1,338,964)</u>	<u>(1,408,964)</u>	<u>(1,857,385)</u>	<u>(448,421)</u>
NET CHANGE IN FUND BALANCE	<u>(467,661)</u>	<u>(467,661)</u>	<u>786,612</u>	<u>1,254,273</u>
FUND BALANCE, BEGINNING	<u>8,570,165</u>	<u>8,570,165</u>	<u>8,570,165</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,102,504</u>	<u>\$ 8,102,504</u>	<u>\$ 9,356,777</u>	<u>\$ 1,254,273</u>

MEDINA COUNTY, TEXAS

NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2018

A. Budgetary Information

The Commissioners' Court may levy taxes only in accordance with the budget. After final approval of the budget, the Commissioners' Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonable diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court must file a copy of its order amending the budget with the County Clerk and the Clerk shall attach the copy to the original budget. Only the Commissioners' Court may amend the budget and shift funds from one budget account to another.

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year and approved by the Commissioners' Court. The budget should not be exceeded in any expenditures category under state law. The budget was amended to reflect as closely as possible revenue and expenditures for the 12-month period. Certain categories exceeded the budget estimates. These variances were due to the fluctuations in revenue and expenditures as opposed to the prorated budget estimates.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Judge, with the help of the County Auditor, prepares an estimate of revenue and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the department's budget request. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenue and available resources. Also, amendments can be made within the above guidelines.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. Appropriations lapse at year-end.

The level of control is the department. By state law, expenditures can exceed appropriations as long as the amounts do not exceed the available revenue and cash balances. The County prepares its budget on a GAAP basis. Since revenue and expenditures are carefully monitored, it is felt that with the GAAP basis, the County will be in compliance with state law.

MEDINA COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Plan Year Ended December 31	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 1,096,294	\$ 1,047,627	\$ 965,430	\$ 904,251
Interest on total pension liability	2,058,841	1,860,738	1,739,114	1,599,983
Effect of plan changes	-	-	(215,866)	-
Effect of economic/demographic (gains) or losses	(119,781)	46,951	(283,157)	98,008
Effect of assumption changes or inputs	155,259	-	275,381	
Benefit payments/refunds of contributions	(1,166,783)	(1,020,613)	(961,512)	(926,667)
Net change in total pension liability	2,023,830	1,934,703	1,519,390	1,675,575
Total pension liability - beginning	<u>24,893,531</u>	<u>22,958,828</u>	<u>21,439,438</u>	<u>19,763,863</u>
Total pension liability - ending (a)	<u>\$ 26,917,361</u>	<u>\$ 24,893,531</u>	<u>\$ 22,958,828</u>	<u>\$ 21,439,438</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 762,738	\$ 711,667	\$ 670,857	\$ 639,941
Member contributions	571,174	533,753	503,059	479,959
Investment income net of investment expenses	3,381,770	1,570,996	(125,071)	1,335,589
Benefit payments refunds of contributions	(1,166,783)	(1,020,613)	(961,512)	(926,667)
Administrative expenses	(17,747)	(17,127)	(15,282)	(15,735)
Other	<u>2,073</u>	<u>64,365</u>	<u>40,468</u>	<u>(9,303)</u>
Net change in plan fiduciary net position	3,533,225	1,843,041	112,519	1,503,784
Plan fiduciary net position - beginning	<u>23,149,931</u>	<u>21,306,889</u>	<u>21,194,370</u>	<u>19,690,586</u>
Plan fiduciary net position - ending (b)	<u>\$ 26,683,156</u>	<u>\$ 23,149,930</u>	<u>\$ 21,306,889</u>	<u>\$ 21,194,370</u>
Net pension liability - ending (a) - (b)	<u>\$ 234,205</u>	<u>\$ 1,743,601</u>	<u>\$ 1,651,939</u>	<u>\$ 245,068</u>
Fiduciary net position as a percentage of total pension liability	99.13%	93.00%	92.80%	98.86%
Pensionable covered payroll	\$ 9,519,560	\$ 8,895,879	\$ 8,384,324	\$ 7,999,314
Net pension liability as a percentage of covered payroll	2.46%	19.60%	19.70%	3.06%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

MEDINA COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 615,394	\$ 615,394	\$ -	\$ 7,817,468	7.9%
2015	666,600	666,600	-	8,332,498	8.0%
2016	725,661	725,661	-	9,070,767	8.0%
2017	754,355	754,355	-	9,429,443	8.0%
2018	781,451	781,451	-	9,768,135	8.0%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

MEDINA COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Valuation Timing

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

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.3 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflect. 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

MEDINA COUNTY, TEXAS
RETIREE HEALTH INSURANCE PLAN
SCHEDULE OF CHANGES IN OPEB LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Plan Year Ended September 30	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 99,715
Interest	113,043
Benefit payments	(109,342)
Net change in total pension liability	103,416
Total OPEB liability - beginning	<u>2,739,270</u>
Total OPEB liability - ending (a)	<u>\$ 2,842,686</u>
Covered - employee payroll	\$ 4,306,477
Total OPEB liability as a percentage of covered - employee payroll	66.01%

Note: This schedule is required to have 10 years of information, but the information prior to 2018 is not available.

