

LAVACA COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
SEPTEMBER 30, 2018

LAVACA COUNTY, TEXAS
Annual Financial Report
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employees' retirement system information, and the OPEB system information on pages 3–12, 80-83, and 84–85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lavaca County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



BEYER & COMPANY
Certified Public Accountants
April 20, 2019

Management's Discussion and Analysis

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

Financial Highlights

- . The assets of Lavaca County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$23,015,167 (net position). Of this amount, \$1,715,312 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total net position increased by \$2,157,596. This increase is the result of an increase in ad valorem taxes of \$1,303,834, an increase in miscellaneous income of \$485,937, a decrease in governmental expenses of \$237,215, and careful budget monitoring.
- . As of the close of the current fiscal year, Lavaca County, Texas' governmental funds reported combined ending fund balances of \$10,315,250, an increase of \$2,127,120 in comparison with the prior year. Approximately 27% of this total amount, \$2,819,353 is available for spending at the government's discretion (unassigned fund balance).
- . At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,819,353, or 38 percent of total general fund expenditures, the fund balance for the road and bridge fund was \$4,742,380, or 100 percent of total road and bridge fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Lavaca County, Texas' basic financial statements. Lavaca County, Texas' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of Lavaca County, Texas' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Lavaca County, Texas' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Lavaca County, Texas is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements distinguish functions of Lavaca County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Lavaca County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. The business-type activities of Lavaca County, Texas include an ambulance fund, workmen's comp fund, and an unemployment insurance fund.

The government-wide financial statements include only Lavaca County, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lavaca County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Lavaca County, Texas maintains thirty nine (39) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, the debt service fund, and the capital improvement fund, all of which are considered to be major funds. Data from the other thirty-five (35) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Lavaca County, Texas adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund, road and bridge fund, the debt service fund, and the capital improvement fund.

The basic governmental fund financial statements can be found on pages 15-22 of this report. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Lavaca County, Texas also has two agency funds and one trust fund presented in this report. Such funds are not included in the county wide statement but are shown separately on pages 27-28 and page 97.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-78 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Lavaca County, Texas' progress in funding its obligation to provide pension benefits to its employees and for major construction fund budgetary information. Required supplementary information can be found on pages 79-85 of this report.

The combining statements referred to earlier in connection with the general fund, the major road and bridge funds, and the nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 86-96 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Lavaca County, Texas, assets exceeded liabilities by \$23,015,167 at the close of the most recent fiscal year.

A large portion of Lavaca County, Texas' net position (60 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. Lavaca County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lavaca County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**LAVACA COUNTY, TEXAS
NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$11,715,171	\$9,453,857	\$1,908,167	\$2,047,742	\$13,623,338	\$11,501,599
Capital Assets:	13,947,541	14,242,652	865,945	789,912	14,813,486	15,032,564
	25,662,712	23,696,509	2,774,112	2,837,654	28,436,824	26,534,163
Total Deferred Outflows of Resources	1,019,763	2,543,840	146,880	312,803	1,166,643	2,856,643
Total Assets	\$26,682,475	\$26,240,349	\$2,920,992	\$3,150,457	\$29,603,467	\$29,390,806
Long-Term Liabilities	4,978,391	7,082,085	540,860	812,612	5,519,251	7,894,697
Other Liabilities	430,528	348,612	45,427	32,544	475,955	381,156
Total Liabilities	5,408,919	7,430,697	586,287	845,156	5,995,206	8,275,853
Total Deferred Inflows of Resources	518,424	229,199	74,670	28,183	593,094	257,382
Invested in Capital Assets, Net of Related Debt	12,972,409	12,942,726	777,479	680,287	13,749,888	13,623,013
Restricted	7,549,967	6,436,086			7,549,967	6,436,086
Unrestricted	232,756	(798,359)	1,482,556	1,596,831	1,715,312	798,472
Total Net Position	\$20,755,132	\$18,580,453	\$2,260,035	\$2,277,118	\$23,015,167	\$20,857,571

An additional portion of Lavaca County, Texas' net position (33 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,715,312) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, Lavaca County, Texas reported a positive balance in the governmental activities. For the current fiscal year, Lavaca County, Texas reported positive balances in net position, both for the government as a whole, as well as for its separate governmental activities. At the end of the prior fiscal year, Lavaca County, Texas reported positive balances in all three categories of net position for its governmental activities and business-type activities except for the governmental funds which reported a negative unrestricted net position of \$798,359.

The government's total net position increased by \$2,157,596. This increase is the result of an increase in ad valorem taxes of \$1,303,834, an increase in miscellaneous income of \$485,937, a decrease in governmental expenses of \$237,215, and careful budget monitoring.

There was an increase of \$1,113,881 in restricted net position reported in connection with Lavaca County, Texas' government-type activities. This increase is the result of an increase in road and bridge reserve of \$720,648 for road construction.

Governmental activities:

Governmental activities increased Lavaca County, Texas' net position by \$2,174,679, thereby accounting for 100 percent of the total increase in the net position of Lavaca County, Texas. This increase is the result of an increase in ad valorem taxes of \$1,303,834, an increase in miscellaneous income of \$485,937, a decrease in governmental expenses of \$237,215, and careful budget monitoring.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$2,224,437	\$2,114,124	\$1,062,237	\$1,098,658	\$3,286,674	\$3,212,782
Operating Grants and Contributions	253,622	175,954		0	253,622	175,954
Capital Grants and Contributions	34,304	72,855	0	0	34,304	72,855
General Revenues:						
Maintenance and Operations Taxes	11,807,988	10,504,154			11,807,988	10,504,154
Other Taxes	14,111	10,165			14,111	10,165
Unrestricted Investment Earnings	78,547	53,783	5,614	4,744	84,161	58,527
Miscellaneous	970,177	484,240			970,177	484,240
Total Revenue	15,383,186	13,415,275	1,067,851	1,103,402	16,451,037	14,518,677
Expenses:						
General Administration	2,210,352	2,200,063			2,210,352	2,200,063
Legal	320,940	344,882			320,940	344,882
Judicial	1,010,118	989,411			1,010,118	989,411
Financial Administration	1,075,573	1,108,334			1,075,573	1,108,334
Public Facilities	518,988	210,146			518,988	210,146
Public Safety	2,949,518	3,121,275			2,949,518	3,121,275
Public Transportation	4,636,649	4,971,759			4,636,649	4,971,759
Health and Welfare	164,942	167,598			164,942	167,598
Conservation - Agriculture	114,618	117,423			114,618	117,423
Interest and Fiscal Charges	29,824	37,846			29,824	37,846
Ambulance			1,261,919	1,162,460	1,261,919	1,162,460
Total Expenses	13,031,522	13,268,737	1,261,919	1,162,460	14,293,441	14,431,197
Increase in Net Position Before Transfers and Special Items	2,351,664	146,538	(194,068)	(59,058)	2,157,596	87,480
Transfers	(176,985)	0	176,985	0	0	0
Increase in Net Position	2,174,679	146,538	(17,083)	(59,058)	2,157,596	87,480
Net Position at 09/30/2017 - Restated	18,580,453	18,433,915	2,277,118	2,336,176	20,857,571	20,770,091
Net Position at 09/30/2018	\$20,755,132	\$18,580,453	\$2,260,035	\$2,277,118	\$23,015,167	\$20,857,571

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Government Activities:				
General Administration	\$2,210,352	\$503,346	\$128,310	\$0
Legal	320,940	25,437	32,005	
Judicial	1,010,118	236,403	72,419	
Financial Administration	1,075,573	668,976		
Public Facilities	518,988			
Public Safety	2,949,518	59,747	20,225	
Public Transportation	4,636,649	730,528		34,304
Health and Welfare	164,942		663	
Conservation - Agriculture	114,618			
Interest and Fiscal Charges	29,824			
Total Government Activities	<u>\$13,031,522</u>	<u>\$2,224,437</u>	<u>\$253,622</u>	<u>\$34,304</u>

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$2,224,437	14%
Operating Grants and Contributions	253,622	2%
Capital Grants and Contributions	34,304	0%
Maintenance and Operations Taxes	11,807,988	77%
Other Taxes	14,111	0%
Unrestricted Investment Earnings	78,547	1%
Miscellaneous	970,177	6%
	<u>\$15,383,186</u>	<u>100%</u>

Business-Type Activities:

Business-type activities (ambulance, workmen’s compensation, and unemployment funds) in Lavaca County represented 0 percent of the total increase in the net position of Lavaca County, Texas. A discussion regarding these is below.

