

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**COUNTY OF MENARD,
TEXAS**

Menard, Texas

**For the Year Ended
September 30, 2019**

MENARD COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2019

MENARD COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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Independent Auditor's Report

Honorable Judge and County Commissioners
County of Menard
Menard, TX 76859

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Menard, Texas, as of September 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis (pages 3 through 8), budgetary comparison information (pages 37 through 39) and the schedule of changes in net pension liability and related ratios, schedule of employer contributions, and notes to the schedule of contributions (pages 40 through 44) 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Menard’s basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Neffendorf + Knopp, P.C.

NEFFENDORF & KNOPP, P.C.
Fredericksburg, Texas

June 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Menard County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial statements of the County for the year ended September 30, 2019. Please read it in conjunction with the independent auditors' report on page 1, and the County's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$5,470,747 (net position). Of this amount, \$478,652 (unrestricted net position) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's net position increased by \$281,939 as a result of this year's operations.
- At September 30, 2019, the County's governmental funds reported combined ending fund balances of \$534,607, an increase of \$460,659 in comparison with the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 12-13 & 15-16) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the County.

The notes to the financial statements (starting on page 20) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules (General Fund and Road and Bridge Fund) pages 37-39, the Schedule of Changes in Net Pension Liability and Related Ratios, page 40, the Schedule of Employer Contributions, page 42 and the Notes to the Schedule of Contributions, page 44 are presented as required supplementary information

The combining statements (starting on page 45) for nonmajor funds contain even more information about the County's individual funds.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties who pay for the costs of some programs and grants provided by the outside parties and agencies (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net position and changes in them. The County's net position (the difference between assets and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider other factors as well, such as changes in the County's customers or its property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County has one kind of activity:

- Governmental activity - Most of the County's basic services are reported here, including public safety, roads and bridges, health and human services, culture and recreation, county courts and general administration. Property taxes, user charges, sales tax and grants finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 12-13 & 15-16 provide detailed information about the most significant funds - not the County as a whole. Laws and contracts require the County to establish some funds, such as grants received from a government agency. The County's administration establishes many other funds to help it control and manage money for particular purposes.

- Governmental funds - Most of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation schedules following each of the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental activities.

Net position of the County's governmental activities increased from \$5,188,808 to \$5,470,747. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$478,652 at September 30, 2019. This increase in governmental net position was the result of several factors. First, the County's revenues exceeded the expenditures by \$460,659. Second, the County paid principal on long-term debt in the amount of \$158,763. Third, the County recorded depreciation in the amounts of \$300,014.

Table I
Menard County, Texas

NET POSITION
in thousands

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 1,074	\$ 556
Capital Assets	5,403	5,307
Total Assets	<u>\$ 6,477</u>	<u>\$ 5,863</u>
Deferred Outflow of Resources		
Deferred Outflow Related to Pension	\$ 396	\$ 143
Deferred Charge on Refunding	3	4
Total Deferred Outflows of Resources	<u>\$ 399</u>	<u>\$ 147</u>
Long-Term Liabilities	\$ 849	\$ 420
Other Liabilities	468	254
Total Liabilities	<u>\$ 1,317</u>	<u>\$ 674</u>
Deferred Inflows of Resources		
Deferred Inflow Related to Pension	\$ 88	\$ 147
Net Position:		
Net Investment in		
Capital Assets	\$ 4,611	\$ 4,751
Restricted	381	126
Unrestricted	479	312
Total Net Position	<u><u>\$ 5,471</u></u>	<u><u>\$ 5,189</u></u>

Table II
Menard County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2019	2018
Revenues:		
Charges for Services	\$ 1,361	\$ 1,277
Property Taxes	1,593	1,592
Sales Tax	65	68
Contributions/Grants	8	8
Investment Earnings	7	1
Miscellaneous	61	56
Grants & Contributions - Operating	412	181
Grants & Contributions - Capital	166	-
Total Revenue	\$ 3,673	\$ 3,183
Expenses:		
General Administration	\$ 226	\$ 223
Financial Administration	109	78
Tax Administration	146	151
Facilities Management	47	57
Law Enforcement	769	569
Corrections	274	277
Emergency Management Services	64	104
Roads and Bridges	342	185
Sanitation	36	33
Administration of Justice	820	842
Juvenile Services	93	85
Health and Human Services	220	199
Recreation	11	40
Parks	65	71
Museums	2	2
Libraries	33	27
Conservation and Development	107	103
Bond and Other Interest	24	20
Capital Outlay	3	-
Total Expenses	\$ 3,391	\$ 3,066
Increase (Decrease) in Net Position	\$ 282	\$ 117
Net Position, Beginning	5,189	5,072
Net Position, Ending	\$ 5,471	\$ 5,189

The cost of all governmental activities this year was \$3,390,771. However, as shown in the Statement of Activities on page 10, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$1,592,901 because the other costs were paid by sales tax (\$64,597), operating and capital grants (\$578,235), user charges (\$1,360,901) and other miscellaneous (\$76,076).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$534,607, which is more than last year's total of \$73,948. Included in this year's total change in fund balance is an increase of \$205,368 in the County's General Fund. The primary reason for the General Fund's decrease is due to revenues exceeded expenditures.

The Commissioners' Court adopted the General and Road and Bridge Fund Budgets. The County amended the original budget; actual revenues were more than budgeted amounts in the General Fund and more than budgeted amounts in the Road and Bridge Fund. Actual expenditures were more than the budgeted amounts in the General Fund and more than budgeted amounts in the Road and Bridge Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of September 30, 2019, the County had \$10,234,170 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements.

CAPITAL ASSETS			
in thousands		Governmental	
		Activities	
		2019	2018
Land	\$	106	\$ 106
Buildings		5,297	5,235
Improvements		2,014	2,014
Machinery & Equipment		2,630	2,481
Construction in Progress		187	2
Total Capital Assets	\$	10,234	\$ 9,838
Less: Accumulated Depreciation		4,831	4,531
Capital Assets, Net	\$	<u>5,403</u>	<u>\$ 5,307</u>

More detailed information about the County's capital assets is presented in Note 3.E. to the financial statements.

