

*BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION*

**COUNTY OF MENARD,
TEXAS**

Menard, Texas

**For the Year Ended
September 30, 2018**

MENARD COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018

MENARD COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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NEFFENDORF & KNOPP, P.C.

Certified Public Accountants

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: audit@nkpcpa.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Menard, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 38 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 43) 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

August 26, 2019

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, 2018. 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 \$5,188,808 (net position). Of this amount, \$311,630 (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 \$116,530 as a result of this year's operations.
- At September 30, 2018, the County's governmental funds reported combined ending fund balances of \$73,948, a decrease of \$1,590 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 11-12 & 14-15) 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 19) 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 37-38, the Schedule of Changes in Net Pension Liability and Related Ratios, page 39, the Schedule of Employer Contributions, page 40 and the Notes to the Schedule of Contributions, page 42 are presented as required supplementary information.

The combining statements (starting on page 43) 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 11-12 & 14-15 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 \$5,072,278 to \$5,188,808. 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 \$311,630 at September 30, 2018. This increase in governmental net position was the result of several factors. First, the County's revenues exceeded the expenditures by \$116,530. Second, the County paid principal on long-term debt in the amount of \$297,858. Third, the County recorded depreciation in the amounts of \$309,366.

Table I
Menard County, Texas

NET POSITION
in thousands

	Governmental Activities	
	2018	2017
Current and Other Assets	\$ 556	\$ 404
Capital Assets	5,307	5,547
Total Assets	<u>\$ 5,863</u>	<u>\$ 5,951</u>
Deferred Outflow of Resources		
Deferred Outflow Related to Pension	\$ 143	\$ 342
Deferred Charge on Refunding	4	5
Total Deferred Outflows of Resources	<u>\$ 147</u>	<u>\$ 347</u>
Long-Term Liabilities	\$ 420	\$ 683
Other Liabilities	254	450
Total Liabilities	<u>\$ 674</u>	<u>\$ 1,133</u>
Deferred Inflows of Resources		
Deferred Inflow Related to Pension	\$ 147	\$ 93
Net Position:		
Net Investment in		
Capital Assets	\$ 4,751	\$ 4,653
Restricted	126	109
Unrestricted	312	310
Total Net Position	<u><u>\$ 5,189</u></u>	<u><u>\$ 5,072</u></u>

Table II
Menard County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2018	2017
Revenues:		
Charges for Services	\$ 1,277	\$ 1,299
Property Taxes	1,592	1,439
Sales Tax	68	60
Contributions/Grants	8	30
Investment Earnings	1	-
Miscellaneous	56	48
Grants & Contributions - Operating	181	233
Grants & Contributions - Capital	-	-
Total Revenue	\$ 3,183	\$ 3,109
Expenses:		
General Administration	\$ 223	\$ 205
Financial Administration	78	72
Tax Administration	151	144
Facilities Management	57	60
Law Enforcement	569	615
Corrections	277	261
Emergency Management Services	104	184
Roads and Bridges	185	243
Sanitation	33	31
Administration of Justice	842	866
Juvenile Services	85	70
Health and Human Services	199	203
Recreation	40	32
Parks	71	41
Museums	2	2
Libraries	27	30
Conservation and Development	103	105
Bond and Other Interest	20	27
Total Expenses	\$ 3,066	\$ 3,191
Increase (Decrease) in Net Position	\$ 117	\$ (82)
Net Position, Beginning	5,072	5,154
Prior Period Adjustment	-	0
Net Position, Ending	\$ 5,189	\$ 5,072

The cost of all governmental activities this year was \$3,006,232. 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 \$1,592,298 because the other costs were paid by sales tax (\$68,106), operating and capital grants (\$180,786), user charges (\$1,276,651) and other miscellaneous (\$64,921).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$73,948, which is less than last year's total of \$75,538. Included in this year's total change in fund balance is a decrease of \$18,965 in the County's General Fund. The primary reason for the General Fund's decrease is due to expenditures exceeded revenues.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

As of September 30, 2018, the County had \$9,837,711 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements.

CAPITAL ASSETS
in thousands

	Governmental Activities	
	2018	2017
Land	\$ 106	\$ 106
Buildings	5,235	5,235
Improvements	2,014	1,999
Machinery & Equipment	2,481	2,428
Construction in Progress	2	-
Total Capital Assets	\$ 9,838	\$ 9,768
Less: Accumulated Depreciation	4,531	4,221
Capital Assets, Net	\$ 5,307	\$ 5,547

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

DEBT

At September 30, 2018, the County had the following outstanding debt:

OUTSTANDING DEBT
in thousands

	Governmental Activities	
	2018	2017
Bonds Payable	\$ 540	\$ 660
Notes Payable	-	218
Capital Leases Payable	19	19
Total Outstanding Debt	\$ 559	\$ 897

At year-end, the County had \$540,000 in tax notes outstanding and \$18,761 in capital lease. During the year, the County paid \$297,858 in principal on the outstanding long-term debt.