Expenses and Program Revenues - Business Activities

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government			
Business-Type Activities:			
Water	\$1,261,919	\$1,062,237	\$0
Total Business-Type Activities	\$1,261,919	\$1,062,237	\$0

Revenues by Source - Business-Type Activities

	REVENUES	%
Charges for Services	\$1,062,237	99.47%
Unrestricted Investment Earnings	5,614	0.53%
	\$1,067,851	100.00%

Business-type activities:

Business-type activities decreased the County’s net position by \$17,083.

- . Demand for services for business-type activities decreased by \$36,421.
- . Total expenses increased by \$99,459.
- . The business-type activities received no capital grants.

Financial Analysis of the Government's Funds

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

Governmental funds:

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

As of the end of the current fiscal year, Lavaca County, Texas' governmental funds reported combined ending fund balances of \$10,315,250, an increase of \$2,127,120 in comparison with the prior year. Approximately 27 percent of this total amount (\$2,819,353) constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Lavaca County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,819,353, while total fund balance reached \$2,819,353. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38 percent of total general fund expenditures, while total fund balance represents 38 percent of that same amount.

The fund balance of Lavaca County, Texas' general fund increased by \$1,013,193 during the current fiscal year. Key factors in this increase are as follows: This increase is attributable to an increase in ad valorem taxes of \$1,141,096 and careful budget management.

The road and bridge fund had a total fund balance of \$4,742,380. As a measure of the road and bridge fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 100 percent of that same amount. The fund balance of the road and bridge fund increased by \$720,648 during the current year. This increase is attributable to careful budget management.

The debt service fund was used to service debt only and the capital improvement fund is strictly for construction so therefore no analysis of these funds is necessary.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were an increase of \$157,265. The major increase was in the sheriff departments which increased by \$71,566 and county clerk which increased by \$66,351.

Capital Asset and Debt Administration

Capital assets:

Lavaca County, Texas' investment in capital assets for its governmental activities and business-type activities as of September 30, 2018, amounts to \$14,813,486 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and infrastructure items such as roads, highways, and bridges. The total decrease in Lavaca County, Texas' investment in capital assets for the current fiscal year was 1 percent (2 percent decrease for governmental activities and 10 percent increase for business-type activities). The County had no major construction during the year ended September 30, 2018.

LAVACA COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$487,447	\$487,447	\$22,609	\$22,609	\$510,056	\$510,056
Building and Improvements	10,047,871	10,383,762	488,057	504,952	10,535,928	10,888,714
Machinery and Equipment	3,412,223	3,371,443	138,287	156,894	3,550,510	3,528,337
Infrastructure					0	0
Automotive			216,992	105,457	216,992	105,457
Total	\$13,947,541	\$14,242,652	\$865,945	\$789,912	\$14,813,486	\$15,032,564

Additional information on Lavaca County, Texas' capital assets can be found in note IV C on page 42 and 43 of this report.

Long-term debt:

At the end of the current fiscal year, Lavaca County, Texas had total bonded debt outstanding of \$925,000. Of this amount, \$925,000 comprises debt backed by the full faith and credit of Lavaca County, Texas.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$1,145,000	\$0	\$220,000	\$925,000	\$225,000	\$700,000
	<u>1,145,000</u>	<u>0</u>	<u>220,000</u>	<u>925,000</u>	<u>225,000</u>	<u>700,000</u>
Grand Total	<u>\$1,145,000</u>	<u>\$0</u>	<u>\$220,000</u>	<u>\$925,000</u>	<u>\$225,000</u>	<u>\$700,000</u>

Lavaca County, Texas' bonded short-term and long-term debt decreased by \$220,000 (19 percent) during the current fiscal year. The key factor in this decrease was the payment of debt principal on the jail facility bonds of \$220,000. Additional information on Lavaca County, Texas' Long-term debt can be found in note IV F on pages 45 and 46 of this report.

Future Outlook

The County expects its finances to remain approximately the same as in the past. Inflation will play a factor but will affect both revenues and expenditures equally. There are no major events planned in the future.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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's business office, at Lavaca County, Texas, 109 N. La Grange Street, Hallettsville, Texas 77964.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAVACA COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$10,841,125	\$1,056,864	\$11,897,989
Receivables (net of allowance for uncollectibles)	874,046	851,303	1,725,349
Capital Assets Not Being Depreciated:			
Land	487,447	22,609	510,056
Construction in Progress			0
Total Capital Assets Being Depreciated, Net			
Building and Improvements	10,047,871	488,057	10,535,928
Machinery and Equipment	3,412,223	355,279	3,767,502
Infrastructure			0
Total Assets	\$25,662,712	\$2,774,112	\$28,436,824
DEFERRED OUTFLOWS OF RESOURCES			
GASB 68			
Deferred Outflow of Resources-Contributions (after 12/31/17)	790,338	113,835	904,173
Deferred Outflow-Changes of assumptions	214,521	30,898	245,419
GASB 75			
Deferred Outflow-Changes of assumptions	14,904	2,147	17,051
Total Deferred Outflows of Resources	1,019,763	146,880	1,166,643
LIABILITIES:			
Accounts Payable	\$114,684	\$4,396	\$119,080
Accrued Wages Payable	312,272	41,031	353,303
Accrued Interest Payable	3,572		3,572
Noncurrent Liabilities:			
Due Within One Year	570,457	52,505	622,962
Due in More Than One Year	4,407,934	488,355	4,896,289
Total Liabilities	5,408,919	586,287	5,995,206
DEFERRED INFLOWS OF RESOURCES			
GASB 68			
Net Difference Between Projected and Actual Earnings	498,198	71,757	569,955
Differences Between Expected and Actual Experience	13,097	1,886	14,983
GASB 75			
Differences Between Expected and Actual Experience	7,129	1,027	8,156
Total Deferred Inflows of Resources	518,424	74,670	593,094
NET POSITION			
Invested in Capital Assets, Net of Related Debt	12,972,409	777,479	13,749,888
Restricted			
Construction	1,101,588		1,101,588
Debt Service	101,473		101,473
General Administration	452,272		452,272
Health	14,304		14,304
Judicial	231,722		231,722
Legal	75,023		75,023
Public Safety	831,205		831,205
Public Transportation	4,742,380		4,742,380
Unrestricted	232,756	1,482,556	1,715,312
Total Net Position	\$20,755,132	\$2,260,035	\$23,015,167