DEBT

At September 30, 2019, the County had the following outstanding debt:

OUTSTANDING DEBT			
in thousands		Governmental	
		Activities	
		2019	2018
Bonds Payable	\$	735	\$ 540
Notes Payable		-	-
Capital Leases Payable		60	19
Total Outstanding Debt	\$	<u>795</u>	<u>\$ 559</u>

At year-end, the County had \$735,000 in tax notes outstanding and \$60,104 in capital lease. During the year, the County paid \$158,763 in principal on the outstanding long-term debt.

More detailed information about the County's long-term liabilities is presented in Note 3.F., 3.G., 3.H. and 3.I. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2020 budget and tax rates. The major factors are the economy and assessed property valuation. These indicators were taken into account when adopting the budget for 2020. Amounts available for appropriation in the budget are \$4,985,578 and expenditures are estimated to be \$4,976,488.

If these estimates are realized, the County's budgetary fund balances are expected to increase \$9,090 by the close of 2020.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Treasurer's office, at Menard County, Texas, Menard, Texas.

BASIC FINANCIAL STATEMENTS

MENARD COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Administration	\$ 226,055	\$ 80,229	\$ 20,428
Financial Administration	108,528	-	-
Tax Administration	146,339	-	-
Facilities Management	46,669	3,530	-
Law Enforcement	769,121	969,194	1,592
Corrections	274,455	-	-
Emergency Management Services	63,807	8,023	8,407
Roads and Bridges	342,361	104,297	260,427
Sanitation	35,705	-	-
Administration of Justice	820,369	111,388	23,333
Juvenile Services	92,962	-	55,872
Health and Human Services	220,061	8,023	42,004
Recreation	11,253	12,034	-
Parks	64,544	64,183	-
Museums	1,974	-	-
Libraries	32,906	-	-
Conservation and Development	106,995	-	-
Interest on Debt	22,669	-	-
Other Debt Service	621	-	-
Capital Outlay	3,377	-	-
TOTAL PRIMARY GOVERNMENT	\$ 3,390,771	\$ 1,360,901	\$ 412,063

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes
Property Taxes, Levied for Debt Service
General Sales and Use Taxes
Other Taxes
Penalty and Interest on Taxes
Grants and Contributions
Miscellaneous Revenue
Investment Earnings
Total General Revenues

Change in Net Position

Net Position-- Beginning

Net Position - Ending

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

MENARD COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Administration	\$ 226,055	\$ 80,229	\$ 20,428
Financial Administration	108,528	-	-
Tax Administration	146,339	-	-
Facilities Management	46,669	3,530	-
Law Enforcement	769,121	969,194	1,592
Corrections	274,455	-	-
Emergency Management Services	63,807	8,023	8,407
Roads and Bridges	342,361	104,297	260,427
Sanitation	35,705	-	-
Administration of Justice	820,369	111,388	23,333
Juvenile Services	92,962	-	55,872
Health and Human Services	220,061	8,023	42,004
Recreation	11,253	12,034	-
Parks	64,544	64,183	-
Museums	1,974	-	-
Libraries	32,906	-	-
Conservation and Development	106,995	-	-
Interest on Debt	22,669	-	-
Other Debt Service	621	-	-
Capital Outlay	3,377	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,390,771</u>	<u>\$ 1,360,901</u>	<u>\$ 412,063</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Penalty and Interest on Taxes

Grants and Contributions

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position-- Beginning

Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions		Primary Government Governmental	
\$	67,602	\$	(57,796)
	-		(108,528)
	-		(146,339)
	-		(43,139)
	58,570		260,235
	-		(274,455)
	40,000		(7,377)
	-		22,363
	-		(35,705)
	-		(685,648)
	-		(37,090)
	-		(170,034)
	-		781
	-		(361)
	-		(1,974)
	-		(32,906)
	-		(106,995)
	-		(22,669)
	-		(621)
	-		(3,377)
\$	<u>166,172</u>		<u>(1,451,635)</u>

1,435,837
129,682
64,597
372
27,382
7,657
60,912
7,135
<u>1,733,574</u>
281,939
5,188,808
<u>\$ 5,470,747</u>

MENARD COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Road and Bridge Fund	Capital Projects Fund
ASSETS			
Cash and Cash Equivalents	\$ (33,183)	\$ 1,180	\$ 269,152
Taxes Receivable	88,944	-	-
Allowance for Uncollectible Taxes (credit)	(2,668)	-	-
Accounts Receivable Net	133,679	11,039	-
Due from Other Governments	239,080	22,900	67,602
Total Assets	\$ 425,852	\$ 35,119	\$ 336,754
LIABILITIES			
Accounts Payable	\$ 61,056	\$ 35,119	\$ 95,211
Intergovernmental Payable	94,778	-	-
Unearned Revenues	30,666	-	-
Total Liabilities	186,500	35,119	95,211
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	86,275	-	-
Total Deferred Inflows of Resources	86,275	-	-
FUND BALANCES			
Capital Acquisition and Contractual Obligation	-	-	241,543
Retirement of Long-Term Debt	-	-	-
Other Restricted Fund Balance	-	-	-
Unassigned Fund Balance	153,077	-	-
Total Fund Balances	153,077	-	241,543
Total Liabilities, Deferred Inflows & Fund Balances	\$ 425,852	\$ 35,119	\$ 336,754

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 2,849	\$ 134,880	\$ 374,878
17,080	1,380	107,404
(512)	(41)	(3,221)
437	3,352	148,507
-	1,226	330,808
<u>\$ 19,854</u>	<u>\$ 140,797</u>	<u>\$ 958,376</u>
\$ -	\$ 2,757	\$ 194,143
-	-	94,778
-	-	30,666
<u>-</u>	<u>2,757</u>	<u>319,587</u>
16,568	1,339	104,182
<u>16,568</u>	<u>1,339</u>	<u>104,182</u>
-	-	241,543
3,286	-	3,286
-	136,701	136,701
-	-	153,077
<u>3,286</u>	<u>136,701</u>	<u>534,607</u>
<u>\$ 19,854</u>	<u>\$ 140,797</u>	<u>\$ 958,376</u>

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

Total Fund Balances - Governmental Funds	\$	534,607
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		4,750,461
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.		555,222
The items reported as a result the GASB 68 implementation for TCDRS included a net pension liability of \$199,559, a Deferred Resource Inflow of \$87,895 and a Deferred Resource Outflow of \$396,301. The net effect of these was to increase the ending net position by \$108,847.		108,847
The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(300,014)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of tax notes as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(178,376)
Net Position of Governmental Activities	\$	5,470,747