More detailed information about the County's long-term liabilities is presented in Note 3.E., 3.F., 3.G. and 3.H. 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 2019 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 2019. Amounts available for appropriation in the budget are \$4,909,383 and expenditures are estimated to be \$4,909,383.

If these estimates are realized, the County's budgetary fund balances are expected to remain the same by the close of 2019.

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 NET POSITION
SEPTEMBER 30, 2018

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 71,839
Accounts Receivable Net	312,459
Due from Other Governments	29,408
Capital Assets:	
Land	106,000
Buildings, Net	3,325,751
Improvements other than Buildings, Net	1,603,753
Machinery and Equipment, Net	269,838
Construction in Progress	1,800
Net Pension Asset	142,753
Total Assets	5,863,601
DEFERRED OUTFLOW OF RESOURCES	
Deferred Charge for Refunding	3,710
Deferred Outflow Related to Pension Plan	143,612
Total Deferred Outflows of Resources	147,322
LIABILITIES	
Accounts Payable	47,030
Intergovernmental Payable	66,943
Accrued Interest Payable	1,628
Bonds Payable - Current	120,000
Capital Leases Payable - Current	18,763
Noncurrent Liabilities:	
Due in More Than One Year	420,000
Total Liabilities	674,364
DEFERRED INFLOW OF RESOURCES	
Deferred Inflow Related to Pension Plan	147,751
Total Deferred Inflows of Resources	147,751
NET POSITION	
Net Investment in Capital Assets	4,750,939
Restricted for:	
Restricted for Debt Service	14,056
Restricted for Special Revenue	112,183
Unrestricted	311,630
Total Net Position	\$ 5,188,808

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, 2018

EXHIBIT B-1

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Administration	\$ 223,107	\$ 105,655	\$ 25,243	\$ (92,209)
Financial Administration	77,781	-	-	(77,781)
Tax Administration	150,832	-	-	(150,832)
Facilities Management	57,321	5,578	-	(51,743)
Law Enforcement	569,373	770,206	1,590	202,423
Corrections	276,844	-	-	(276,844)
Emergency Management Services	104,071	10,565	15,832	(77,674)
Roads and Bridges	185,144	137,351	21,805	(25,988)
Sanitation	33,302	-	-	(33,302)
Administration of Justice	841,658	136,359	23,333	(681,966)
Juvenile Services	84,854	-	50,982	(33,872)
Health and Human Services	199,236	10,565	42,001	(146,670)
Recreation	39,446	15,848	-	(23,598)
Parks	71,353	84,524	-	13,171
Museums	2,042	-	-	(2,042)
Libraries	27,368	-	-	(27,368)
Conservation and Development	102,617	-	-	(102,617)
Interest on Debt	19,883	-	-	(19,883)
TOTAL PRIMARY GOVERNMENT	\$ 3,066,232	\$ 1,276,651	\$ 180,786	(1,608,795)

General Revenues:

Taxes:	
Property Taxes, Levied for General Purposes	1,408,586
Property Taxes, Levied for Debt Service	139,311
General Sales and Use Taxes	68,106
Other Taxes	396
Penalty and Interest on Taxes	44,401
Grants and Contributions	8,741
Miscellaneous Revenue	55,190
Investment Earnings	594
Total General Revenues	1,725,325
Change in Net Position	116,530
Net Position-- Beginning	5,072,278
Net Position--Ending	\$ 5,188,808

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

MENARD COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Road and Bridge Fund	JP Court Technology Fund
ASSETS			
Cash and Cash Equivalents	\$ (38,953)	\$ 30	\$ 34,561
Taxes Receivable	92,044	-	-
Allowance for Uncollectible Taxes (credit)	(2,761)	-	-
Accounts Receivable Net	73,321	10,254	972
Intergovernmental Receivables	20,857	6,396	-
Total Assets	<u>\$ 144,508</u>	<u>\$ 16,680</u>	<u>\$ 35,533</u>
LIABILITIES			
Accounts Payable	\$ 40,573	\$ 4,293	\$ -
Intergovernmental Payable	66,943	-	-
Total Liabilities	<u>107,516</u>	<u>4,293</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	89,283	-	-
Total Deferred Inflows of Resources	<u>89,283</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Retirement of Long-Term Debt	-	-	-
Other Restricted Fund Balance	-	12,387	35,533
Unassigned Fund Balance	(52,291)	-	-
Total Fund Balances	<u>(52,291)</u>	<u>12,387</u>	<u>35,533</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 144,508</u>	<u>\$ 16,680</u>	<u>\$ 35,533</u>

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 13,618	\$ 62,583	\$ 71,839
9,226	1,327	102,597
(277)	(40)	(3,078)
438	1,688	86,673
-	2,155	29,408
<u>\$ 23,005</u>	<u>\$ 67,713</u>	<u>\$ 287,439</u>
\$ -	\$ 2,163	\$ 47,029
-	-	66,943
<u>-</u>	<u>2,163</u>	<u>113,972</u>
8,949	1,287	99,519
<u>8,949</u>	<u>1,287</u>	<u>99,519</u>
14,056	-	14,056
-	64,263	112,183
-	-	(52,291)
<u>14,056</u>	<u>64,263</u>	<u>73,948</u>
<u>\$ 23,005</u>	<u>\$ 67,713</u>	<u>\$ 287,439</u>