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government						
Government Activities:						
General Administration	\$2,210,352	\$503,346	\$128,310		(\$1,578,696)	(\$1,578,696)
Legal	320,940	25,437	32,005		(263,498)	(263,498)
Judicial	1,010,118	236,403	72,419		(701,296)	(701,296)
Financial Administration	1,075,573	668,976			(406,597)	(406,597)
Public Facilities	518,988				(518,988)	(518,988)
Public Safety	2,949,518	59,747	20,225		(2,869,546)	(2,869,546)
Public Transportation	4,636,649	730,528		34,304	(3,871,817)	(3,871,817)
Health and Welfare	164,942		663		(164,279)	(164,279)
Conservation - Agriculture	114,618				(114,618)	(114,618)
Interest and Fiscal Charges	29,824				(29,824)	(29,824)
Total Government Activities	13,031,522	2,224,437	253,622	34,304	(10,519,159)	0
Business-Type Activities:						
Ambulance	1,261,919	1,062,237		0		(199,682)
Total Business-Type Activities:	1,261,919	1,062,237	0	0	0	(199,682)
Total Primary Government	\$14,293,441	\$3,286,674	\$253,622	\$34,304	(10,519,159)	(199,682)
General Revenues						
Property Taxes, Levies for General Purposes					11,807,988	11,807,988
Other Taxes					14,111	14,111
Unrestricted Investment Earnings					78,547	84,161
Miscellaneous					970,177	970,177
Transfers					(176,985)	176,985
Total General Revenues and Transfers					12,693,838	12,876,437
Change in Net Position					2,174,679	(17,083)
Net Position - Beginning - Restated					18,580,453	20,857,571
Net Position - Ending					\$20,755,132	\$23,015,167

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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

	General Fund	Road and Bridge	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$3,150,316	\$4,833,710	\$101,473	\$595,216	\$2,061,391	\$10,742,106
Receivables (net of allowance for uncollectibles)	283,650	82,631			0	366,281
Total Assets	<u>\$3,433,966</u>	<u>\$4,916,341</u>	<u>\$101,473</u>	<u>\$595,216</u>	<u>\$2,061,391</u>	<u>\$11,108,387</u>
LIABILITIES AND FUND BALANCES:						
Accounts Payable	\$101,394	\$9,740		\$1,059	\$2,391	\$114,584
Accrued Wages Payable	229,569	81,590			1,113	312,272
Total Liabilities	<u>330,963</u>	<u>91,330</u>	<u>0</u>	<u>1,059</u>	<u>3,504</u>	<u>426,856</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	<u>283,650</u>	<u>82,631</u>				<u>366,281</u>
Fund Balances:						
Restricted						
Construction				594,157	507,431	1,101,588
Debt Service			101,473			101,473
General Administration					398,202	398,202
Health					14,304	14,304
Judicial					231,722	231,722
Legal					75,023	75,023
Public Safety					831,205	831,205
Public Transportation		4,742,380				4,742,380
Unassigned	2,819,353					2,819,353
Total Fund Balance	<u>2,819,353</u>	<u>4,742,380</u>	<u>101,473</u>	<u>594,157</u>	<u>2,057,887</u>	<u>10,315,250</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$3,433,966</u>	<u>\$4,916,341</u>	<u>\$101,473</u>	<u>\$595,216</u>	<u>\$2,061,391</u>	<u>\$11,108,387</u>

The accompanying notes are an integral part of this statement.

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

Total Fund Balances - governmental funds balance sheet	\$10,315,250
Amounts reported for governmental activities in the statement of net position ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	13,947,541
Internal service funds are used by management to account for funds for self-insurance. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	44,849
Private purpose trust fund	54,070
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,009,104
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	366,281
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(4,981,963)
Net Position of Governmental Activities - statement of net position	<u>\$20,755,132</u>

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Road and Bridge	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$6,937,263	\$4,561,872	\$262,707			\$11,761,842
Other	14,111					14,111
Intergovernmental	198,572	34,304			55,050	287,926
Licenses and Permits	51,892	730,028				781,920
Charges for Services	1,093,080				178,834	1,271,914
Fines and Forfeitures	88,850				815	89,665
Interest	31,806	31,812	1,212	3,000	10,056	77,886
Miscellaneous	176,358	42,660		466,586	270,425	956,029
Total Revenues	8,591,932	5,400,676	263,919	469,586	515,180	15,241,293
EXPENDITURES						
Current:						
General Administration	1,860,289				46,166	1,906,455
Legal	285,654				28,728	314,382
Judicial	974,395				33,042	1,007,437
Financial Administration	1,059,264					1,059,264
Public Facilities	146,885					146,885
Public Safety	2,864,931				38,731	2,903,662
Public Transportation		4,677,084			0	4,677,084
Health and Welfare	163,189					163,189
Conservation - Agriculture	112,783					112,783
Capital Projects -						
Capital Outlay and Other				208,725	82,026	290,751
Debt Service						
Principal Retirement	20,724	84,071	220,000			324,795
Interest Retirement	625	4,373	25,503			30,501
Total Expenditures	7,488,739	4,765,528	245,503	208,725	228,693	12,937,188
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,103,193	635,148	18,416	260,861	286,487	2,304,105
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	0	101,000			4,500	105,500
Operating Transfers Out	(90,000)	(15,500)			(176,985)	(282,485)
Total Other Financing Sources (Uses)	(90,000)	85,500	0	0	(172,485)	(176,985)
Net Changes in Fund Balances	1,013,193	720,648	18,416	260,861	114,002	2,127,120
Fund Balances - Beginning	1,806,160	4,021,732	83,057	333,296	1,943,885	8,188,130
Fund Balances - Ending	\$2,819,353	\$4,742,380	\$101,473	\$594,157	\$2,057,887	\$10,315,250

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2018

Net Changes in Fund Balances - total governmental funds	\$2,127,120
Amounts reported for governmental activities in the statement of net position ("SNA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(295,111)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	3,568
GASB 68	
Deferred Outflow of Resources-contribution. This is the change in these amounts this year.	68,874
Deferred Inflow-net difference between projected and actual earnings. This is the change in these amounts this year.	(2,140,254)
Deferred Outflow-changes of assumptions. This is the change in these amounts this year.	34,201
Deferred Inflow-Differences Between Expected and Actual Experience. This is the change in these amounts this year.	216,102
GASB 75	
Deferred Outflow-changes of assumptions. This is the change in these amounts this year.	14,904
Deferred Inflow-Differences Between Expected and Actual Experience. This is the change in these amounts this year.	(7,129)
(Increase) decrease in compensated absences from beginning of period to end of period.	13,466
(Increase) decrease in accrued interest payable from beginning of period to end of period.	678
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	46,146
Private purpose trust fund net revenues.	(46)
Internal service funds are used by management to account for funds for self-insurance. The net revenue of certain activities of Internal service funds is reported with governmental activities.	1,932
(Increase) decrease in capital lease payable from beginning of period to end of period.	104,794
(Increase) decrease in net pension liability from beginning of period to end of period.	1,793,826
(Increase) decrease in OPEB liability from beginning of period to end of period.	(28,392)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	220,000
Change in Net Position of Governmental Activities - statement of activities	<u>\$2,174,679</u>

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>REVENUES</i>				
Taxes				
Property	\$7,061,896	\$7,061,896	\$6,937,263	(\$124,633)
Other	8,000	8,000	14,111	6,111
Intergovernmental	104,700	175,332	198,572	23,240
Licenses and Permits	31,500	31,500	51,892	20,392
Charges for Services	915,400	915,400	1,087,677	172,277
Fines and Forfeitures	238,300	238,300	88,850	(149,450)
Interest	19,000	19,000	31,734	12,734
Miscellaneous	61,550	163,290	176,131	12,841
Total Revenues	8,440,346	8,612,718	8,586,230	(26,488)