MEDINA COUNTY, TEXAS

NOTES TO OTHER POST EMPLOYMENT BENEFITS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Valuation date	September 30, 2018
Measurement date	September 30, 2018
Methods and assumptions:	
Actuarial Method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary.
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
Total OPEB Liability	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate	4.06% (1.06% real rate of return plus 3.00% inflation)
Health Care Cost Trend	Level 5.00% for medical and 1.5% for dental
Effect of ACA	The excess coverage excise tax penalty of the Affordable Care Act has been postponed until the plan year beginning in 2022 and is not included in the projection of benefits in this valuation. This plan has current medical costs well under the limits in current law. Current legislative discussions include both repeal of the excise tax and postponed beyond 2022.
Mortality	RPH-2014 Total Table with Projection MP-2018
Turnover	Rates varying based on gender, age and select and ultimate at 15 year. Rates based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report.
Disability	None assumed
Retiree Contributions	None for individual coverage. Retiree pays a contribution for family coverage. Effective January 1, 2012, eligible retirees retiring on or after that date are required to contribute \$50 per month for individual medical coverage.
Salary Scale	3.50%
Data Assumptions	100% of all retirees who currently have healthcare coverage will continue with the same coverage.
Coverage	100% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement.

**COMBINING
FUND STATEMENTS**

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue			
	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
ASSETS				
Cash and investments	\$ 279,984	\$ 335,771	\$ 275,992	\$ 678,598
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	70,613	49,565	40,922	39,031
Other	38,265	26,861	26,822	26,823
Prepays	-	-	-	-
Total assets	<u>388,862</u>	<u>412,197</u>	<u>343,736</u>	<u>744,452</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	16,175	24,698	13,789	6,903
Payroll liabilities	20,330	20,456	14,923	14,062
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	26,694	2,613	-	-
Total liabilities	<u>63,199</u>	<u>47,767</u>	<u>28,712</u>	<u>20,965</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	64,885	47,918	32,016	32,656
Total deferred inflows of resources	<u>64,885</u>	<u>47,918</u>	<u>32,016</u>	<u>32,656</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	260,778	316,512	283,008	690,831
Unassigned	-	-	-	-
Total fund balances	<u>260,778</u>	<u>316,512</u>	<u>283,008</u>	<u>690,831</u>
Total liabilities and fund balances	<u>\$ 388,862</u>	<u>\$ 412,197</u>	<u>\$ 343,736</u>	<u>\$ 744,452</u>

Special Revenue

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Community Justice Assistance	WIC
\$ 332	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	63,244	68,309
-	-	-	-	-	-
-	-	-	-	14,440	-
<u>332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,684</u>	<u>68,309</u>
332	-	-	-	42	12,093
-	-	-	-	8,375	10,033
-	-	-	-	-	-
-	-	-	-	52,022	33,208
<u>332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,439</u>	<u>55,334</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	12,975
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,245</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,245</u>	<u>12,975</u>
<u>\$ 332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,684</u>	<u>\$ 68,309</u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue			
	Health Unit	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants
ASSETS				
Cash and investments	\$ -	\$ -	\$ 83	\$ -
Receivables:				
Intergovernmental	76,572	90	-	4,226
Ad valorem taxes	-	-	-	-
Other	4,890	95,081	-	-
Prepays	-	-	-	-
Total assets	<u>81,462</u>	<u>95,171</u>	<u>83</u>	<u>4,226</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	2,338	30,907	-	-
Payroll liabilities	8,553	1,373	-	-
Other liabilities	-	-	-	-
Due to other funds	100,058	50,559	-	7,447
Unearned revenue	-	-	-	-
Total liabilities	<u>110,949</u>	<u>82,839</u>	<u>-</u>	<u>7,447</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	-	83	-
Unassigned	(29,487)	12,332	-	(3,221)
Total fund balances	<u>(29,487)</u>	<u>12,332</u>	<u>83</u>	<u>(3,221)</u>
Total liabilities and fund balances	<u>\$ 81,462</u>	<u>\$ 95,171</u>	<u>\$ 83</u>	<u>\$ 4,226</u>