MENARD COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2018

Total Fund Balances - Governmental Funds	\$	73,948
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.		4,650,099
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 2018 capital outlays and debt principal payments is to increase net position.		407,645
The items reported as a result of the GASB #68 implementation included a net pension asset of \$142,753, a Deferred Resource Outflow of \$143,612 and a Deferred Resource Inflow of \$147,751. The net effect of these was to increase the ending net position by \$138,614.		138,614
The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(309,366)
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, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		227,868
Net Position of Governmental Activities	\$	5,188,808

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, 2018

	General Fund	Road and Bridge Fund	JP Court Technology Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 1,432,065	\$ -	\$ -
General Sales and Use Taxes	68,106	-	-
Other Taxes	396	-	-
Penalty and Interest on Taxes	1,229	-	-
Licenses and Permits	5,578	-	-
Intergovernmental Revenue and Grants	156,476	12,604	-
Charges for Services	375,139	135,761	-
Fines	700,645	-	13,202
Forfeits	-	-	-
Investment Earnings	593	-	-
Rents and Royalties	-	900	-
Contributions & Donations from Private Sources	626	-	-
Other Revenue	48,176	347	-
Total Revenues	2,789,029	149,612	13,202
EXPENDITURES:			
Current:			
General Administration	146,910	50,408	-
Financial Administration	69,483	-	-
Tax Administration	133,303	-	-
Facilities Management	50,606	-	-
Law Enforcement	524,498	-	-
Corrections	245,274	-	-
Emergency Management Services	92,182	-	-
Roads and Bridges	-	164,198	-
Sanitation	29,359	-	-
Administration of Justice	731,003	-	8,877
Juvenile Services	75,881	-	-
Health and Human Services	163,491	-	-
Recreation	34,818	-	-
Parks	62,905	-	-
Museums	1,800	-	-
Libraries	24,306	-	-
Conservation and Development	90,919	-	-
Debt Service:			
Principal on Debt	177,858	40,117	-
Interest on Debt	3,528	1,410	-
Capital Outlay:			
Capital Outlay	19,870	48,000	-
Total Expenditures	2,677,994	304,133	8,877
Excess (Deficiency) of Revenues Over (Under) Expenditures	111,035	(154,521)	4,325
OTHER FINANCING SOURCES (USES):			
Transfers In	7,500	159,245	-
Transfers Out (Use)	(137,500)	-	-
Total Other Financing Sources (Uses)	(130,000)	159,245	-
Net Change in Fund Balances	(18,965)	4,724	4,325
Fund Balance - October 1 (Beginning)	(33,326)	7,663	31,208
 Fund Balance - September 30 (Ending)	 \$ (52,291)	 \$ 12,387	 \$ 35,533

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 141,889	\$ 20,052	\$ 1,594,006
-	-	68,106
-	-	396
-	16	1,245
-	-	5,578
-	19,821	188,901
-	17,373	528,273
-	-	713,847
-	18,571	18,571
-	1	594
-	-	900
-	-	626
-	5,767	54,290
<u>141,889</u>	<u>81,601</u>	<u>3,175,333</u>
-	-	197,318
-	-	69,483
-	-	133,303
-	-	50,606
-	33,184	557,682
-	-	245,274
-	-	92,182
-	-	164,198
-	-	29,359
-	3,751	743,631
-	-	75,881
-	12,718	176,209
-	-	34,818
-	-	62,905
-	-	1,800
-	-	24,306
-	-	90,919
120,000	-	337,975
14,466	-	19,404
-	1,800	69,670
<u>134,466</u>	<u>51,453</u>	<u>3,176,923</u>
<u>7,423</u>	<u>30,148</u>	<u>(1,590)</u>
-	-	166,745
-	(29,245)	(166,745)
-	(29,245)	-
<u>7,423</u>	<u>903</u>	<u>(1,590)</u>
<u>6,633</u>	<u>63,360</u>	<u>75,538</u>
<u>\$ 14,056</u>	<u>\$ 64,263</u>	<u>\$ 73,948</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, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	(1,590)
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 2018 capital outlays and debt principal payments is to increase the change in net position.		407,645
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$203,971 and total debits to expenses were \$191,080. The net effect on the change in net position on Exhibit B-1 is an increase of \$12,891.		12,891
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.		(309,366)
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 and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		6,950
Change in Net Position of Governmental Activities	\$	116,530

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

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

EXHIBITE-1

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 2,198	\$ 193,473
Accounts Receivable Net	20	-
Total Assets	<u>2,218</u>	<u>\$ 193,473</u>
LIABILITIES		
Due to Others	-	\$ 193,473
Total Liabilities	<u>-</u>	<u>\$ 193,473</u>
NET POSITION		
Restricted for Private Purposes	<u>2,218</u>	
Total Net Position	<u>\$ 2,218</u>	

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, 2018

	Private Purpose Trust Funds
ADDITIONS:	
Other Revenue	\$ 320
Total Additions	<u>320</u>
Change in Net Position	320
Total Net Position -October 1 (Beginning)	<u>1,898</u>
Total Net Position September 30 (Ending)	<u><u>\$ 2,218</u></u>

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

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

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:

1.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.