EXPENDITURES

Current:

General Administration				
County Clerk	538,814	605,165	549,165	56,000
County Judge	386,146	364,799	370,939	(6,140)
Elections	279,597	291,983	254,373	37,610
Non-Departmental	693,980	676,932	607,480	69,452
Records Management	130,166	130,166	77,795	52,371
Legal				
County Attorney	308,616	308,616	285,654	22,962
Judicial				
Court	334,457	363,400	406,864	(43,464)
District Clerk	239,466	239,467	204,802	34,665
Justices of the Peace	373,202	373,202	362,729	10,473
Financial Administration				
County Auditor	329,391	329,391	325,662	3,729
County Treasurer	139,065	139,065	132,655	6,410
Tax Assessor-Collector	647,484	647,484	600,947	46,537
Public Facilities				
Annex	65,950	65,950	58,914	7,036
Courthouse	64,000	78,432	80,407	(1,975)
Office Buildings	8,100	8,100	7,564	536
Public Safety				
Constables	212,984	212,984	178,008	34,976
Jail	409,500	409,500	314,416	95,084
Sheriff	2,404,576	2,476,142	2,371,052	105,090

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Public Welfare	\$165,807	\$167,788	\$163,189	\$4,599
Conservation - Agriculture				
Agriculture Extension Service	115,156	115,156	112,783	2,373
Debt Service				
Principal Retirement	20,724	20,724	20,724	0
Interest and Fiscal Charges	625	625	625	0
Total Expenditures	<u>7,867,806</u>	<u>8,025,071</u>	<u>7,486,747</u>	<u>538,324</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>572,540</u>	<u>587,647</u>	<u>1,099,483</u>	<u>511,836</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(90,000)	(90,000)	(90,000)	0
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>0</u>
Net Changes in Fund Balances	482,540	497,647	1,009,483	511,836
Fund Balances - Beginning	1,785,374	1,785,374	1,785,374	
Fund Balances - Ending	<u>\$2,267,914</u>	<u>\$2,283,021</u>	<u>\$2,794,857</u>	<u>\$511,836</u>

The above budget includes only the General Fund and not the Jail Commissary Fund, the Unclaimed Credits Fund, and the Election Service Fund.

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$4,620,335	\$4,620,335	\$4,561,872	(\$58,463)
Intergovernmental	34,000	34,000	34,304	304
Licenses and Permits	700,000	700,000	730,028	30,028
Interest	18,000	18,000	31,812	13,812
Miscellaneous	4,600	18,550	42,660	24,110
Total Revenues	5,376,935	5,390,885	5,400,676	9,791
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	7,720,795	7,830,245	4,677,084	3,153,161
Debt Service				
Principal Retirement	83,027	83,027	84,071	(1,044)
Interest and Fiscal Charges	5,777	5,777	4,373	1,404
Total Expenditures	7,809,599	7,919,049	4,765,528	3,153,521
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,432,664)	(2,528,164)	635,148	3,163,312
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Capital Lease	0	0	0	0
Operating Transfers In	101,000	101,000	101,000	0
Operating Transfers Out	(14,500)	(14,500)	(15,500)	(1,000)
Total Other Financing Sources (Uses)	86,500	86,500	85,500	(1,000)
Net Changes in Fund Balances	(2,346,164)	(2,441,664)	720,648	3,162,312
Fund Balances - Beginning	4,021,732	4,021,732	4,021,732	
Fund Balances - Ending	\$1,675,568	\$1,580,068	\$4,742,380	\$3,162,312

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

LAVACA COUNTY, TEXAS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$244,637	\$244,637	\$262,707	\$18,070
Interest			1,212	1,212
Total Revenues	244,637	244,637	263,919	19,282
EXPENDITURES				
Current:				
Debt Service				
Principal Retirement	220,000	220,000	220,000	0
Interest Retirement	25,503	25,503	25,503	0
Total Expenditures	245,503	245,503	245,503	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(866)	(866)	18,416	19,282
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(866)	(866)	18,416	19,282
Fund Balances - Beginning	83,057	83,057	83,057	
Fund Balances - Ending	\$82,191	\$82,191	\$101,473	\$19,282

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

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Proprietary Fund		Internal Service	Internal Service	Internal Service	Internal Service	Total
	Ambulance Fund	Ambulance Fund	Workmen's Compensation	Workmen's Compensation	Unemployment Insurance	Unemployment Insurance	Proprietary Funds
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$1,056,864	\$1,118,328	\$30,293	\$30,157	\$14,556	\$12,760	\$1,101,713
Receivables (net of allowance for uncollectibles)	851,303	929,414					851,303
Total Current Assets	1,908,167	2,047,742	30,293	30,157	14,556	12,760	1,953,016
Noncurrent Assets							
Capital Assets							
Land	22,609	22,609					22,609
Automotive	878,946	701,961					878,946
Buildings and Improvements	675,942	675,942					675,942
Machinery and Equipment	373,992	431,649					373,992
Total Capital Assets	1,951,489	1,832,161	0	0	0	0	1,951,489
Less Accumulated Depreciation							
Total Capital Assets (net of accumulated depreciation)	(1,085,544)	(1,042,249)					(1,085,544)
Total Noncurrent Assets	865,945	789,912	0	0	0	0	865,945
TOTAL ASSETS	\$2,774,112	\$2,837,654	\$30,293	\$30,157	\$14,556	\$12,760	\$2,818,961
DEFERRED OUTFLOWS OF RESOURCES - GASB 68							
GASB 68							
Def. Outflow of Res.-Contributions (after 12/31/16)		88,715					0
Def. Outflow of Res.-Contributions (after 12/31/17)	113,835						113,835
Net Difference Between Projected and Actual Earnings		201,915					0
Changes of Assumptions	30,898	22,173					30,898
GASB 75							
Changes of Assumptions	2,147						2,147
Total Deferred Outflow of Resources	146,880	312,803	0	0	0	0	146,880
LIABILITIES, FUND EQUITY AND OTHER CREDITS							
Liabilities							
Current Liabilities (Payable from Current Assets)							
Accounts Payable	\$4,396	\$3,112					\$4,396
Accrued Wages Payable	41,031	29,432					41,031
Compensated Absences	25,099	21,410					25,099
Capital Leases - Current Portion	27,406	27,406					27,406
Total Current Liabilities	97,932	81,360	0	0	0	0	97,932
Noncurrent Liabilities							
Net Pension Liability	364,782	623,154					364,782
OPEB Payable	62,513	58,423					62,513
Capital Leases	61,060	82,219					61,060
Total Noncurrent Liabilities	488,355	763,796	0	0	0	0	488,355
TOTAL LIABILITIES	586,287	845,156	0	0	0	0	586,287
DEFERRED INFLOWS OF RESOURCES							
GASB 68							
Net Difference Between Projected and Actual Earnings	71,757						71,757
Differences Between Expected and Actual Experience	1,886	28,183					1,886
GASB 75							
Differences Between Expected and Actual Experience	1,027						1,027
Total Deferred Inflow of Resources	74,670	28,183	0	0	0	0	74,670
Invested in Capital Assets, Net of Related Debt	777,479	680,287					777,479
Unrestricted	1,482,556	1,596,831	30,293	30,157	14,556	12,760	1,527,405
TOTAL NET POSITION	\$2,260,035	\$2,277,118	\$30,293	\$30,157	\$14,556	\$12,760	\$2,304,884