Special Revenue

Purchase of Youth Services	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General	Forfeiture - Constable No. 1
\$ -	\$ 9,968	\$ 9,622	\$ 4,399	\$ 39,642	\$ 136
-	-	-	-	-	-
-	-	31,105	465	-	-
-	-	-	-	-	-
<u>-</u>	<u>9,968</u>	<u>40,727</u>	<u>4,864</u>	<u>39,642</u>	<u>136</u>
-	2	5,173	400	639	-
-	-	-	-	-	-
-	-	-	-	-	-
514	-	-	-	-	-
-	-	-	-	-	-
<u>514</u>	<u>2</u>	<u>5,173</u>	<u>400</u>	<u>639</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,966	35,554	-	39,003	136
(514)	-	-	4,464	-	-
(514)	9,966	35,554	4,464	39,003	136
<u>-</u>	<u>9,968</u>	<u>40,727</u>	<u>4,864</u>	<u>39,642</u>	<u>136</u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue			
	Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management	Records Management
ASSETS				
Cash and investments	\$ -	\$ 394	\$ 161,889	\$ 3,983
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	190
Prepays	-	-	-	-
Total assets	<u>-</u>	<u>394</u>	<u>161,889</u>	<u>4,173</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	603	235
Payroll liabilities	-	-	1	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>604</u>	<u>235</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	394	161,285	3,938
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>394</u>	<u>161,285</u>	<u>3,938</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 394</u>	<u>\$ 161,889</u>	<u>\$ 4,173</u>

Special Revenue

Courthouse Security	LEOSE Chapter 415	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk	Records Management Archival District Clerk
\$ 7,302	\$ 26,548	\$ 33,195	\$ 22,582	\$ 336,987	\$ 24,689
-	-	-	-	-	-
-	-	-	-	-	-
40,272	-	-	-	-	665
-	-	-	-	-	-
<u>47,574</u>	<u>26,548</u>	<u>33,195</u>	<u>22,582</u>	<u>336,987</u>	<u>25,354</u>
63	-	-	-	116,503	-
4,605	-	-	-	-	-
-	-	-	22,233	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,668</u>	<u>-</u>	<u>-</u>	<u>22,233</u>	<u>116,503</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
42,906	26,548	33,195	349	220,484	25,354
-	-	-	-	-	-
<u>42,906</u>	<u>26,548</u>	<u>33,195</u>	<u>349</u>	<u>220,484</u>	<u>25,354</u>
<u>\$ 47,574</u>	<u>\$ 26,548</u>	<u>\$ 33,195</u>	<u>\$ 22,582</u>	<u>\$ 336,987</u>	<u>\$ 25,354</u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue			
	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney	Justice Court Security
ASSETS				
Cash and investments	\$ -	\$ 8,876	\$ -	\$ 67,362
Receivables:				
Intergovernmental	368	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
Prepays	-	-	-	-
Total assets	<u>368</u>	<u>8,876</u>	<u>-</u>	<u>67,362</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	1,474	-	-	-
Unearned revenue	-	-	892	-
Total liabilities	<u>1,474</u>	<u>-</u>	<u>892</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	8,876	-	67,362
Unassigned	(1,106)	-	(892)	-
Total fund balances	<u>(1,106)</u>	<u>8,876</u>	<u>(892)</u>	<u>67,362</u>
Total liabilities and fund balances	<u>\$ 368</u>	<u>\$ 8,876</u>	<u>\$ -</u>	<u>\$ 67,362</u>

Special Revenue

HAVA (Help America Vote Act)	Environmental Health Food Permit	County Public Health	Texas Feeding Texans	DA VAWA Grant	Forfeiture - Constable No. 3
\$ 36,155	\$ 13,658	\$ 1,015	\$ 5	\$ -	\$ 104
-	-	-	-	16,282	-
-	-	-	-	-	-
-	-	-	-	3,336	-
-	-	-	-	-	-
<u>36,155</u>	<u>13,658</u>	<u>1,015</u>	<u>5</u>	<u>19,618</u>	<u>104</u>
-	-	-	-	24	-
-	-	-	-	4,779	-
-	-	-	-	-	-
-	-	-	-	10,329	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,132</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
36,155	13,658	1,015	5	4,486	104
-	-	-	-	-	-
<u>36,155</u>	<u>13,658</u>	<u>1,015</u>	<u>5</u>	<u>4,486</u>	<u>104</u>
<u>\$ 36,155</u>	<u>\$ 13,658</u>	<u>\$ 1,015</u>	<u>\$ 5</u>	<u>\$ 19,618</u>	<u>\$ 104</u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue			
	COPS Technology Grant	Household Hazardous Waste Grant	District Clerk Technology	CETRZ Grant
ASSETS				
Cash and investments	\$ 3	\$ 637	\$ 1,909	\$ -
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	70	-
Prepays	-	-	-	-
Total assets	<u>3</u>	<u>637</u>	<u>1,979</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	3	637	1,979	-
Unassigned	-	-	-	-
Total fund balances	<u>3</u>	<u>637</u>	<u>1,979</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3</u>	<u>\$ 637</u>	<u>\$ 1,979</u>	<u>\$ -</u>