1.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.
JP Court Technology	Accounts for fees collected from defendants in cases that the uses are restricted.
<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.

I.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, 2018 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.

I.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, 2018 the carrying amount of the County's deposits was \$73,837 and the bank balance was \$169,909. The County's cash deposits held at First State Bank and Menard National Bank at September 30, 2018 and during the year ended September 30, 2018 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, 2018, 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, 2018 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:

	General	Road and Bridge	JP Court Technology Fund	Debt Service	Other Governmental Funds	TOTAL
Receivables:						
Property Taxes	\$ 92,044	\$ -	\$ -	\$ 9,226	\$ 1,327	\$ 102,597
Other	73,321	10,254	972	438	1,688	86,673
Intergovernmental	<u>20,857</u>	<u>6,396</u>	<u>-</u>	<u>-</u>	<u>2,155</u>	<u>29,408</u>
Gross Receivables	\$ 186,222	\$ 16,650	\$ 972	\$ 9,664	\$ 5,170	\$ 218,678
Less: Allowance for Uncollectibles	<u>2,761</u>	<u>-</u>	<u>-</u>	<u>277</u>	<u>40</u>	<u>3,078</u>
Net Total Receivables	<u>\$ 183,461</u>	<u>\$ 16,650</u>	<u>\$ 972</u>	<u>\$ 9,387</u>	<u>\$ 5,130</u>	<u>\$ 215,600</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	\$ 89,283
Debt Service Fund - Unavailable Revenue - Property Taxes	8,949
Other Governmental Funds - Unavailable Revenue - Property Taxes	<u>1,287</u>
TOTAL UNAVAILABLE AND UNEARNED REVENUES	<u>\$ 99,519</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 \$1,431,645 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 \$1,305,378, resulting in a net receivable of \$126,267.

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 2017 tax roll, the total assessed valuation for Menard County was \$206,713,010 and the taxes assessed amounted to \$1,530,263. The total tax rate was \$.74962 per \$100 valuation and allocated \$.67268 to the General and \$.06743 to the Debt Service Fund. In addition, for the 2017 tax roll, the total assessed valuation for Menard County FCLR was \$204,932,890 and the taxes assessed amounted to \$19,494. The total tax rate was \$.00951. 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, 2018.

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Land	\$ 106,000	\$ -	\$ -	\$ 106,000
Buildings	5,235,073	-	-	5,235,073
Improvements	1,998,910	14,621	-	2,013,531
Machinery & Equipment	2,428,058	53,249	-	2,481,307
Construction Work in Progress	-	1,800	-	1,800
Totals at Historic Cost	\$ 9,768,041	\$ 69,670	\$ -	\$ 9,837,711
Less Accumulated				
Depreciation for:				
Buildings	1,791,608	117,714	-	1,909,322
Improvements	344,634	65,144	-	409,778
Machinery & Equipment	2,084,961	126,508	-	2,211,469
Total Accumulated Depreciation	\$ 4,221,203	\$ 309,366	\$ -	\$ 4,530,569
Governmental Activities				
Capital Assets, Net	\$ 5,546,838	\$ (239,696)	\$ -	\$ 5,307,142

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

Governmental Activities:	
Financial Administration	\$ 9,331
General Administration	26,499
Tax Administration	17,902
Emergency Management	12,380
Law Enforcement	15,272
Parks	8,448
Corrections	32,939
Roads & Bridges	21,668
Sanitation	3,943
Justice System	100,123
Juvenile Services	9,989
Health & Human Services	23,684
Recreation	4,676
Conservation & Development	12,210
Museums	242
Facilities Management	6,796
Libraries	3,264
Total Depreciation Expense-	
Governmental Activities	<u>\$ 309,366</u>

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, 2018.

	<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	\$ 193,811		\$ 177,858	\$ 15,953	\$ 15,953
Menard Bank	23,908	-	23,908	-	-
Limited Tax Refunding Bonds-					
Series 2013	660,000	-	120,000	540,000	120,000
Capital Leases					
CNH Capital	19,019	-	16,209	2,810	2,810
TOTAL	<u>\$ 896,738</u>	<u>\$ -</u>	<u>\$ 337,975</u>	<u>\$ 558,763</u>	<u>\$ 138,763</u>

3.G. GENERAL OBLIGATION AND TAX REFUNDING BONDS

Certificates of Obligation payable at September 30, 2018 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%.	<u>\$ 540,000</u>
Total Limited Tax Refunding Bonds	<u><u>\$ 540,000</u></u>

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

Year Ended September 30	Principal	Interest	Total
2019	\$ 120,000	\$ 11,573	\$ 131,573
2020	120,000	8,680	128,680
2021	120,000	5,787	125,787
2022	90,000	3,255	93,255
2023	90,000	1,085	91,085
Totals	<u>\$ 540,000</u>	<u>\$ 30,380</u>	<u>\$ 570,380</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:

Description	Refunded Amount
Tax Notes and Refunding Bonds-	
Series 2005	\$ 110,000
Series 2007	235,000
Series 2009	-
TOTAL	<u>\$ 345,000</u>

3.I. OTHER LONG-TERM DEBT

Lease purchase agreements and loans payable at September 30, 2018 consists of the following:

\$46,000 note agreement with First State Bank to purchase a 2016 Ford Explorer Police Vehicle, due in yearly installments of \$16,593.51 until 3/07/2019, interest at 4.00%	15,953
\$72,345 original lease purchase agreement with CNH Capital to purchase a Case Compactor Model #SV212, due in monthly installments of \$1,416.69 until 12/03/2018, interest at 6.77%	<u>2,810</u>
TOTAL LOANS AND LEASE PURCHASE AGREEMENTS	<u>\$ 18,763</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, 2018 follows:

Year Ended September 30	
2019	19,418
2020	0
Total Minimum Debt Payments	\$ 19,418
Less Amount Representing Interest	655
Present Value of Debt Payments	<u>\$ 18,763</u>

3.J. INTERFUND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,500	\$ 137,500
Road and Bridge Fund	159,245	-
Nonmajor Special Revenue Funds	-	29,245
	<u>\$ 166,745</u>	<u>\$ 166,745</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) TCERS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 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 TCERS 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 TCERS funding policy adopted by the TCERS Board of Trustees and must conform with the TCERS Act. The employee contribution rates are set by the county and are currently 7%.
- e. The most recent comprehensive annual financial report for TCERS can be found at the following link, www.tcders.org.

Members covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	39
Active employees	<u>46</u>
	102

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 2017 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, 2018 were \$103,812, and were more than the required contributions.

Net Pension Liability

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

Actuarial assumptions:

The Total Pension Liability in December 31, 2017 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	5 years
Recognition Method	Non-asymptotic
Corridor	None

Inflation	2.75%
Salary Increases	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 2018 information for a 10-year time horizon.

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

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

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

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.95% per Cliffwater's 2018 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, 2016	\$ 4,122,983	\$ 3,999,441	\$ 123,542
Changes for the Year:			
Service Cost	162,089		162,089
Interest on Total Pension Liability ⁽¹⁾	338,778		338,778
Effect of Plan Changes ⁽²⁾	-		-
Effects of Economic/Demographic			
Gains or Losses	(51,917)		(51,917)
Effect of Assumptions Changes or Inputs	51,674		51,674
Refund of Contributions	(30,946)	(30,946)	-
Benefit Payments	(178,395)	(178,395)	-
Administrative Expenses		(3,031)	3,031
Member Contributions		83,049	(83,049)
Net Investment Income		583,417	(583,417)
Employer Contributions		103,812	(103,812)
Other ⁽³⁾	-	(328)	328
Balances as of December 31, 2017	<u>\$ 4,414,266</u>	<u>\$ 4,557,019</u>	<u>\$ (142,753)</u>

⁽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 <u>7.10%</u>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
Total Pension Liability	\$ 4,912,281	\$ 4,414,266	\$ 3,988,373
Fiduciary Net Position	<u>4,557,018</u>	<u>4,557,018</u>	<u>4,557,018</u>
Net Pension Liability/(Asset)	<u>\$ 355,263</u>	<u>\$ (142,753)</u>	<u>\$ (568,645)</u>

Pension Expense / (Income)

<u>Prepaid Expense/(Income)</u>	January 1, 2017 to December 31, 2017
Service Cost	\$ 162,089
Interest on Total Pension Liability ⁽¹⁾	338,778
Effect of Plan Changes	-
Administrative Expenses	3,031
Member Contributions	(83,049)
Expected Investment Return Net of Investment Expenses	(322,929)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(52,884)
Recognition of Assumption Changes or Inputs	20,746
Recognition of Investment Gains or Losses	22,559
Other ⁽²⁾	329
Pension Expense/(Income)	<u>\$ 88,670</u>

⁽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, 2018, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 84,238	\$ 15,524
Changes of assumptions	-	51,750
Net difference between projected and actual earnings	63,513	-
Contributions made subsequent to measurement date	N/A	76,338

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

2018	\$ (2,021)
2019	20,367
2020	(46,677)
2021	(52,146)
2022	-
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, 2018, the participants had a balance of \$185,613 in the plan.