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

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Proprietary Fund		Internal Service	Internal Service	Internal Service	Internal Service	Total Proprietary Funds
	Ambulance Fund	Ambulance Fund	Workmen's Compensation	Workmen's Compensation	Unemployment Insurance	Unemployment Insurance	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	
OPERATING REVENUES:							
Charges for Services	\$1,062,237	\$1,098,658	\$75,650	\$73,228	\$0	\$0	\$1,137,887
Miscellaneous	0	0			1,720		1,720
TOTAL OPERATING REVENUES	1,062,237	1,098,658	75,650	73,228	1,720	0	1,139,607
OPERATING EXPENSES							
Personal Services	933,747	854,519					933,747
Supplies	59,699	45,474					59,699
Other Services and Charges	138,936	165,748	75,826	75,652		7,365	214,762
Depreciation	123,290	96,719					123,290
TOTAL OPERATING EXPENSES	1,255,672	1,162,460	75,826	75,652	0	7,365	1,331,498
OPERATING INCOME (LOSS)	(193,435)	(63,802)	(176)	(2,424)	1,720	(7,365)	(191,891)
NON-OPERATING REVENUES (EXPENSES):							
Interest Income	5,614	4,744	312	226	76	77	6,002
Interest and Fiscal Charges	(6,247)						(6,247)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(633)	4,744	312	226	76	77	(245)
Income Before Transfers	(194,068)	(59,058)	136	(2,198)	1,796	(7,288)	(192,136)
Contributions							0
Transfers In	176,985						176,985
Change in Net Position	(17,083)	(59,058)	136	(2,198)	1,796	(7,288)	(15,151)
Total Net Position - Beginning - Restated	2,277,118	2,336,176	30,157	32,355	12,760	20,048	2,320,035
Total Net Position - Ending	\$2,260,035	\$2,277,118	\$30,293	\$30,157	\$14,556	\$12,760	\$2,304,884

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

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Proprietary Fund		Internal Service	Internal Service	Internal Service	Internal Service	Total Proprietary Funds
	Ambulance Fund	Ambulance Fund	Workmen's Compensation	Workmen's Compensation	Unemployment Insurance	Unemployment Insurance	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	
Cash Flows from Operating Activities							
Receipts from Customers and Users	\$1,140,348	\$1,001,657	\$75,650	\$73,228	\$1,720	\$0	\$1,217,718
Payments to Suppliers	(197,351)	(210,998)	(75,826)	(75,652)	0	(7,365)	(273,177)
Payments to Employees	(960,331)	(819,865)	0	0	0	0	(960,331)
Net Cash Provided(Used) By Operating Activities:	(17,334)	(29,206)	(176)	(2,424)	1,720	(7,365)	(15,790)
Cash Flows from Non-Capital and Related Financing Activities							
Transfers In	176,985	0	0	0	0	0	176,985
Net Cash Provided (Used) By Non-Capital and Related Financing Activities	176,985	0	0	0	0	0	176,985
Cash Flows from Capital and Related State Grant	0	0	0	0	0	0	0
Net Cash Provided (Used) By Capital and Related Financing Activities	0	0	0	0	0	0	0
Cash Flows from Capital and Related Financing Activities							
Purchases of Capital Assets	(199,323)	(137,031)	0	0	0	0	(199,323)
Proceeds from Capital Debt		137,031					0
Principal Payment on Revenue Bonds, Notes and Capital Leases	(21,159)	(27,406)					(21,159)
Interest and Fiscal Charges	(6,247)	0	0	0	0	0	(6,247)
Net Cash Provided (Used) by Capital and Related Financing Activities	(226,729)	(27,406)	0	0	0	0	(226,729)
Cash Flows from Investing Activities							
Interest Received	5,614	4,744	312	226	76	77	6,002
Net Cash Provided(Used) by Investing Activities	5,614	4,744	312	226	76	77	6,002
Net Increase (Decrease) in Cash Equivalents	(61,464)	(51,868)	136	(2,198)	1,796	(7,288)	(59,532)
Cash and Cash Equivalents at Beginning of Year	1,118,328	1,170,196	30,157	32,355	12,760	20,048	1,161,245
Cash and Cash Equivalents at End of Year	\$1,056,864	\$1,118,328	\$30,293	\$30,157	\$14,556	\$12,760	\$1,101,713

(continued)

(continued)

	Proprietary Fund		Internal Service	Internal Service	Internal Service	Internal Service	Total Proprietary Funds
	Ambulance Fund	Ambulance Fund	Workmen's Compensation	Workmen's Compensation	Unemployment Insurance	Unemployment Insurance	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities							
Operating Income (Loss)	(\$193,435)	(\$63,802)	(\$176)	(\$2,424)	\$1,720	(\$7,365)	(\$191,891)
Adjustments to Reconcile to Net Cash Flow							
Non-Cash Items Included in Net Income							
Depreciation	123,290	96,719	0	0	0	0	123,290
Changes in Current Items							
Decrease(Increase) in Accounts Receivable	78,111	(97,001)	0	0	0	0	78,111
GASB 68							
Decr(Incr) Deferred Outflow of Resources-Contr.	(25,120)	(4,468)					(25,120)
Incr(Decr)-net dif. between projected and actual earnings	273,672	45,865					273,672
Decr(Incr)-changes of assumptions	(8,725)	11,087					(8,725)
Incr(Decr)-dif. between expected and actual experience	(26,297)	(15,694)					(26,297)
GASB 75							
Decr(Incr)-changes of assumptions	(2,147)						(2,147)
Incr(Decr)-dif. between expected and actual experience	1,027						1,027
Increase(Decrease) in Accounts Payable	1,284	224	0	0	0	0	1,284
Increase(Decrease) in Accrued Wages Payable	11,599	(4,355)	0	0	0	0	11,599
Increase (Decrease) in Net pension Liability	(258,372)	1,887					(258,372)
Increase (Decrease) in OPEB Liability	4,090						4,090
Increase(Decrease) in Compensated Absences	3,689	332	0	0	0	0	3,689
Net Cash Provided (Used) by Operating Activities	(\$17,334)	(\$29,206)	(\$176)	(\$2,424)	\$1,720	(\$7,365)	(\$15,790)
Noncash Investing, Capital and Financing Activities:							
Contributions	\$0	\$0					\$0
Capital Lease	0	137,031					0
Total	\$0	\$137,031	\$0	\$0	\$0	\$0	\$0

Note: The above funds are all Enterprise Funds

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

LAVACA COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Agency Funds	Historical Commission	Private Purpose Trust Funds	Total
ASSETS				
Cash and Cash Equivalents	\$1,095,050	\$54,170		\$54,170
Receivables (net of allowance for uncollectibles)	0			0
Due from Others	0			0
Total Assets	\$1,095,050	\$54,170		\$54,170
LIABILITIES				
Accounts Payable	\$0	\$100		\$100
Due to Others	1,095,050	0		0
Total Liabilities	1,095,050	100		100
NET POSITION				
Held in Trust-Historical Purposes		54,070		54,070
Total Net Position	\$0	\$54,070		\$54,070

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

LAVACA COUNTY, TEXAS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Private Purpose Trust Funds	
	Historical Commission	Total
ADDITIONS		
Contributions:		
Private Donations	\$14,148	\$14,148
Books		0
Total Contributions	14,148	14,148
Investment Earnings:		
Interest Received	273	273
Total Investment Earnings	273	273
Less Investment Expense	0	0
Net Investment Earnings	273	273
TOTAL ADDITIONS	14,421	14,421
DEDUCTIONS		
Culture and Recreation-History	14,467	14,467
Total Deductions	14,467	14,467
Change in Net Position	(46)	(46)
Net Position-Beginning	54,116	54,116
Net Position-Ending	\$54,070	\$54,070

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

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

I. Summary of Significant Accounting Policies

A. Reporting entity

Lavaca County operates under a County Judge – Commissioners’ Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. The accounting policies of Lavaca County, Texas, (the County) conform to generally accepted accounting principles. The County also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

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

B. Government-Wide and Fund Financial Statements

The County’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the County accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the County’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities, which are presented as internal balances and eliminated in the total primary government column. When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The County has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, intergovernmental revenues and charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major governmental funds:

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

The road and bridge fund accounts for the activities of the government's road and bridge operations.