Special Revenue		Debt Service	Capital Projects				
Tax Increment Zone	Medina County WCID #2	Debt Sinking-Sheriff Auto	Construction In Progress Project Fund	Tax Anticipation Note Capital Improvements	Capital Project	East Medina River Line Extension	Total Nonmajor Governmental
\$ 82,563	\$ -	\$ 171	\$ 8,276	\$ 157,368	\$ -	\$ -	\$ 2,630,198
-	-	-	-	-	-	3,025	232,116
253	-	-	-	-	-	-	200,384
-	-	-	-	-	-	-	309,285
-	-	-	-	-	-	-	-
<u>82,816</u>	<u>-</u>	<u>171</u>	<u>8,276</u>	<u>157,368</u>	<u>-</u>	<u>3,025</u>	<u>3,371,983</u>
10,892	-	-	-	76,052	-	-	317,863
-	-	-	-	-	-	-	107,490
-	-	-	-	-	-	-	22,233
-	-	-	-	-	105,399	-	361,010
-	-	-	-	-	-	-	30,199
<u>10,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,052</u>	<u>105,399</u>	<u>-</u>	<u>838,795</u>
-	-	-	-	-	-	-	177,475
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,475</u>
-	-	-	-	-	-	-	-
71,924	-	171	8,276	81,316	-	-	2,459,266
-	-	-	-	-	(105,399)	3,025	(103,553)
<u>71,924</u>	<u>-</u>	<u>171</u>	<u>8,276</u>	<u>81,316</u>	<u>(105,399)</u>	<u>3,025</u>	<u>2,355,713</u>
<u>\$ 82,816</u>	<u>\$ -</u>	<u>\$ 171</u>	<u>\$ 8,276</u>	<u>\$ 157,368</u>	<u>\$ -</u>	<u>\$ 3,025</u>	<u>\$ 3,371,983</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue			
	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
REVENUES				
Property taxes	\$ 980,856	\$ 1,218,965	\$ 434,114	\$ 487,190
Other taxes	-	-	-	-
Licenses and permits	221,388	221,388	221,388	221,388
Intergovernmental	-	-	-	-
Fines and forfeitures	148,056	148,056	148,056	148,056
Charges for services	-	-	-	-
Interest	4,550	5,006	5,166	9,236
Miscellaneous	94,058	48,607	46,903	41,757
Total revenues	<u>1,448,908</u>	<u>1,642,022</u>	<u>855,627</u>	<u>907,627</u>
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	1,363,228	1,257,605	996,551	685,823
Health and welfare	-	-	-	-
Capital outlay	184,457	49,274	66,876	43,753
Debt service:				
Principal retirement	202,032	112,653	-	21,780
Interest and fiscal charges	-	13,593	-	718
Total expenditures	<u>1,749,717</u>	<u>1,433,125</u>	<u>1,063,427</u>	<u>752,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(300,809)</u>	<u>208,897</u>	<u>(207,800)</u>	<u>155,553</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	75,700	-	-	-
Proceeds from capital leases	-	-	-	-
Proceeds from sale of assets	12,600	-	-	12,238
Transfers in	18,772	2,325	2,335	5,038
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>107,072</u>	<u>2,325</u>	<u>2,335</u>	<u>17,276</u>
NET CHANGE IN FUND BALANCES	<u>(193,737)</u>	<u>211,222</u>	<u>(205,465)</u>	<u>172,829</u>
FUND BALANCES, BEGINNING	<u>454,515</u>	<u>105,290</u>	<u>488,473</u>	<u>518,002</u>
FUND BALANCES, ENDING	<u>\$ 260,778</u>	<u>\$ 316,512</u>	<u>\$ 283,008</u>	<u>\$ 690,831</u>

Special Revenue

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Community Justice Assistance	WIC
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,272	12,885	7,161	8,189	-	-
-	-	-	-	-	-
-	-	-	-	369,758	374,064
-	-	-	-	-	-
-	-	-	-	475	-
-	-	-	-	48	36
<u>16,272</u>	<u>12,885</u>	<u>7,161</u>	<u>8,189</u>	<u>370,281</u>	<u>374,100</u>
-	-	-	-	-	-
-	-	-	-	341,906	-
16,272	12,885	7,161	8,189	-	-
-	-	-	-	-	383,275
-	-	-	-	-	-
<u>16,272</u>	<u>12,885</u>	<u>7,161</u>	<u>8,189</u>	<u>341,906</u>	<u>383,275</u>
-	-	-	-	28,375	(9,175)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	28,375	(9,175)
-	-	-	-	(11,130)	22,150
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,245</u>	<u>\$ 12,975</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue			
	Health Unit	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	294,756	-	-	12,930
Fines and forfeitures	-	-	-	-
Charges for services	-	275	-	-
Interest	-	-	-	-
Miscellaneous	12,081	12	-	-
Total revenues	<u>306,837</u>	<u>287</u>	<u>-</u>	<u>12,930</u>
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	380,624	-	12,758
Public transportation	-	-	-	-
Health and welfare	311,722	-	-	-
Capital outlay	2,929	558	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>314,651</u>	<u>381,182</u>	<u>-</u>	<u>12,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,814)</u>	<u>(380,895)</u>	<u>-</u>	<u>172</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from capital leases	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	10,444	389,362	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>10,444</u>	<u>389,362</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,630	8,467	-	172
FUND BALANCES, BEGINNING	<u>(32,117)</u>	<u>3,865</u>	<u>83</u>	<u>(3,393)</u>
FUND BALANCES, ENDING	<u>\$ (29,487)</u>	<u>\$ 12,332</u>	<u>\$ 83</u>	<u>\$ (3,221)</u>