4.F. FUND BALANCE DEFICIT

The General Fund and Veterans Assistance Grant Fund has a fund balance deficit of \$52,291 and \$3,159, respectively. These deficits will be funded in fiscal year 2018 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 August 26, 2019 the date which the financial statements were available to be issued. Subsequent to the audit period, the County has been awarded a courthouse preservation grant (Texas Historical Commission) of \$1,205,303 with a local matching of \$311,600 (County issued Limited Tax Notes Series 2018). The County has also received an airport grant (TXDOT) for \$495,000 with a local matching of a \$55,000. The County is not aware of any other 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, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 1,320,991	\$ 1,430,458	\$ 1,432,065	\$ 1,607
General Sales and Use Taxes	59,000	68,136	68,106	(30)
Other Taxes	400	390	396	6
Penalty and Interest on Taxes	500	1,229	1,229	-
Licenses and Permits	6,000	5,578	5,578	-
Intergovernmental Revenue and Grants	135,708	162,797	156,476	(6,321)
Charges for Services	344,202	373,978	375,139	1,161
Fines	780,000	696,656	700,645	3,989
Investment Earnings	400	593	593	-
Contributions & Donations from Private Sources	-	-	626	626
Other Revenue	48,700	54,209	48,176	(6,033)
Total Revenues	<u>2,695,901</u>	<u>2,794,024</u>	<u>2,789,029</u>	<u>(4,995)</u>
EXPENDITURES:				
Current:				
General Administration	127,457	145,875	146,910	(1,035)
Financial Administration	67,271	69,283	69,483	(200)
Tax Administration	133,711	133,462	133,303	159
Facilities Management	47,553	50,696	50,606	90
Law Enforcement	515,670	522,726	524,498	(1,772)
Corrections	217,058	244,653	245,274	(621)
Emergency Management Services	130,899	84,672	92,182	(7,510)
Sanitation	6,220	30,265	29,359	906
Administration of Justice	782,401	730,177	731,003	(826)
Juvenile Services	66,628	75,957	75,881	76
Health and Human Services	173,783	163,946	163,491	455
Recreation	36,621	34,640	34,818	(178)
Parks	34,600	65,811	62,905	2,906
Museums	1,800	1,800	1,800	-
Libraries	26,595	24,319	24,306	13
Conservation and Development	112,130	90,953	90,919	34
Debt Service:				
Principal on Debt	200,000	150,000	177,858	(27,858)
Interest on Debt	1,800	1,771	3,528	(1,757)
Capital Outlay:				
Capital Outlay	30,067	52,236	19,870	32,366
Total Expenditures	<u>2,712,264</u>	<u>2,673,242</u>	<u>2,677,994</u>	<u>(4,752)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,363)</u>	<u>120,782</u>	<u>111,035</u>	<u>(9,747)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	2,500	-	-	-
Noncurrent Loans	150,000	9,218	-	(9,218)
Transfers In	-	-	7,500	7,500
Transfers Out (Use)	(136,362)	(130,000)	(137,500)	(7,500)
Total Other Financing Sources (Uses)	<u>16,138</u>	<u>(120,782)</u>	<u>(130,000)</u>	<u>(9,218)</u>
Net Change in Fund Balances	(225)	-	(18,965)	(18,965)
Fund Balance - October 1 (Beginning)	<u>(33,326)</u>	<u>(33,326)</u>	<u>(33,326)</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ (33,551)</u>	<u>\$ (33,326)</u>	<u>\$ (52,291)</u>	<u>\$ (18,965)</u>

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, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 10,900	\$ 11,281	\$ 12,604	\$ 1,323
Charges for Services	132,500	135,791	135,761	(30)
Rents and Royalties	900	900	900	-
Other Revenue	700	347	347	-
Total Revenues	145,000	148,319	149,612	1,293
EXPENDITURES:				
Current:				
General Administration	49,212	50,278	50,408	(130)
Roads and Bridges	220,538	167,759	164,198	3,561
Debt Service:				
Debt Service	41,527	41,527	41,527	-
Capital Outlay:				
Capital Outlay	-	48,000	48,000	-
Total Expenditures	311,277	307,564	304,133	3,431
Excess (Deficiency) of Revenues Over (Under) Expenditures	(166,277)	(159,245)	(154,521)	4,724
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	3,000	-	-	-
Transfers In	163,277	159,245	159,245	-
Total Other Financing Sources (Uses)	166,277	159,245	159,245	-
Change in Fund Balance	-	-	4,724	4,724
Fund Balance - October 1 (Beginning)	7,663	7,663	7,663	-
Fund Balance - September 30 (Ending)	\$ 7,663	\$ 7,663	\$ 12,387	\$ 4,724

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 AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT G-3