The debt service fund accounts for ad valorem monies used to service the bonded debt.

The capital improvement fund accounts for monies used for construction.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Ambulance fund is ambulance run fees. The principal operating revenues of the Internal Service Fund are charges to the various funds for workmen's compensation premiums and unemployment tax charges. Operating expenses for enterprise funds include workmen's compensation premiums, unemployment taxes, and ambulance expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major proprietary funds:

The ambulance fund is used for emergency medical transportation. The workmen's compensation fund and the unemployment insurance are used to facilitate the process of providing workmen's compensation insurance and discharging the unemployment obligation.

C. Fiduciary Funds

Fiduciary Funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The County's fiduciary funds include the following: The County Officer Accounts and Clerk Draw fund are both used to account for the fines and fees collected and remitted by the County Officers in the course of their operations. The Historical Commission fund is used as to administer monies for Lavaca County's history.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to a total of 40 percent of the current and delinquent outstanding property taxes at September 30, 2018. Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2018. Certain payments to vendors reflect costs applicable to future accounting periods. There were no prepaid items at September 30, 2018. There were no costs recorded as prepaid items at September 30, 2018.

4. Restricted Assets - There were no restricted assets at September 30, 2018.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost as follows and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure items such as roads, highways, and bridges are not included. Property and Equipment with a dollar value greater or equal to \$500 but less than \$1,000 are considered inventoried assets. These assets are inventoried for security purposes in the Fixed Asset System but not capitalized for depreciation purposes.

Buildings/Building improvements	\$5,000
Improvements Other Than Buildings	\$5,000
Infrastructure	\$50,000
Machinery, Equipment, and Other Assets	\$1,000
Leasehold Improvements	\$5,000

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County had major road reconstruction during the year ended September 30, 2018.

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

<i>Assets</i>	<i>Years</i>
Buildings	30-40
Building Improvements	20-40
System Infrastructure	15-45
Vehicles	5-10
Office Equipment	5-10
Computer Equipment	5

6. Compensated Absences

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

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund Balances – Governmental Funds

As of September 30, 2018, fund balances of the governmental funds are classified as follows:

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

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

Unassigned — all other spendable amounts.

As of September 30, 2018, fund balances are composed of the following:

Fund Balances:	
Restricted	
Construction	\$1,101,588
Debt Service	101,473
General Administration	398,202
Health	14,304
Judicial	231,722
Legal	75,023
Public Safety	831,205
Public Transportation	4,742,380
Unassigned	<u>2,819,353</u>
Total Fund Balance	<u>\$10,315,250</u>

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

In fiscal year 2011, the Commissioners' Court adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 18 to 25 percent of the subsequent year's budgeted General Fund expenditures.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

10. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category. It is deferred under GASB 68 and GASB 75.

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

The County reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measureable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the County and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Pursuant to GASB 65 we have included deferred ad valorem taxes as deferred inflows in the fund financial statements.

11. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$4,981,963 difference are as follows:

Bonds Payable	\$925,000
Capital Lease	50,132
Accrued Interest Payable	3,572
Compensated Absences	295,325
OPEB Liability	434,013
Net Pension Liability	3,273,921
	<u>\$4,981,963</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$13,947,541 difference are as follows:

Capital assets not being depreciated	\$487,447
Capital assets being depreciated	25,880,332
Depreciation expense	(12,420,238)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	<u>\$13,947,541</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectible.)" The details of this \$366,281 difference are as follows:

Property Taxes Receivable	\$610,470
Allowance for Doubtful Accounts	<u>(244,189)</u>
Net	<u>\$366,281</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$1,009,104 difference are as follows:

Fines Receivable	\$1,015,531
Allowance for Doubtful Accounts	(507,766)
GASB 68	
Deferred Outflow of Resources-Contributions (after 12/31/17)	790,338
Deferred Inflow-Net difference between projected and actual earnings	(498,198)
Deferred Outflow-Changes of assumptions	214,521
Deferred Inflow-Differences Between Expected and Actual Experience	(13,097)
GASB 75	
Deferred Outflow-Changes of assumptions	14,904
Deferred Inflow-Differences Between Expected and Actual Experience	<u>(7,129)</u>
Net	<u>\$1,009,104</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

The details of this (\$295,111) difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$0
Capital Outlay - Additions - Being Depreciated (Net)	603,335
Capital Outlay - Deletions	(23,590)
Depreciation Expense	(874,856)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>(\$295,111)</u></u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year. The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court. The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash. When the Budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the line item. Budgets for the 2018 fiscal year were adopted for the General Fund, the Road and Bridge Funds, the Debt Service fund, and the Capital Improvement fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2018, expenditures did not exceed appropriations in any funds.

C. Deficit fund equity

The county had no deficit fund balances at September 30, 2018.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments:

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

Policies Governing Deposits and Investments:

The County has adopted a deposit and investment policy and the county addresses the following risks:

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2018, the government's bank balance of \$13,367,603 was not exposed to custodial credit risk because it was fully insured by the U.S. Government and/or the State of Texas and/or is collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The fair market value of the securities pledged is \$24,296,435 and the FDIC coverage is \$250,000.

The County had no investments at September 30, 2018.

B. Receivables

Receivables as of September 30, 2018 for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Road and Bridge	Ambulance	Total
<u>Receivables</u>				
Taxes	\$472,750	\$137,720		\$610,470
Accounts			2,770,318	2,770,318
Fines	1,015,531			1,015,531
Gross Receivables	<u>1,488,281</u>	<u>137,720</u>	<u>2,770,318</u>	<u>4,396,319</u>
Less: Allowance for Uncollectibles	<u>696,866</u>	<u>55,089</u>	<u>1,919,015</u>	<u>2,670,970</u>
Net Total Receivables	<u>\$791,415</u>	<u>\$82,631</u>	<u>\$851,303</u>	<u>\$1,725,349</u>

C. Capital Assets

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

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	<u>\$487,447</u>	<u>\$0</u>	<u>\$0</u>	<u>\$487,447</u>
Total capital assets not being depreciated:	<u>487,447</u>	<u>0</u>	<u>0</u>	<u>487,447</u>
Capital assets being depreciated:				
Infrastructure	2,980,510	0	0	2,980,510
Building and Improvements	13,496,495	0	0	13,496,495
Machinery, Equipment and Vehicles	8,978,117	603,335	178,125	9,403,327
Total capital assets being depreciated:	<u>25,455,122</u>	<u>603,335</u>	<u>178,125</u>	<u>25,880,332</u>
Less: Accumulated Depreciation for:				
Infrastructure	2,980,510	0	0	2,980,510
Building and Improvements	3,112,733	335,891	0	3,448,624
Machinery, Equipment and Vehicles	5,606,674	538,965	154,535	5,991,104
Total Accumulated Depreciation	<u>11,699,917</u>	<u>874,856</u>	<u>154,535</u>	<u>12,420,238</u>
Total Capital Assets Depreciated, Net	<u>13,755,205</u>	<u>(271,521)</u>	<u>23,590</u>	<u>13,460,094</u>
Governmental Activities capital assets, Net	<u>\$14,242,652</u>	<u>(\$271,521)</u>	<u>\$23,590</u>	<u>\$13,947,541</u>