Special Revenue

Purchase of Youth Services	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General	Forfeiture - Constable No. 1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	22,412	-	15,253	-
-	-	-	6,580	-	-
-	-	-	-	67	-
<u>-</u>	<u>1,348</u>	<u>-</u>	<u>-</u>	<u>29,000</u>	<u>-</u>
<u>-</u>	<u>1,348</u>	<u>22,412</u>	<u>6,580</u>	<u>44,320</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	35,020	-	-
-	-	54,331	-	14,682	-
-	-	-	-	-	-
-	-	-	1,829	5,000	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>54,331</u>	<u>36,849</u>	<u>19,682</u>	<u>-</u>
<u>-</u>	<u>1,348</u>	<u>(31,919)</u>	<u>(30,269)</u>	<u>24,638</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	30,000	42,500	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>30,000</u>	<u>42,500</u>	<u>-</u>	<u>-</u>
-	1,348	(1,919)	12,231	24,638	-
<u>(514)</u>	<u>8,618</u>	<u>37,473</u>	<u>(7,767)</u>	<u>14,365</u>	<u>136</u>
<u>\$(514)</u>	<u>\$ 9,966</u>	<u>\$ 35,554</u>	<u>\$ 4,464</u>	<u>\$ 39,003</u>	<u>\$ 136</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue			
	Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management	Records Management
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	99,188	6,384
Charges for services	-	-	-	-
Interest	1	1	534	-
Miscellaneous	-	-	-	-
Total revenues	<u>1</u>	<u>1</u>	<u>99,722</u>	<u>6,384</u>
EXPENDITURES				
Current:				
General administration	-	-	40,456	1,860
Legal	-	-	-	-
Public safety	341	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	7,560	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>341</u>	<u>-</u>	<u>48,016</u>	<u>1,860</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(340)</u>	<u>1</u>	<u>51,706</u>	<u>4,524</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from capital leases	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(340)</u>	<u>1</u>	<u>51,706</u>	<u>4,524</u>
FUND BALANCES, BEGINNING	<u>340</u>	<u>393</u>	<u>109,579</u>	<u>(586)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 394</u>	<u>\$ 161,285</u>	<u>\$ 3,938</u>

Special Revenue

Courthouse Security	LEOSE Chapter 415	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk	Records Management Archival District Clerk
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	7,586	-	-	-	-
15,154	-	27,503	-	98,355	6,946
21,793	-	-	-	-	-
-	-	-	45	1,160	-
13	-	-	-	-	-
<u>36,960</u>	<u>7,586</u>	<u>27,503</u>	<u>45</u>	<u>99,515</u>	<u>6,946</u>
-	-	-	-	22,588	-
-	-	91,782	-	-	-
142,786	4,195	-	-	-	-
-	-	-	-	-	-
4,404	-	-	-	117,402	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>147,190</u>	<u>4,195</u>	<u>91,782</u>	<u>-</u>	<u>139,990</u>	<u>-</u>
(110,230)	3,391	(64,279)	45	(40,475)	6,946
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
106,649	-	-	-	-	-
-	-	-	-	-	-
<u>106,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,581)	3,391	(64,279)	45	(40,475)	6,946
<u>46,487</u>	<u>23,157</u>	<u>97,474</u>	<u>304</u>	<u>260,959</u>	<u>18,408</u>
<u>\$ 42,906</u>	<u>\$ 26,548</u>	<u>\$ 33,195</u>	<u>\$ 349</u>	<u>\$ 220,484</u>	<u>\$ 25,354</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue			
	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney	Justice Court Security
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	6,008
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	6,008
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	6,008
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from capital leases	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	6,008
FUND BALANCES, BEGINNING	(1,106)	8,876	(892)	61,354
FUND BALANCES, ENDING	\$(1,106)	\$ 8,876	\$(892)	\$ 67,362