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

MENARD COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Road and Bridge Fund	Capital Projects Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 1,447,195	\$ -	\$ -
General Sales and Use Taxes	64,597	-	-
Other Taxes	372	-	-
Penalty and Interest on Taxes	294	-	-
Licenses and Permits	3,530	-	-
Intergovernmental Revenue and Grants	470,369	29,051	67,602
Charges for Services	239,256	138,131	-
Fines	937,825	-	-
Forfeits	-	-	-
Investment Earnings	6,315	-	-
Rents and Royalties	-	900	-
Contributions & Donations from Private Sources	1,330	-	-
Other Revenue	24,329	252	-
Total Revenues	3,195,412	168,334	67,602
EXPENDITURES:			
Current:			
General Administration	152,620	51,895	-
Financial Administration	96,576	-	-
Tax Administration	132,696	-	-
Facilities Management	42,374	-	-
Law Enforcement	663,361	-	-
Corrections	256,656	-	-
Emergency Management Services	57,625	-	-
Roads and Bridges	55,000	305,167	-
Sanitation	32,558	-	-
Administration of Justice	732,670	-	-
Juvenile Services	82,550	-	-
Health and Human Services	189,098	-	-
Recreation	10,348	-	-
Parks	63,793	-	-
Museums	1,800	-	-
Libraries	29,581	-	-
Conservation and Development	96,554	-	-
Debt Service:			
Principal on Debt	15,953	2,810	-
Interest on Debt	637	24	-
Other Debt Service	-	-	-
Capital Outlay:			
Capital Outlay	197,698	-	131,852
Total Expenditures	2,910,148	359,896	131,852
Excess (Deficiency) of Revenues Over (Under) Expenditures	285,264	(191,562)	(64,250)
OTHER FINANCING SOURCES (USES):			
Issuance of Bonds	-	-	325,000
Proceeds from Capital Leases	70,104	-	-
Transfers In	-	179,175	-
Transfers Out (Use)	(150,000)	-	(19,207)
Total Other Financing Sources (Uses)	(79,896)	179,175	305,793
Net Change in Fund Balances	205,368	(12,387)	241,543
Fund Balance - October 1 (Beginning)	(52,291)	12,387	-
Fund Balance - September 30 (Ending)	\$ 153,077	\$ -	\$ 241,543

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 120,804	\$ 19,941	\$ 1,587,940
-	-	64,597
-	-	372
-	4	298
-	-	3,530
-	17,512	584,534
-	23,754	401,141
-	18,402	956,227
-	38,513	38,513
-	820	7,135
-	-	900
-	28	1,358
-	8,794	33,375
<u>120,804</u>	<u>127,768</u>	<u>3,679,920</u>
-	-	204,515
-	-	96,576
-	-	132,696
-	-	42,374
-	29,001	692,362
-	-	256,656
-	-	57,625
-	-	360,167
-	-	32,558
-	12,339	745,009
-	-	82,550
-	10,348	199,446
-	-	10,348
-	-	63,793
-	-	1,800
-	-	29,581
-	-	96,554
130,000	10,000	158,763
20,160	-	20,821
621	-	621
-	-	329,550
<u>150,781</u>	<u>61,688</u>	<u>3,614,365</u>
<u>(29,977)</u>	<u>66,080</u>	<u>65,555</u>
-	-	325,000
-	-	70,104
19,207	-	198,382
-	(29,175)	(198,382)
<u>19,207</u>	<u>(29,175)</u>	<u>395,104</u>
(10,770)	36,905	460,659
<u>14,056</u>	<u>99,796</u>	<u>73,948</u>
<u>\$ 3,286</u>	<u>\$ 136,701</u>	<u>\$ 534,607</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$	460,659
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays and debt principal payments is to increase the change in net position.		555,222
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$212,487 and total debits to expenses were \$242,253. The net effect on the change in net position on Exhibit B-1 is an decrease of \$29,766.		(29,766)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(300,014)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(404,162)
Change in Net Position of Governmental Activities	\$	281,939

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

MENARD COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 2,418	\$ 268,687
Accounts Receivable Net	20	-
Total Assets	2,438	\$ 268,687
LIABILITIES		
Due to Others	-	\$ 268,687
Total Liabilities	-	\$ 268,687
NET POSITION		
Restricted for Private Purposes	2,438	
Total Net Position	\$ 2,438	

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

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

EXHIBITE-2

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Other Revenue	\$ 220
Total Additions	<u>220</u>
Net Change in Fiduciary Net Position	220
Total Net Position - October 1 (Beginning)	<u>2,218</u>
Total Net Position - September 30 (Ending)	<u><u>\$ 2,438</u></u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Menard County have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The *Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

I.A. FINANCIAL REPORTING ENTITY

The County is an independent unit and is managed by a governing body of elected officials. The accompanying financial statements present the County's primary government.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is 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 primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

I.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria.

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund, the primary operating fund of the County, is always classified as a major fund. It is the basic fund of the County and covers all activities for which a separate fund has not been established.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds

The Debt Service Fund accounts for the accumulation of financial resources for and the payment of principal and interest on general long-term debt of the County other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the County's debt.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Private Purpose Trust Funds

Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The reporting entity includes one private purpose trust fund.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor. The major funds are as follows:

Major Fund	Brief Description
<u>General Fund</u>	See above for description.
<u>Special Revenue Fund:</u>	
Road & Bridge Fund	Accounts for all road and bridge construction and maintenance activity.
<u>Capital Projects Fund</u>	Accounts for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
<u>Debt Service Fund</u>	Accounts for the collection of taxes to pay principal and interest on bonds.

Nonmajor funds consist of special revenue funds and are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Agency and private purpose trust funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statement, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized revenues when both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within 60 days after year end. Also under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Cash and Cash Investments

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes demand deposit accounts and government investment pools. All amounts are considered available upon demand and are considered to be "cash equivalents."

Several funds may be invested in an investment account and each fund has an equity interest therein. Interest earned on the Investment of these monies is allocated based upon relative equity at month end.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities relate to property taxes and court fines and fees.

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectible.