Business-type Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$22,609			\$22,609
Total capital assets not being depreciated:	22,609	0	0	22,609
Capital assets being depreciated:				
Automotive	701,961	176,985		878,946
Building and Improvements	675,942			675,942
Machinery and Equipment	431,649	22,338	79,995	373,992
Total capital assets being depreciated:	1,809,552	199,323	79,995	1,928,880
Less: Accumulated Depreciation for:				
Automotive	596,504	65,450		661,954
Building and Improvements	170,990	16,895		187,885
Machinery and Equipment	274,755	40,945	79,995	235,705
Total Accumulated Depreciation	1,042,249	123,290	79,995	1,085,544
Total Capital Assets Depreciated, Net	767,303	76,033	0	843,336
Business-type Activities capital assets, Net	\$789,912	\$76,033	\$0	\$865,945

Construction commitments

The County had major road reconstruction during the year ended September 30, 2018.

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

Governmental Activities	
General Administration	\$206,300
Legal	2,317
Financial Administration	9,343
Public Facilities	81,352
Public Safety	194,389
Public Transportation	379,759
Health and Welfare	1,396
Total Depreciation Expense - Governmental Activities	<u>\$874,856</u>
Business-Type Activities	
Ambulance	<u>\$123,290</u>
Total Depreciation Expense - Business-Type Activities	<u>\$123,290</u>

Interfund Receivables, Payables, and Transfers

Due to/from other funds:

There were no due to/from other funds at September 30, 2018.

There were no advances at September 30, 2018.

The following are transfers for the year ended September 30, 2018.

INTRAFUND	TRANSFER IN			
	ROAD AND BRIDGE FUND	UTILITY FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
TRANSFER OUT				
GENERAL FUND	\$90,000			\$90,000
ROAD AND BRIDGE FUND	11,000		4,500	15,500
NON-MAJOR GOVERNMENTAL FUNDS		176,985		176,985
TOTALS	\$101,000	\$176,985	\$4,500	\$282,485

The above transfers are non recurring transfers.

E. Leases

Operating Leases:

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$11,308 for the year ended September 30, 2018. Rent expenditures were \$15,000 for the year ended September 30, 2018. Rental income was \$10,184 for the year ended September 30, 2018. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30,	<u>Amount</u>
2019	\$ 7,877
2020	7,003
2021	4,946
2022	<u>4,535</u>
Total	<u>\$24,361</u>

F. Long-Term Debt

Certificates of Obligation

The government issued Refunding Certificates of Obligation, Series 2012 in the Amount of \$1,965,000. The Certificates of Obligation are serviced by the debt service fund.

PURPOSE	RATE	ORIGINAL AMOUNTS	CURRENT AMOUNTS	SERIES	MATURITY DATE	COVENANTS	SECURITY
Governmental activities	.75-2.50%	\$1,965,000	\$925,000	2012	2022	Sinking Fund	Ad Valorem Tax
Total		<u>\$1,965,000</u>	<u>\$925,000</u>				

Annual debt service requirements to maturity for the Certificates of Obligation are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2019	\$225,000	\$21,433
2020	225,000	16,820
2021	235,000	11,757
2022	240,000	6,000
TOTALS	<u>\$925,000</u>	<u>\$56,010</u>

Capital Leases

The Capital Leases consists of the following: The County entered into a capital lease to purchase Ambulance Equipment, and equipment for Road and Bridge Precincts No. 1 and 2. The total amount of debt is \$138,598. The security pledged for the capital leases is the equipment financed. The debt will be serviced by both the general fund, the Ambulance fund, and the road and bridge funds.

The following for the above debt is a schedule of the future minimum lease payments and the present value of net minimum lease payments at September 30, 2018.

The accumulated depreciation of the above equipment is as follows:

	Governmental Activities		Business-Type Activities	Total Amount
	PCT. 1 2017 INT. DUMP TRUCK	PCT. 2 JD BACKHOE LOADER	AMBULANCE FUND AMBULANCE LIFEPACKS	
COST	\$102,249	\$136,709	\$137,031	\$375,989
ACCUMULATED DEPRECIATION	61,349	109,367	27,406	198,123
NET ASSET	<u>\$40,900</u>	<u>\$27,342</u>	<u>\$109,625</u>	<u>\$177,866</u>

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

YEAR	Governmental Activities		Business-Type	Total Amount
	<u>PCT. 1</u>	<u>PCT. 2</u>	Activities	
	2017 INT.	JD	AMBULANCE	
	DUMP TRUCK	BACKHOE LOADER	FUND AMBULANCE LIFEPACKS	
2019	\$36,640	\$30,062	\$33,454	\$100,156
2020			33,454	33,454
2021			33,454	33,454
Total Minimum Lease Payments	36,640	30,062	100,362	167,064
Less: Amount Representing Interest	1,322	15,247	11,896	28,465
Present Value of Net Minimum Lease Payments	\$35,318	\$14,815	\$88,466	\$138,599

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
General Obligation Bonds	\$1,145,000	\$0	\$220,000	\$925,000	\$225,000	\$700,000
Total Bonds Payable	1,145,000	0	220,000	925,000	225,000	700,000
Capital Leases	154,926		104,794	50,132	50,132	0
Net Pension Liability	5,067,747		1,793,826	3,273,921		3,273,921
OPEB Liability	405,621	28,392		434,013		434,013
Compensated Absences	308,791	295,325	308,791	295,325	295,325	0
Total Governmental Activities	7,082,085	323,717	2,427,411	4,978,391	570,457	4,407,934
<u>Business-Type Activities:</u>						
Net Pension Liability	623,154		258,372	364,782		364,782
OPEB Liability	58,423	4,090		62,513		62,513
Capital Leases	109,625		21,159	88,466	27,406	61,060
Compensated Absences	21,410	25,099	21,410	25,099	25,099	0
Total Business-Type Activities	812,612	29,189	300,941	540,860	52,505	488,355
Grand Total	\$7,894,697	\$352,906	\$2,728,352	\$5,519,251	\$622,962	\$4,896,289

The general fund, the road and bridge fund, and the ambulance funds are used to service the compensated absences. The estimated amount due in the 2018-19 year is \$320,424.

The government-wide statement of activities includes \$622,962 as "noncurrent liabilities, due within one year".

The general fund, the road and bridge fund, and the ambulance funds are used to service the net pension liability. The net pension liability is discussed in note E below.

V. Other Information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage and subrogation).

Changes in accrued liabilities for these claims follow:

	Year ended <u>09/30/18</u>	Year ended <u>09/30/17</u>
Unpaid claims, beginning of fiscal year	\$ -0-	\$ -0-
Incurred claims (including IBNRs)		
Claim payments	<u>-0-</u>	<u>-0-</u>
Unpaid claims, end of fiscal year	<u>\$ -0-</u>	<u>\$ -0-</u>

1. General Liability Insurance

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

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

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

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

2. Property and Casualty Insurance

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

3. Workers' Compensation Insurance

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

4. Group Health and Life Insurance

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

5. Unemployment Compensation Insurance

The County insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC).