Special Revenue

HAVA (Help America Vote Act)	Environmental Health Food Permit	County Public Health	Texas Feeding Texans	DA VAWA Grant	Forfeiture Constable #3
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	2,400	-	-	-	-
-	-	-	-	86,176	-
14,058	-	-	-	-	-
-	-	-	-	-	1
-	-	-	-	61,812	-
<u>14,058</u>	<u>2,400</u>	<u>-</u>	<u>-</u>	<u>147,988</u>	<u>1</u>
3,800	-	-	-	147,022	-
-	-	-	-	-	657
-	-	-	-	-	-
-	-	-	-	-	-
10,961	14,000	599	-	-	-
-	-	-	-	-	-
<u>14,761</u>	<u>14,000</u>	<u>599</u>	<u>-</u>	<u>147,022</u>	<u>657</u>
(703)	(11,600)	(599)	-	966	(656)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	599	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>599</u>	<u>-</u>	<u>-</u>	<u>-</u>
(703)	(11,600)	-	-	966	(656)
<u>36,858</u>	<u>25,258</u>	<u>1,015</u>	<u>5</u>	<u>3,520</u>	<u>760</u>
<u>\$ 36,155</u>	<u>\$ 13,658</u>	<u>\$ 1,015</u>	<u>\$ 5</u>	<u>\$ 4,486</u>	<u>\$ 104</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue			
	COPS Technology Grant	Household Hazardous Waste Grant	District Clerk Technology	CETRZ Grant
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	28,470
Fines and forfeitures	-	-	480	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>480</u>	<u>28,470</u>
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>480</u>	<u>28,470</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from capital leases	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(28,470)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,470)</u>
NET CHANGE IN FUND BALANCES	-	-	480	-
FUND BALANCES, BEGINNING	<u>3</u>	<u>637</u>	<u>1,499</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3</u>	<u>\$ 637</u>	<u>\$ 1,979</u>	<u>\$ -</u>

Special Revenue		Debt Service		Capital Projects			Total
Tax Increment Zone	Medina County WCID #2	Debt Sinking-Sheriff Auto	Construction In Progress Project Fund	Tax Anticipation Note Capital Improvements	Capital Project	East Medina River Line Extension	Nonmajor Governmental
\$ 122,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,243,417
-	-	-	-	-	-	-	44,507
-	-	-	-	-	-	-	887,952
-	32,225	-	-	-	-	244,265	1,450,230
-	-	-	-	-	-	-	883,899
16,014	-	-	-	-	-	-	64,728
135	-	-	17	1,922	-	-	28,316
-	-	-	-	-	-	-	335,675
<u>138,441</u>	<u>32,225</u>	<u>-</u>	<u>17</u>	<u>1,922</u>	<u>-</u>	<u>244,265</u>	<u>6,938,724</u>
596,993	-	-	-	-	-	32,050	844,769
-	-	-	-	8	-	-	468,716
-	-	-	-	-	-	-	610,374
-	-	-	-	-	-	-	4,347,714
-	32,225	-	-	-	-	-	727,222
16,860	-	-	-	357,088	-	218,470	1,102,020
-	-	-	-	-	-	-	336,465
-	-	1,967	-	-	-	-	16,278
<u>613,853</u>	<u>32,225</u>	<u>1,967</u>	<u>-</u>	<u>357,096</u>	<u>-</u>	<u>250,520</u>	<u>8,453,558</u>
(475,412)	-	(1,967)	17	(355,174)	-	(6,255)	(1,514,834)
-	-	-	-	-	-	-	75,700
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	24,838
430,751	-	-	-	-	-	-	1,038,775
-	-	(749)	-	-	-	-	(29,219)
<u>430,751</u>	<u>-</u>	<u>(749)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110,094</u>
(44,661)	-	(2,716)	17	(355,174)	-	(6,255)	(404,740)
<u>116,585</u>	<u>-</u>	<u>2,887</u>	<u>8,259</u>	<u>436,490</u>	<u>(105,399)</u>	<u>9,280</u>	<u>2,760,453</u>
<u>\$ 71,924</u>	<u>\$ -</u>	<u>\$ 171</u>	<u>\$ 8,276</u>	<u>\$ 81,316</u>	<u>\$(105,399)</u>	<u>\$ 3,025</u>	<u>\$ 2,355,713</u>

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MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 1

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 975,493	\$ 975,493	\$ 980,856	\$ 5,363
Licenses and permits	214,621	214,621	221,388	6,767
Fines and forfeitures	150,916	150,916	148,056	(2,860)
Interest	1,000	1,000	4,550	3,550
Miscellaneous	-	-	94,058	94,058
Total revenues	1,342,030	1,342,030	1,448,908	106,878
EXPENDITURES				
Public transportation	1,613,768	1,613,768	1,363,228	250,540
Capital outlay	100,000	100,000	184,457	(84,457)
Debt service				
Principal	50,508	50,508	202,032	(151,524)
Interest	6,162	6,162	-	6,162
Total expenditures	1,770,438	1,770,438	1,749,717	20,721
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(428,408)	(428,408)	(300,809)	127,599
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	75,700	75,700
Proceeds from sale of assets	-	-	12,600	12,600
Transfers in	-	-	18,772	18,772
Total other financing sources (uses)	-	-	107,072	107,072
NET CHANGE IN FUND BALANCE	(428,408)	(428,408)	(193,737)	234,671
FUND BALANCE, BEGINNING	454,515	454,515	454,515	-
FUND BALANCE, ENDING	\$ 26,107	\$ 26,107	\$ 260,778	\$ 234,671