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
A. Total Pension Liability				
Service Cost	\$ 162,089	\$ 161,341	\$ 149,860	\$ 141,059
Interest (on the Total Pension Liability)	338,778	307,652	296,397	276,864
Changes of Benefit Terms	-0-	-0-	51,701	-0-
Difference between Expected and Actual Experience	(51,917)	31,047	(170,816)	(30,234)
Changes of Assumptions	51,674	-0-	41,643	-0-
Benefit Payments, including refunds of employee contributions	(209,341)	(188,600)	(190,743)	(202,283)
A. Total Pension Liability				
Net change in Total Pension Liability	\$ 291,283	\$ 311,441	\$ 178,043	\$ 185,406
Total Pension Liability - Beginning	4,122,983	3,811,542	3,633,499	3,448,092
Total Pension Liability - Ending	\$ 4,414,266	\$ 4,122,983	\$ 3,811,542	\$ 3,633,498
B. Total Fiduciary Net Position				
Contributions - Employer	\$ 103,812	\$ 109,962	\$ 107,391	\$ 103,564
Contributions - Employee	83,049	87,970	85,913	82,851
Net Investment Income	583,419	273,042	8,270	241,758
Benefit Payments, including refunds of employee contributions	(209,341)	(188,600)	(190,743)	(202,283)
Administrative Expense	(3,031)	(2,966)	(2,684)	(2,837)
Other	(330)	28,693	(88,664)	(42,060)
B. Total Fiduciary Net Position				
Net Change in Plan Fiduciary Net Position	\$ 557,578	\$ 308,101	\$ (80,516)	\$ 180,993
Plan Fiduciary Net Position - Beginning	3,999,441	3,691,339	3,771,856	3,590,862
Plan Fiduciary Net Position - Ending	\$ 4,557,019	\$ 3,999,440	\$ 3,691,340	\$ 3,771,855
C. Net Pension Liability (Asset)				
	\$ (142,753)	\$ 123,542	\$ 120,202	\$ (138,357)
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability				
	103.23%	97.00%	96.85%	103.81%
E. Covered Payroll				
	\$ 1,186,421	\$ 1,256,714	\$ 1,227,324	\$ 1,183,592
F. Net Pension Liability as a Percentage of Covered Payroll				
	(12.03%)	9.83%	9.79%	(11.69%)

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 four 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."

MENARD COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2018

	2018	2017	2016
Actuarially Determined Contribution	\$ 89,575	\$ 104,433	\$ 99,413
Contributions in Relation to the Actuarially Determined Contributions	103,812	109,962	107,391
Contribution Deficiency (Excess)	\$ (14,237)	\$ (5,529)	\$ (7,978)
Covered Employee Payroll	\$ 1,186,421	\$ 1,256,714	\$ 1,227,324
Contributions as a Percentage of Covered Employee Payroll	8.80%	8.70%	8.80%

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."

	2015	2014	2013	2012	2011	2010	2009
\$	101,671	\$ 96,887	\$ 83,841	\$ 77,665	\$ 72,135	\$ 64,330	\$ 57,553
	103,564	96,887	83,841	77,665	72,135	64,330	57,553
\$	(1,893)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
\$	1,183,592	\$ 1,107,282	\$ 984,044	\$ 931,239	\$ 857,730	\$ 872,861	\$ 790,567
	8.70%	8.70%	8.50%	8.30%	8.40%	7.40%	7.30%

MENARD COUNTY
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2018

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	5.4 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected.
	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.

* 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, 2018

	Veterans Assistance Grant Fund	Lateral Road Fund	Court Reporter Fund	Appellate Judicial Fund
ASSETS				
Cash and Cash Equivalents	\$ (5,171)	\$ 674	\$ 1,799	\$ 148
Taxes Receivable	-	1,327	-	-
Allowance for Uncollectible Taxes (credit)	-	(40)	-	-
Accounts Receivable Net	-	79	15	10
Intergovernmental Receivables	2,155	-	-	-
Total Assets	<u>\$ (3,016)</u>	<u>\$ 2,040</u>	<u>\$ 1,814</u>	<u>\$ 158</u>
LIABILITIES				
Accounts Payable	\$ 143	\$ -	\$ -	\$ -
Total Liabilities	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	1,287	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>1,287</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Other Restricted Fund Balance	(3,159)	753	1,814	158
Total Fund Balances	<u>(3,159)</u>	<u>753</u>	<u>1,814</u>	<u>158</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ (3,016)</u>	<u>\$ 2,040</u>	<u>\$ 1,814</u>	<u>\$ 158</u>

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

EXHIBITH-1 (Cont'd)

Alternative Dispute Res Fund	Truancy Prevention Fund	Records Management Fund	Clerks Archival Fund	Courthouse Restoration Fund	Sheriff's Special Fund	County Attorney CC&P Fund	Pre-Trial Intervention Fund
\$ 7,110	\$ 3,227	\$ 21,342	\$ 16,918	\$ 906	\$ 645	\$ -	\$ 14,985
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30	473	130	121	30	-	-	800
-	-	-	-	-	-	-	-
<u>\$ 7,140</u>	<u>\$ 3,700</u>	<u>\$ 21,472</u>	<u>\$ 17,039</u>	<u>\$ 936</u>	<u>\$ 645</u>	<u>\$ -</u>	<u>\$ 15,785</u>
\$ -	\$ 1,637	\$ 383	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,637	383	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,140	2,063	21,089	17,039	936	645	-	15,785
<u>7,140</u>	<u>2,063</u>	<u>21,089</u>	<u>17,039</u>	<u>936</u>	<u>645</u>	<u>-</u>	<u>15,785</u>
<u>\$ 7,140</u>	<u>\$ 3,700</u>	<u>\$ 21,472</u>	<u>\$ 17,039</u>	<u>\$ 936</u>	<u>\$ 645</u>	<u>\$ -</u>	<u>\$ 15,785</u>