Ad Valorem taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Ad Valorem taxes are prorated between maintenance, and special revenues based on rates adopted for the year of the levy. Allowances for uncollectible within the General and Special Revenue Funds are based upon historical experience in collecting property taxes. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

Ad Valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable October 1, and are delinquent February 1. The majority of the County's property tax collections occur during December and early January each year. To the extent that County property tax revenue results in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants, and other intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Capital Assets

Government-wide Statements

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings	25 - 50 years
Improvements	10 - 50 years
Machinery and Equipment	3 - 20 years
Infrastructure	25 - 50 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures in the year incurred.

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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

Vacation and Sick Leave - Vacation and sick leave expenses are charged to operations when taken by the employees of the County. Accordingly, no accruals are reflected in the accounts for unpaid amounts of vacation and sick leave earned by employees. After one year of service an employee is entitled to two weeks of vacation. If the employee does not take the vacation within the year, they will lose the benefit. If an employee is terminated for any reason they will be entitled to payment for the vacation they have earned. The liabilities for accumulated vacation and sick leave at September 30, 2019 are estimated to be insignificant and are not reflected in the accompanying financial statements.

Equity Classifications

Government-wide Statements

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Beginning with fiscal year end September 30, 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are not in non-spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. Commissioners' Court). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commissioners' Court establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special

incentives). Assigned fund balance is established by the Commissioners' Court through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when 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.

Deferred Inflows of Resources and Deferred Outflows of Resources

Beginning with fiscal year end September 30, 2013, the County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as well as GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB 63, amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred outflows of resources and amounts previously reported as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the County is subject to various federal, state and local laws and contractual regulations. An analysis of the County's compliance with significant laws and regulations and demonstration of its stewardship over County resources follows.

BUDGETARY INFORMATION

The County Judge and staff prepare the proposed budget, using revenue estimates furnished by the County Treasurer and submit the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, expenditures for current operating funds cannot exceed the estimated available cash balances in such funds on October 1, plus the estimate of revenues for the ensuing year. At any time during the year, Commissioners Court may increase the budget for unexpected revenues. Commissioners Court may transfer amounts among individual budget line items within major expenditure categories during the year, but no such transfer may increase the overall total of the budget. Formal budgetary integration is employed for the General, Special Revenue, Debt Service and Capital Projects operations. Budgets for these funds are prepared on a cash basis. Unused appropriations lapse at the end of each year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

3.A. DEPOSITS AND INVESTMENTS

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2019 the carrying amount of the County's deposits was \$27,097 and the bank balance was \$168,135. The County's cash deposits held at First State Bank and Menard National Bank at September 30, 2019 and during the year ended September 30, 2019 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

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

Policies Governing Deposits and Investments

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

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County’s investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2019, the County was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

For the year ended September 30, 2019 the County complied, in all material respects, with the requirements of the Public Funds Investment Act and with local policies.

3.B. RECEIVABLES

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>TOTAL</u>
Receivables:						
Property Taxes	\$ 88,944	\$ -	\$ -	\$ 17,080	\$ 1,380	\$ 107,404
Other	133,679	11,039	-	437	3,352	148,507
Intergovernmental	<u>239,080</u>	<u>22,900</u>	<u>67,602</u>	<u>-</u>	<u>1,226</u>	<u>330,808</u>
Gross Receivables	\$ 461,703	\$ 33,939	\$ 67,602	\$ 17,517	\$ 5,958	\$ 586,719
Less: Allowance for Uncollectibles	<u>2,668</u>	<u>-</u>	<u>-</u>	<u>512</u>	<u>41</u>	<u>3,221</u>
Net Total Receivables	<u>\$ 459,035</u>	<u>\$ 33,939</u>	<u>\$ 67,602</u>	<u>\$ 17,005</u>	<u>\$ 5,917</u>	<u>\$ 583,498</u>

Governmental funds report *Deferred Inflows of Resources- Unavailable Revenue* in connections with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report *Unearned Revenue* or defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *Unavailable and Unearned Revenues* reported in the governmental funds were as follows:

General Fund -	
Unavailable Revenue - Property Taxes	\$ 86,275
Debt Service Fund -	
Unavailable Revenue - Property Taxes	16,568
Other Governmental Funds -	
Unavailable Revenue - Property Taxes	<u>1,339</u>
TOTAL UNA VAILABLE AND UNEARNED REVENUES	<u>\$ 104,182</u>

3.C. COURT FINES AND FEES RECEIVABLE

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees receivable to be \$457,576 which represents amounts owed and outstanding for several years. Based on historical collection rates for the various courts, the County has estimated an allowance for uncollectible court fines and fees of \$343,182, resulting in a net receivable of \$114,394.

3.D. PROPERTY TAXES

The County contracted with the Menard County Appraisal District for the appraisal of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2018 tax roll, the total assessed valuation for Menard County was \$207,739,200 and the taxes assessed amounted to \$1,551,538. The total tax rate was \$.74648 per \$100 valuation and allocated \$.68386 to the General and \$.06262 to the Debt Service Fund. In addition, for the 2018 tax roll, the total assessed valuation for Menard County FCLR was \$205,992,790 and the taxes assessed amounted to \$19,744. The total tax rate was \$.00958. The maximum levy allowed by the State law for the above purposes is \$0.80 per \$100 valuation.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

3.E. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2019.

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 106,000	\$ -	\$ -	\$ 106,000
Buildings	5,235,073	61,264	-	5,296,337
Improvements	2,013,531	-	-	2,013,531
Machinery & Equipment	2,481,307	148,343	-	2,629,650
Construction Work in Progress	1,800	186,852	-	188,652
Totals at Historic Cost	\$ 9,837,711	\$ 396,459	\$ -	\$ 10,234,170
Less Accumulated				
Depreciation for:				
Buildings	1,909,322	118,905	-	2,028,227
Improvements	409,778	65,388	-	475,166
Machinery & Equipment	2,211,469	115,721	-	2,327,190
Total Accumulated Depreciation	\$ 4,530,569	\$ 300,014	\$ -	\$ 4,830,583
Governmental Activities				
Capital Assets, Net	\$ 5,307,142	\$ 96,445	\$ -	\$ 5,403,587