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 2

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,203,643	\$ 1,203,643	\$ 1,218,965	\$ 15,322
Licenses and permits	214,621	214,621	221,388	6,767
Fines and forfeitures	150,916	150,916	148,056	(2,860)
Interest	700	700	5,006	4,306
Miscellaneous	-	-	48,607	48,607
Total revenues	1,569,880	1,569,880	1,642,022	72,142
EXPENDITURES				
Public transportation	1,594,197	1,582,197	1,257,605	324,592
Capital outlay	37,813	49,813	49,274	539
Debt service				
Principal	62,892	62,892	112,653	(49,761)
Interest	4,444	4,444	13,593	(9,149)
Total expenditures	1,699,346	1,699,346	1,433,125	266,221
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(129,466)	(129,466)	208,897	338,363
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,325	2,325
Total other financing sources (uses)	-	-	2,325	2,325
NET CHANGE IN FUND BALANCE	(129,466)	(129,466)	211,222	340,688
FUND BALANCE, BEGINNING	105,290	105,290	105,290	-
FUND BALANCE, ENDING	\$(24,176)	\$(24,176)	\$ 316,512	\$ 340,688

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 3

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 483,474	\$ 483,474	\$ 434,114	\$(49,360)
Licenses and permits	214,621	214,621	221,388	6,767
Fines and forfeitures	150,916	150,916	148,056	(2,860)
Interest	3,100	3,100	5,166	2,066
Miscellaneous	-	-	46,903	46,903
Total revenues	852,111	852,111	855,627	3,516
EXPENDITURES				
Public transportation	1,026,532	1,026,532	996,551	29,981
Capital outlay	70,000	70,000	66,876	3,124
Total expenditures	1,096,532	1,096,532	1,063,427	33,105
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(244,421)	(244,421)	(207,800)	36,621
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,335	2,335
Total other financing sources (uses)	-	-	2,335	2,335
NET CHANGE IN FUND BALANCE	(244,421)	(244,421)	(205,465)	38,956
FUND BALANCE, BEGINNING	488,473	488,473	488,473	-
FUND BALANCE, ENDING	\$ 244,052	\$ 244,052	\$ 283,008	\$ 38,956

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 4

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 489,882	\$ 489,882	\$ 487,190	\$ (2,692)
Licenses and permits	214,621	214,621	221,388	6,767
Fines and forfeitures	150,916	150,916	148,056	(2,860)
Interest	2,000	2,000	9,236	7,236
Miscellaneous	1,500	1,500	41,757	40,257
Total revenues	<u>858,919</u>	<u>858,919</u>	<u>907,627</u>	<u>48,708</u>
EXPENDITURES				
Public transportation	803,271	803,271	685,823	117,448
Capital outlay	50,000	50,000	43,753	6,247
Debt service				
Principal	21,780	21,780	21,780	-
Interest	718	718	718	-
Total expenditures	<u>875,769</u>	<u>875,769</u>	<u>752,074</u>	<u>123,695</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,850)</u>	<u>(16,850)</u>	<u>155,553</u>	<u>172,403</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	12,238	12,238
Transfers in	-	-	5,038	5,038
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>17,276</u>	<u>17,276</u>
NET CHANGE IN FUND BALANCE	<u>(16,850)</u>	<u>(16,850)</u>	<u>172,829</u>	<u>189,679</u>
FUND BALANCE, BEGINNING	<u>518,002</u>	<u>518,002</u>	<u>518,002</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 501,152</u>	<u>\$ 501,152</u>	<u>\$ 690,831</u>	<u>\$ 189,679</u>

MEDINA COUNTY, TEXAS

DEBT SERVICE

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 906,686	\$ 906,686	\$ 877,727	\$(28,959)
Interest	-	-	704	704
Total revenues	<u>906,686</u>	<u>906,686</u>	<u>878,431</u>	<u>(28,255)</u>
EXPENDITURES				
Debt Service				
Principal	865,000	865,000	865,000	-
Interest	<u>41,686</u>	<u>41,686</u>	<u>41,686</u>	<u>-</u>
Total expenditures	<u>906,686</u>	<u>906,686</u>	<u>906,686</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(28,255)</u>	<u>(28,255)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	749	749
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>749</u>	<u>749</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(27,506)</u>	<u>(27,506)</u>
FUND BALANCE, BEGINNING	<u>(261,936)</u>	<u>(261,936)</u>	<u>(261,936)</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$(261,936)</u></u>	<u><u>\$(261,936)</u></u>	<u><u>\$(289,442)</u></u>	<u><u>\$(27,506)</u></u>