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

	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 62,583	\$ 62,583
Taxes Receivable	1,327	1,327
Allowance for Uncollectible Taxes (credit)	(40)	(40)
Accounts Receivable Net	1,688	1,688
Intergovernmental Receivables	2,155	2,155
Total Assets	<u>\$ 67,713</u>	<u>\$ 67,713</u>
LIABILITIES		
Accounts Payable	\$ 2,163	\$ 2,163
Total Liabilities	<u>2,163</u>	<u>2,163</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	1,287	1,287
Total Deferred Inflows of Resources	<u>1,287</u>	<u>1,287</u>
FUND BALANCES		
Other Restricted Fund Balance	64,263	64,263
Total Fund Balances	<u>64,263</u>	<u>64,263</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 67,713</u>	<u>\$ 67,713</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, 2018

	Veterans Assistance Grant Fund	Lateral Road Fund	Court Reporter Fund	Appellate Judicial Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ 20,052	\$ -	\$ -
Penalty and Interest on Taxes	-	16	-	-
Intergovernmental Revenue and Grants	10,621	9,200	-	-
Charges for Services	-	-	270	200
Forfeits	-	-	-	-
Investment Earnings	-	-	-	1
Other Revenue	-	-	-	-
Total Revenues	<u>10,621</u>	<u>29,268</u>	<u>270</u>	<u>201</u>
EXPENDITURES:				
Law Enforcement	-	-	-	-
Administration of Justice	-	-	-	201
Health and Human Services	12,718	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>12,718</u>	<u>-</u>	<u>-</u>	<u>201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,097)</u>	<u>29,268</u>	<u>270</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	-	(29,245)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(29,245)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(2,097)	23	270	-
Fund Balance - October 1 (Beginning)	<u>(1,062)</u>	<u>730</u>	<u>1,544</u>	<u>158</u>
Fund Balance - September 30 (Ending)	<u>\$ (3,159)</u>	<u>\$ 753</u>	<u>\$ 1,814</u>	<u>\$ 158</u>

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

Alternative Dispute Res Fund	Truancy Prevention Fund	Records Management Fund	Clerks Archival Fund	Courthouse Restoration Fund	Sheriff's Special Fund	County Attorney CC&P Fund	Pre-Trial Intervention Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
565	-	6,508	5,410	1,220	-	-	3,200
-	-	-	-	-	18,571	-	-
-	-	-	-	-	-	-	-
-	5,767	-	-	-	-	-	-
<u>565</u>	<u>5,767</u>	<u>6,508</u>	<u>5,410</u>	<u>1,220</u>	<u>18,571</u>	-	<u>3,200</u>
-	5,767	-	-	-	27,417	-	-
-	-	3,550	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,800	-	-	-
-	5,767	3,550	-	1,800	27,417	-	-
<u>565</u>	<u>-</u>	<u>2,958</u>	<u>5,410</u>	<u>(580)</u>	<u>(8,846)</u>	-	<u>3,200</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
565	-	2,958	5,410	(580)	(8,846)	-	3,200
<u>6,575</u>	<u>2,063</u>	<u>18,131</u>	<u>11,629</u>	<u>1,516</u>	<u>9,491</u>	-	<u>12,585</u>
<u>\$ 7,140</u>	<u>\$ 2,063</u>	<u>\$ 21,089</u>	<u>\$ 17,039</u>	<u>\$ 936</u>	<u>\$ 645</u>	<u>\$ -</u>	<u>\$ 15,785</u>

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

	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:		
Taxes:		
Property Taxes	\$ 20,052	\$ 20,052
Penalty and Interest on Taxes	16	16
Intergovernmental Revenue and Grants	19,821	19,821
Charges for Services	17,373	17,373
Forfeits	18,571	18,571
Investment Earnings	1	1
Other Revenue	5,767	5,767
Total Revenues	<u>81,601</u>	<u>81,601</u>
EXPENDITURES:		
Law Enforcement	33,184	33,184
Administration of Justice	3,751	3,751
Health and Human Services	12,718	12,718
Capital Outlay:		
Capital Outlay	1,800	1,800
Total Expenditures	<u>51,453</u>	<u>51,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,148</u>	<u>30,148</u>
OTHER FINANCING SOURCES (USES):		
Transfers Out (Use)	<u>(29,245)</u>	<u>(29,245)</u>
Total Other Financing Sources (Uses)	<u>(29,245)</u>	<u>(29,245)</u>
Net Change in Fund Balance	903	903
Fund Balance - October 1 (Beginning)	<u>63,360</u>	<u>63,360</u>
Fund Balance - September 30 (Ending)	<u>\$ 64,263</u>	<u>\$ 64,263</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, 2018

	BALANCE OCTOBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2018
OFFICIALS' FEES ACCOUNTS FUND				
Assets:				
Cash and Cash Equivalents	\$ 103,074	\$ 1,866,307	\$ 1,775,908	\$ 193,473
Liabilities:				
Due to Others	\$ 103,074	\$ 1,866,307	\$ 1,775,908	\$ 193,473
 TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 103,074	\$ 1,866,307	\$ 1,775,908	\$ 193,473
Liabilities:				
Due to Others	\$ 103,074	\$ 1,866,307	\$ 1,775,908	\$ 193,473

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