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

Governmental Activities:	
Financial Administration	\$ 19,770
General Administration	9,336
Tax Administration	12,827
Emergency Management	4,096
Law Enforcement	66,928
Parks	24,810
Corrections	5,570
Roads & Bridges	34,816
Sanitation	3,147
Justice System	72,017
Juvenile Services	7,980
Health & Human Services	19,280
Recreation	905
Conservation & Development	6,167
Museums	174
Facilities Management	2,859
Libraries	9,332
Total Depreciation Expense-	
Governmental Activities	\$ 300,014

3.F. LONG-TERM LIABILITIES

Governmental Activities

The following is a summary of the long-term liability transactions of the County for the year ended September 30, 2019.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes Payable -					
First State Bank	\$ 15,953		\$ 15,953	\$ -	\$ -
Limited Tax Refunding Bonds-					
Series 2013	540,000	-	120,000	420,000	120,000
Limited Tax Note-					
Series 2018	-	325,000	10,000	315,000	10,000
Capital Leases-					
American National Leasing	-	70,104	10,000	60,104	16,080
CNH Capital	2,810	-	2,810	-	
TOTAL	<u>\$ 558,763</u>	<u>\$ 395,104</u>	<u>\$ 158,763</u>	<u>\$ 795,104</u>	<u>\$ 146,080</u>
Net Pension Liability	(142,753)	501,405	159,093	199,559	
TOTAL	<u>\$ 416,010</u>	<u>\$ 896,509</u>	<u>\$ 317,856</u>	<u>\$ 994,663</u>	<u>\$ 146,080</u>

3.G. TAX REFUNDING BONDS AND LIMITED TAX NOTES

Tax Refunding Bonds and Limited Tax Notes payable at September 30, 2019 consists of the following:

\$1,125,000 Limited Tax Refunding Bonds, Series 2013 due in annual installments of \$90,000 to \$115,000 through February 15, 2023; interest rate at 2.411%.	\$ 420,000
\$325,000 Limited Tax Note, Series 2018 due in annual installments of \$10,000 to \$115,000 through February 15, 2025, interest rate at 3.48%.	<u>315,000</u>
Total Limited Tax Refunding Bonds and Limited Tax Notes	<u>\$ 735,000</u>

The annual requirements for principal and interest on the outstanding certificates of obligation are as follows:

Year Ended September 30	Principal	Interest	Total
2020	\$ 130,000	\$ 19,468	\$ 149,468
2021	130,000	16,226	146,226
2022	125,000	12,912	137,912
2023	125,000	9,524	134,524
2024	110,000	5,916	115,916
2025	115,000	2,001	117,001
Totals	<u>\$ 735,000</u>	<u>\$ 66,047</u>	<u>\$ 801,047</u>

3.H. LONG-TERM DEBT ADVANCE REFUNDING

During 2013, the County advance refunded the Series 2005, Series 2007 and Series 2009 Tax Notes and Refunding Bonds by issuing \$1,125,000 limited tax refunding bonds – Series 2013. The tax notes and refunding bonds were called and were redeemed by depositing \$1,083,078 into an escrow account on September 16, 2013. The tax notes and refunding bonds have been defeased and removed as a liability of the County. The refunding bonds resulted in a gross debt service savings of \$3,056 and the net present value savings of \$39,490. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

<u>Description</u>	<u>Refunded Amount</u>
Tax Notes and Refunding Bonds-	
Series 2005	\$ 60,000
Series 2007	125,000
TOTAL	<u>\$ 185,000</u>

3.I. OTHER LONG-TERM DEBT

Lease purchase agreements and loans payable at September 30, 2019 consists of the following:

\$70,104 original lease purchase agreement with American National Leasing Company to purchase a 2019 Chevrolet Tahoe, due in yearly installments of \$18,993 until 3/01/2022, interest at 4.49%, with a residual purchase option of \$9,000	60,104
TOTAL LEASE PURCHASE AGREEMENTS	<u>\$ 60,104</u>

A summary of the future minimum lease payments under the agreements along with the present value of the minimum debt payments as of September 30, 2019 follows:

<u>Year Ended September 30</u>	
2020	18,993
2021	18,993
2022	18,993
2023	9,000
Total Minimum Debt Payments	\$ 65,979
Less Amount Representing Interest	5,875
Present Value of Debt Payments	<u>\$ 60,104</u>

3.J. INTERFUND TRANSFERS

The composition of interfund balances as of September 30, 2019, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 150,000
Road and Bridge Fund	179,175	-
Capital Projects Fund	-	19,207
Debt Service Fund	19,207	-
Nonmajor Special Revenue Funds	-	29,175
	<u>\$ 198,382</u>	<u>\$ 198,382</u>

NOTE 4 - OTHER NOTES

4.A. EMPLOYEE RETIREMENT PLAN

Plan Description

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

- a. Menard County participates in the Texas County & District Retirement System (TCDRS), which is a

- statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS' account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 165%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
 - c. Membership information is shown in the chart below.
 - d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Menard County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%.
 - e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Members covered by benefit terms.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	45
Active employees	<u>49</u>
	112

Contributions

A combination of three elements fund each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, 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. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

The contribution rate payable by the employee members for calendar year 2018 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be

changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended September 30, 2019 were \$107,302, and were more than the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2018, 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 December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

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.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Amortization Method Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method Smooth Period Recognition Method Corridor	5 years Non-asymptotic None
Inflation Salary Increases	2.75% The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.
Investment Rate of Return	8.10% (Gross of administrative expenses)
Cost of Living Adjustments	Cost-of-Living Adjustments for Menard County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60; b) earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	RP-2014 Mortality Tables

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a

slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	18.00%	8.40%
Global Equities	MSCI World (Net) Index	2.50%	5.70%
International Equities – Developed Markets	MSCI World Ex USA (Net) Index	10.00%	5.40%
International Equities – Emerging Markets	MSCI Emerging Markets (Net) Index	7.00%	5.90%
Investment – Grade Bonds	Bloomberg Barclays US Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

⁽¹⁾ Target asset allocation adopted at the April 2019 TCDRS Board meeting

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.70% per Cliffwater's 2019 capital market