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

AGENCY FUNDS

SEPTEMBER 30, 2018

	Agency					
	<u>State Taxes</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Unclaimed Money</u>	<u>Justices of the Peace</u>	<u>Tax Office</u>
ASSETS						
Cash and investments	\$ <u>239,307</u>	\$ <u>307,705</u>	\$ <u>382,123</u>	\$ <u>13,863</u>	\$ <u>11,002</u>	\$ <u>1,639,136</u>
Total assets	\$ <u>239,307</u>	\$ <u>307,705</u>	\$ <u>382,123</u>	\$ <u>13,863</u>	\$ <u>11,002</u>	\$ <u>1,639,136</u>
LIABILITIES						
Liabilities:						
Due to others	\$ <u>239,307</u>	\$ <u>307,705</u>	\$ <u>382,123</u>	\$ <u>13,863</u>	\$ <u>11,002</u>	\$ <u>1,639,136</u>
Total liabilities	\$ <u>239,307</u>	\$ <u>307,705</u>	\$ <u>382,123</u>	\$ <u>13,863</u>	\$ <u>11,002</u>	\$ <u>1,639,136</u>

Agency						
<u>County Sheriff</u>	<u>Employee Trust Claims</u>	<u>Cafeteria Plan</u>	<u>Adult Probations</u>	<u>4th Court of Appeals</u>	<u>Medina County Elected Official Escrow</u>	<u>Totals</u>
\$ <u>132,311</u>	\$ <u>800</u>	\$ <u>15,799</u>	\$ <u>441</u>	\$ <u>295</u>	\$ <u>578,056</u>	\$ <u>3,320,838</u>
\$ <u>132,311</u>	\$ <u>800</u>	\$ <u>15,799</u>	\$ <u>441</u>	\$ <u>295</u>	\$ <u>578,056</u>	\$ <u>3,320,838</u>
\$ <u>132,311</u>	\$ <u>800</u>	\$ <u>15,799</u>	\$ <u>441</u>	\$ <u>295</u>	\$ <u>578,056</u>	\$ <u>3,320,838</u>
\$ <u>132,311</u>	\$ <u>800</u>	\$ <u>15,799</u>	\$ <u>441</u>	\$ <u>295</u>	\$ <u>578,056</u>	\$ <u>3,320,838</u>

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SINGLE AUDIT SECTION

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable County Judge and
Commissioners' Court
Hondo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Medina County, Texas' basic financial statements, and have issued our report thereon dated May 22, 2019.

Internal Control Over Financial Reporting

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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

Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown & Hill, LLP

Waco, Texas
May 22, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable County Judge and
Commissioners Court
Hondo, Texas

Report on Compliance for Each Major Federal Program

We have audited Medina County, Texas' compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Medina County, Texas' major federal programs for the year ended September 30, 2018. Medina County, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Medina County, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Medina County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Medina County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of Medina County, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Medina County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Medina County, Texas' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, LLP

Waco, Texas
May 22, 2019

MEDINA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures	Pass-through Expenditures
FEDERAL AWARDS				
<u>U. S. Department of Agriculture</u>				
Pass-through Texas Department of State Health Services: Special Supplemental Food Nutrition Program for Women, Infants, and Children	10.557	2015-047367-001	\$ 374,064	\$ -
Total Passed through Texas Department of State Health Services			<u>374,064</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>374,064</u>	<u>-</u>
<u>U. S. Department of Housing and Urban Development</u>				
Pass-through Texas Department of Agriculture: Community Development Block Grants/ State's Programs	14.228	7216329	234,472	234,472
Community Development Block Grants/ State's Programs	14.228	7217309	<u>32,225</u>	<u>32,225</u>
Total Passed through Texas Department of Agriculture			<u>266,697</u>	<u>266,697</u>
Total U. S. Department of Housing and Urban Development			<u>266,697</u>	<u>266,697</u>
<u>U. S. Department of Justice</u>				
Pass-through the Office of the Governor Criminal Justice Division: Violence Against Women Act	16.588	2304408	76,259	-
Violence Against Women Act	16.588	2304409	9,610	-
Bulletproof Vest Partnership Program	16.607	113480	<u>12,759</u>	<u>-</u>
Total Passed through the Office of the Governor Criminal Justice Division			<u>98,628</u>	<u>-</u>
Total U. S. Department of Justice			<u>98,628</u>	<u>-</u>
<u>U. S. Department of Health and Human Services</u>				
Pass-through Texas Department of State Health Services: Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	537-18-0177-00001	100,395	-
Immunization Cooperative Agreements	93.268	537-18-0088-00001	55,121	-
Immunization Cooperative Agreements	93.268	HHS000092500001	10,813	-
Preventative Health and Health Services Block Grant	93.758	537-18-0233-00001	<u>37,154</u>	<u>-</u>
Total Passed through the Texas Department of State Health Services:			<u>203,483</u>	<u>-</u>
Total U. S. Department of Health and Human Services			<u>203,483</u>	<u>-</u>
Total Federal Awards			\$ <u>942,872</u>	\$ <u>266,697</u>

MEDINA COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of Medina County, Texas. The County's reporting entity is defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

3. INDIRECT COSTS

The County has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

MEDINA COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance	None
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster:
#10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
#14.228	Community Development Block Grants
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee for federal single audit?	No

Findings Related to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

MEDINA COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

None