⁽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 8.10%. 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 pensions 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 periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase/(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2017	\$ 4,414,266	\$ 4,557,018	\$ (142,752)
Changes for the Year:			
Service Cost	151,634		151,634
Interest on Total Pension Liability ⁽¹⁾	361,192		361,192
Effect of Plan Changes ⁽²⁾	-		-
Effects of Economic/Demographic			
Gains or Losses	(75,659)		(75,659)
Effect of Assumptions Changes or Inputs	-		-
Refund of Contributions	(52,271)	(52,271)	-
Benefit Payments	(165,438)	(165,438)	-
Administrative Expenses		(3,562)	3,562
Member Contributions		81,879	(81,879)
Net Investment Income		(85,270)	85,270
Employer Contributions		102,349	(102,349)
Other ⁽³⁾	-	(540)	540
Balances as of December 31, 2018	\$ 4,633,724	\$ 4,434,165	\$ 199,559

⁽¹⁾ Reflects the change in the liability due to the time value of money. TC.DRS 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/district, calculated using the discount rate of 8.10%, as well as what the Menard County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 5,144,111	\$ 4,633,724	\$ 4,196,967
Fiduciary Net Position	4,434,165	4,434,165	4,434,165
Net Pension Liability/(Asset)	\$ 709,946	\$ 199,559	\$ (237,198)

Pension Expense / (Income)

Prepaid Expense/(Income)	January 1, 2018 to December 31, 2018
Service Cost	\$ 151,634
Interest on Total Pension Liability ⁽¹⁾	361,192
Effect of Plan Changes	-
Administrative Expenses	3,562
Member Contributions	(81,879)
Expected Investment Return Net of Investment Expenses	(367,626)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(64,240)
Recognition of Assumption Changes or Inputs	20,746
Recognition of Investment Gains or Losses	113,138
Other ⁽²⁾	540
Pension Expense/(Income)	\$ 137,067

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

⁽²⁾ Relates to allocation of system-wide items.

As of September 30, 2019, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 87,895	\$ 7,762
Changes of assumptions	-	31,004
Net difference between projected and actual earnings	-	276,244
Contributions made subsequent to measurement date	N/A	81,291

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31	
2019	\$ 92,031
2020	24,987
2021	19,517
2022	90,580
2023	-
Thereafter ⁽³⁾	-

⁽³⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

4.B. RISK MANAGEMENT

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers compensation. The county carries commercial insurance through the Texas Association of Counties for workers compensation and Trident Insurance Services, LLC for other coverages in order to manage the above listed risks.

4.C. HEALTH INSURANCE

All regular full-time employees of the County are eligible for coverage under the group hospitalization, medical, dental and life insurance program provided by the County. The County pays the premium for eligible employees. Employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

4.D. CONTINGENT LIABILITIES

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

4.E. DEFERRED COMPENSATION PLAN

The County offers all its employees a deferred compensation program through Nationwide Retirement Solutions, Inc. The plan, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County, subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

The County has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

At September 30, 2019, the participants had a balance of \$198,945 in the plan.

4.F. FUND BALANCE DEFICIT

The Veterans Assistance Grant Fund has a fund balance deficit of \$5,184. This deficit will be funded in fiscal year 2020 with transfers from other funds.

4.G. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures in the General Fund exceeded the budgeted appropriations in several functions and in total.

4.H. SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 30, 2020 the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 1,392,232	\$ 1,446,232	\$ 1,447,195	\$ 963
General Sales and Use Taxes	60,000	63,950	64,597	647
Other Taxes	400	400	372	(28)
Penalty and Interest on Taxes	500	500	294	(206)
Licenses and Permits	6,150	3,660	3,530	(130)
Intergovernmental Revenue and Grants	150,053	253,564	470,369	216,805
Charges for Services	256,902	244,299	239,256	(5,043)
Fines	754,080	924,645	937,825	13,180
Investment Earnings	400	6,315	6,315	-
Contributions & Donations from Private Sources	-	-	1,330	1,330
Other Revenue	48,700	24,320	24,329	9
Total Revenues	2,669,417	2,967,885	3,195,412	227,527
EXPENDITURES:				
Current:				
General Administration	151,838	150,291	152,620	(2,329)
Financial Administration	86,355	94,152	96,576	(2,424)
Tax Administration	135,358	132,703	132,696	7
Facilities Management	50,397	41,437	42,374	(937)
Law Enforcement	526,155	665,045	663,361	1,684
Corrections	226,036	241,110	256,656	(15,546)
Emergency Management Services	73,670	57,998	57,625	373
Roads and Bridges	-	55,000	55,000	-
Sanitation	6,220	31,535	32,558	(1,023)
Administration of Justice	717,718	702,554	732,670	(30,116)
Juvenile Services	79,595	82,900	82,550	350
Health and Human Services	175,715	166,158	189,098	(22,940)
Recreation	38,396	15,935	10,348	5,587
Parks	55,300	64,450	63,793	657
Museums	1,800	1,800	1,800	-
Libraries	33,277	29,767	29,581	186
Conservation and Development	107,663	96,658	96,554	104
Debt Service:				
Principal on Debt	150,000	-	15,953	(15,953)
Interest on Debt	1,800	-	637	(637)
Capital Outlay:				
Capital Outlay	34,500	143,842	197,698	(53,856)
Total Expenditures	2,651,793	2,773,335	2,910,148	(136,813)
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,624	194,550	285,264	90,714
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	2,500	-	-	-
Proceeds from Capital Leases	-	-	70,104	70,104
Noncurrent Loans	150,000	-	-	-
Transfers Out (Use)	(170,124)	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	(17,624)	(150,000)	(79,896)	70,104

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

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

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
Net Change in Fund Balances	-	44,550	205,368	160,818
Fund Balance - October 1 (Beginning)	(52,291)	(52,291)	(52,291)	-
Fund Balance - September 30 (Ending)	\$ (52,291)	\$ (7,741)	\$ 153,077	\$ 160,818

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

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 10,900	\$ 10,900	\$ 29,051	\$ 18,151
Charges for Services	132,500	132,500	138,131	5,631
Rents and Royalties	900	900	900	-
Other Revenue	700	700	252	(448)
Total Revenues	145,000	145,000	168,334	23,334
EXPENDITURES:				
Current:				
General Administration	50,883	50,883	51,895	(1,012)
Roads and Bridges	223,952	223,952	305,167	(81,215)
Debt Service:				
Principal on Debt	2,810	2,810	2,810	-
Interest on Debt	24	24	24	-
Capital Outlay:				
Capital Outlay	67,370	67,370	-	67,370
Total Expenditures	345,039	345,039	359,896	(14,857)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,039)	(200,039)	(191,562)	8,477
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	3,000	3,000	-	(3,000)
Transfers In	197,039	197,039	179,175	(17,864)
Total Other Financing Sources (Uses)	200,039	200,039	179,175	(20,864)
Change in Fund Balance	-	-	(12,387)	(12,387)
Fund Balance - October 1 (Beginning)	12,387	12,387	12,387	-
Fund Balance - September 30 (Ending)	\$ 12,387	\$ 12,387	\$ -	\$ (12,387)

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

MENARD COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
A. Total Pension Liability		
Service Cost	\$ 151,634	\$ 162,089
Interest (on the Total Pension Liability)	361,192	338,778
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	(75,659)	(51,917)
Changes of Assumptions	-	51,674
Benefit Payments, Including Refunds of Employee Contributions	(217,709)	(209,341)
Net Change in Total Pension Liability	<u>\$ 219,458</u>	<u>\$ 291,283</u>
Total Pension Liability - Beginning	4,414,266	4,122,983
Total Pension Liability - Ending	<u><u>\$ 4,633,724</u></u>	<u><u>\$ 4,414,266</u></u>
B. Total Fiduciary Net Position		
Contributions - Employer	\$ 102,349	\$ 103,812
Contributions - Employee	81,879	83,049
Net Investment Income	(85,270)	583,417
Benefit Payments, Including Refunds of Employee Contributions	(217,709)	(209,341)
Administrative Expense	(3,562)	(3,031)
Other	(540)	(330)
Net Change in Plan Fiduciary Net Position	<u>\$ (122,853)</u>	<u>\$ 557,576</u>
Plan Fiduciary Net Position - Beginning	4,557,018	3,999,441
Plan Fiduciary Net Position - Ending	<u><u>\$ 4,434,165</u></u>	<u><u>\$ 4,557,017</u></u>
C. Net Pension Liability (Asset)	<u><u>\$ 199,559</u></u>	<u><u>\$ (142,751)</u></u>
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.69%	103.23%
E. Covered Payroll	\$ 1,169,697	\$ 1,186,421
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	17.06%	(12.03%)

Note: GASB 68, Paragraph 46, a and b requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

Note: Only five years of data are presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$	161,341	\$ 149,860	\$ 141,059
	307,652	296,397	276,864
	-	51,701	-
	31,047	(170,816)	(30,234)
	-	41,643	-
	(188,600)	(190,743)	(202,283)
\$	311,441	\$ 178,043	\$ 185,406
	3,811,542	3,633,499	3,448,092
\$	4,122,983	\$ 3,811,542	\$ 3,633,498
\$	109,962	\$ 107,391	\$ 103,564
	87,970	85,913	82,851
	273,042	8,270	241,758
	(188,600)	(190,743)	(202,283)
	(2,966)	(2,684)	(2,837)
	28,693	(88,664)	(42,060)
\$	308,101	\$ (80,516)	\$ 180,993
	3,691,339	3,771,856	3,590,862
\$	3,999,440	\$ 3,691,340	\$ 3,771,855
\$	123,542	\$ 120,202	\$ (138,357)
	97.00%	96.85%	103.81%
\$	1,256,714	\$ 1,227,324	\$ 1,183,592
	9.83%	9.79%	(11.69%)

MENARD COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2019

	2019	2018	2017
Actuarially Determined Contribution	\$ 89,599	\$ 89,575	\$ 104,433
Contributions in Relation to the Actuarially Determined Contributions	102,349	103,812	109,962
Contribution Deficiency (Excess)	\$ (12,750)	\$ (14,237)	\$ (5,529)
Covered Payroll	\$ 1,169,697	\$ 1,186,421	\$ 1,256,714
Contributions as a Percentage of Covered Payroll	8.80%	8.80%	8.70%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

	2016	2015	2014	2013	2012	2011	2010
\$	99,413	\$ 101,671	\$ 96,887	\$ 83,841	\$ 77,665	\$ 72,135	64,330
	107,391	103,564	96,887	83,841	77,665	72,135	64,330
\$	(7,978)	\$ (1,893)	- \$	- \$	- \$	- \$	-
\$	1,227,324	\$ 1,183,592	\$ 1,107,282	\$ 984,044	\$ 931,239	\$ 857,730	872,861
	8.80%	8.70%	8.70%	8.50%	8.30%	8.40%	7.40%

MENARD COUNTY
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2019

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	4.3 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected.
	2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions.
	2016: Employer contributions reflect that a 10% CPI COLA was adopted.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.

* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

SUPPLEMENTARY INFORMATION

MENARD COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	14 Veterans Assistance Grant	16 Lateral Road Fund	21 JP Court Technology Fund	24 Court Reporter Fund
ASSETS				
Cash and Cash Equivalents	\$ (6,191)	\$ 628	\$ 45,050	\$ 10,549
Taxes Receivable	-	1,380	-	-
Allowance for Uncollectible Taxes (credit)	-	(41)	-	-
Accounts Receivable Net	-	84	1,329	109
Due from Other Governments	1,226	-	-	-
Total Assets	<u>\$ (4,965)</u>	<u>\$ 2,051</u>	<u>\$ 46,379</u>	<u>\$ 10,658</u>
LIABILITIES				
Accounts Payable	\$ 219	\$ -	\$ -	\$ -
Total Liabilities	<u>219</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	1,339	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>1,339</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Other Restricted Fund Balance	(5,184)	712	46,379	10,658
Total Fund Balances	<u>(5,184)</u>	<u>712</u>	<u>46,379</u>	<u>10,658</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ (4,965)</u>	<u>\$ 2,051</u>	<u>\$ 46,379</u>	<u>\$ 10,658</u>

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

25 Appellate Judicial Fund	26 Alternative Dispute Resolution	28 Truancy Prevention Fund	30 Records Management Fund	31 Clerks Archival Fund	32 Courthouse Restoration Fund	40 Sheriff's Special Fund	50 County Attorney's CC&P Fund
\$ 269	\$ 7,295	\$ 4,312	\$ 23,638	\$ 22,158	\$ 3,084	\$ 8,303	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14	40	649	265	-	62	-	-
-	-	-	-	-	-	-	-
<u>\$ 283</u>	<u>\$ 7,335</u>	<u>\$ 4,961</u>	<u>\$ 23,903</u>	<u>\$ 22,158</u>	<u>\$ 3,146</u>	<u>\$ 8,303</u>	<u>\$ -</u>
\$ -	\$ -	\$ 2,250	\$ 288	\$ -	\$ -	\$ -	\$ -
-	-	2,250	288	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
283	7,335	2,711	23,615	22,158	3,146	8,303	-
283	7,335	2,711	23,615	22,158	3,146	8,303	-
<u>\$ 283</u>	<u>\$ 7,335</u>	<u>\$ 4,961</u>	<u>\$ 23,903</u>	<u>\$ 22,158</u>	<u>\$ 3,146</u>	<u>\$ 8,303</u>	<u>\$ -</u>

MENARD COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

EXHIBIT H-1

	51 Pre-Trial Intervention Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 15,785	\$ 134,880	\$ 134,880
Taxes Receivable	-	1,380	1,380
Allowance for Uncollectible Taxes (credit)	-	(41)	(41)
Accounts Receivable Net	800	3,352	3,352
Due from Other Governments	-	1,226	1,226
Total Assets	<u>\$ 16,585</u>	<u>\$ 140,797</u>	<u>\$ 140,797</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 2,757	\$ 2,757
Total Liabilities	<u>-</u>	<u>2,757</u>	<u>2,757</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	-	1,339	1,339
Total Deferred Inflows of Resources	<u>-</u>	<u>1,339</u>	<u>1,339</u>
FUND BALANCES			
Other Restricted Fund Balance	16,585	136,701	136,701
Total Fund Balances	<u>16,585</u>	<u>136,701</u>	<u>136,701</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 16,585</u>	<u>\$ 140,797</u>	<u>\$ 140,797</u>

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

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

	14 Veterans Assistance Grant	16 Lateral Road Fund	21 JP Court Technology Fund	24 Court Reporter Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ 19,941	\$ -	\$ -
Penalty and Interest on Taxes	-	4	-	-
Intergovernmental Revenue and Grants	8,323	9,189	-	-
Charges for Services	-	-	-	8,844
Fines	-	-	18,402	-
Forfeits	-	-	-	-
Investment Earnings	-	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>8,323</u>	<u>29,134</u>	<u>18,402</u>	<u>8,844</u>
EXPENDITURES:				
Law Enforcement	-	-	-	-
Administration of Justice	-	-	7,556	-
Health and Human Services	10,348	-	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Total Expenditures	<u>10,348</u>	<u>-</u>	<u>7,556</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,025)</u>	<u>29,134</u>	<u>10,846</u>	<u>8,844</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	-	(29,175)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(29,175)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(2,025)	(41)	10,846	8,844
Fund Balance - October 1 (Beginning)	<u>(3,159)</u>	<u>753</u>	<u>35,533</u>	<u>1,814</u>
Fund Balance - September 30 (Ending)	<u>\$ (5,184)</u>	<u>\$ 712</u>	<u>\$ 46,379</u>	<u>\$ 10,658</u>

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

25 Appellate Judicial Fund	26 Alternative Dispute Resolution	28 Truancy Prevention Fund	30 Records Management Fund	31 Clerks Archival Fund	32 Courthouse Restoration Fund	40 Sheriff's Special Fund	50 County Attorney's CC&P Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
210	545	-	6,874	5,119	1,362	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	38,513	-
-	-	-	-	-	820	-	-
-	-	-	-	-	28	-	-
-	-	8,794	-	-	-	-	-
<u>210</u>	<u>545</u>	<u>8,794</u>	<u>6,874</u>	<u>5,119</u>	<u>2,210</u>	<u>38,513</u>	-
-	-	8,146	-	-	-	20,855	-
85	350	-	4,348	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,000	-
<u>85</u>	<u>350</u>	<u>8,146</u>	<u>4,348</u>	-	-	<u>30,855</u>	-
<u>125</u>	<u>195</u>	<u>648</u>	<u>2,526</u>	<u>5,119</u>	<u>2,210</u>	<u>7,658</u>	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
125	195	648	2,526	5,119	2,210	7,658	-
158	7,140	2,063	21,089	17,039	936	645	-
<u>\$ 283</u>	<u>\$ 7,335</u>	<u>\$ 2,711</u>	<u>\$ 23,615</u>	<u>\$ 22,158</u>	<u>\$ 3,146</u>	<u>\$ 8,303</u>	<u>\$ -</u>

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

	51 Pre-Trial Intervention Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	\$ -	\$ 19,941	\$ 19,941
Penalty and Interest on Taxes	-	4	4
Intergovernmental Revenue and Grants	-	17,512	17,512
Charges for Services	800	23,754	23,754
Fines	-	18,402	18,402
Forfeits	-	38,513	38,513
Investment Earnings	-	820	820
Contributions & Donations from Private Sources	-	28	28
Other Revenue	-	8,794	8,794
Total Revenues	<u>800</u>	<u>127,768</u>	<u>127,768</u>
EXPENDITURES:			
Law Enforcement	-	29,001	29,001
Administration of Justice	-	12,339	12,339
Health and Human Services	-	10,348	10,348
Debt Service:			
Principal on Debt	-	10,000	10,000
Total Expenditures	<u>-</u>	<u>61,688</u>	<u>61,688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>800</u>	<u>66,080</u>	<u>66,080</u>
OTHER FINANCING SOURCES (USES):			
Transfers Out (Use)	-	(29,175)	(29,175)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(29,175)</u>	<u>(29,175)</u>
Net Change in Fund Balance	800	36,905	36,905
Fund Balance - October 1 (Beginning)	<u>15,785</u>	<u>99,796</u>	<u>99,796</u>
Fund Balance - September 30 (Ending)	<u>\$ 16,585</u>	<u>\$ 136,701</u>	<u>\$ 136,701</u>

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

MENARD COUNTY, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BALANCE OCTOBER 1 2018	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2019
OFFICIALS' FEES ACCOUNTS FUND				
Assets:				
Cash and Cash Equivalents	\$ 193,473	\$ 2,363,754	\$ 2,288,539	\$ 268,687
Liabilities:				
Due to Others	\$ 193,473	\$ 2,363,754	\$ 2,288,539	\$ 268,687
 TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 193,473	\$ 2,363,754	\$ 2,288,539	\$ 268,687
Liabilities:				
Due to Others	\$ 193,473	\$ 2,363,754	\$ 2,288,539	\$ 268,687

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