B. Related Party Transaction

There were no related party transactions requiring disclosure.

C. Subsequent Events

On January 2, 2019, new Pct. 3 Commissioner Neil F. Bates Jr. was appointed. On April 2, 2019, motion was approved to purchase a 2019 John Deere 544L Loader in the amount of \$161,364.00.

D. Contingent Liabilities

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

The County was not a defendant in any lawsuit at September 30, 2018.

E. Prior Period Adjustments

The County has determined that certain transactions were recorded incorrectly in a prior year. The County had a prior period adjustment where by governmental activities' Net Position was restated downward by \$405,621 and the business-type activities' Net Position was restated downward by \$58,423; due to the County implementing GASB 75. The restatement had the corresponding effect on the beginning net position, as follows:

	Net Position, as Previously Reported	GASB 75 RESTATEMENT	Net Position As Restated
Governmental Activities:			
Net Position	\$18,986,074	(\$405,621)	\$18,580,453
Total Governmental Activities	\$18,986,074	(\$405,621)	\$18,580,453
	Net Position, as Previously Reported	GASB 75 RESTATEMENT	Net Position As Restated
Business-Type Activities:			
Net Position	\$2,335,541	(\$58,423)	\$2,277,118
Total Business-Type Activities	\$2,335,541	(\$58,423)	\$2,277,118

E. Summary of TCDRS Funding Policy

Net Pension Liability/(Asset)

Net Pension Liability/(Asset)	December 31, 2016	December 31, 2017
Total pension liability	\$39,900,690	\$42,384,203
Fiduciary net position	34,209,787	38,745,499
Net pension liability/(asset)	5,690,902	3,638,704
Fiduciary net position as a % of total pension liability	85.52%	51.88%
Pensionable covered payroll	\$6,654,111	\$7,014,127
Net Pension liability as a % of covered payroll	85.52%	51.88%

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

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

Discount Rate

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

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 December 31, 2016, except where required to be different by GASB 68.

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

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

	Beginning Date	Ending Date
Valuation date	December 31, 2016	December 31, 2017
Measurement date	December 31, 2016	December 31, 2017
Employer's fiscal year	October 1, 2017	September 30, 2018

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	11.00%	4.55%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High*Yield Cash-Pay Capped Index	8.00%	4.120/0
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

Depletion of Plan Assets / GASB Discount Rate

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

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

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

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

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

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

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

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

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

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

Projection of Fiduciary Net Position

Calendar Year Ending	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
	(a)	(b)	(c)	(d)	(e)	
2018	\$38,745,499	\$1,699,843	\$2,445,260	\$38,745	\$3,107,245	\$41,068,582
2019	41,068,582	1,675,475	2,382,275	41,069	3,296,856	43,617,570
2020	43,617,570	1,651,622	2,577,378	43,618	3,494,528	46,142,724
2021	46,142,724	1,633,332	2,751,535	46,143	3,691,323	48,669,700
2022	48,669,700	1,615,545	2,941,193	48,670	3,887,669	51,183,052
2023	51,183,052	1,598,345	3,173,677	51,183	4,081,236	53,637,772
2024	53,637,772	1,578,658	3,382,066	53,638	4,270,913	56,051,640
2025	56,051,640	1,561,849	3,601,086	56,052	4,456,976	58,413,328
2026	58,413,328	1,542,427	3,824,011	58,413	4,638,555	60,711,886
2027	60,711,886	1,527,129	4,067,839	60,712	4,814,356	62,924,820
2037	81,694,507	1,537,002	5,763,686	81,695	6,446,163	83,832,291
2047	111,430,662	1,824,436	5,924,077	111,431	8,858,656	116,078,247
2057	188,468,255	2,395,387	4,623,075	188,468	15,169,979	201,222,078
2067	388,834,819	3,263,632	2,753,182	388,835	31,500,450	420,456,884
2077	862,816,282	4,490,975	1,301,046	862,816	69,980,532	935,123,926
2087	1,924,842,776	6,183,598	454,239	1,924,843	156,063,348	2,084,710,640
2097	4,255,870,474	8,514,161	61,302	4,255,870	344,892,177	4,604,959,639

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability/(Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) – (b)
Balances as of December 31, 2016	\$39,900,690	\$34,209,787	\$5,690,902
Changes for the year:			
Service cost	977,338		977,338
Interest on total pension liability	3,229,946		3,229,946
Effect of plan changes			0
Effect of economic/demographic gains or losses	140,102		140,102
Effect of assumptions changes or inputs	180,215		180,215
Refund of contributions	(66,098)	(66,098)	
Benefit payments	(1,977,990)	(1,977,990)	
Administrative expenses		(25,767)	25,767
Member contributions		494,068	(494,068)
Net investment income		4,986,690	(4,986,690)
Employer contributions		1,130,673	(1,130,673)
Other		(5,863)	5,863
Balances as of December 31, 2017	\$42,384,203	\$38,745,499	\$3,638,704

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

No plan changes valued.

Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 8.10%, as well as what the Lavaca 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	Current Discount Rate	Increase
	7.10%	8.10%	9.10%
Total pension liability	\$47,531,120	\$42,384,203	\$37,999,954
Fiduciary net position	38,745,499	38,745,499	38,745,499
Net pension liability/(asset)	\$8,785,621	\$3,638,704	(\$745,545)

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2017 to December 31, 2017
Service cost	\$977,338
Interest on total pension liability	3,229,946
Effect of plan changes	0
Administrative expenses	25,767
Member contributions	(494,068)
Expected investment return net of investment expenses	(2,753,084)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(102,296)
Recognition of assumption changes or inputs	137,290
Recognition of investment gains or losses	180,320
Other	5,863
Pension expense	\$1,207,076

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

Deferred Inflows/Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$133,569	\$118,586
Changes of assumptions	0	245,419
Net difference between projected and actual earnings	569,955	0
Contributions made subsequent to measurement date	N/A	Employer determined

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

Year ending December 31:

2018	\$215,313
2019	168,847
2020	(341,022)
2021	(382,658)
2022	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2017	
Original Amount (a)	Date Established (b)	Original Recognition Period (c)	Amount Recognized for 2017 (a) / (c)	Inflows	Outflows
Investment (gains) or losses					
(\$2,233,606)	12/31/2017	\$5	(\$446,721)	\$1,786,885	\$0
208,178	12/31/2016	5	41,636	0	124,907
2,533,088	12/31/2015	5	506,618	0	1,013,235
393,939	12/31/2014	5	78,788	0	78,788
Economic/demographic (gains) or losses					
140,102	12/31/2017	5	28,020	0	112,082
13,008	12/31/2016	4	3,252	0	6,504
(213,650)	12/31/2015	4	(53,413)	53,413	0
(400,781)	12/31/2014	5	(80,156)	80,156	0
Assumption changes or inputs					
180,215	12/31/2017	5	36,043	0	144,172
0	12/31/2016	4	0	0	0
404,986	12/31/2015	4	101,247	0	101,247
0	12/31/2014	5	0	0	0

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	\$977,338	\$1,009,501	\$915,697	\$890,868	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	3,229,946	3,024,593	2,869,126	2,733,063	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	(145,397)	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	180,215	0	404,986	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	140,102	13,008	(213,650)	(400,781)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(2,044,089)</u>	<u>(1,946,383)</u>	<u>(1,718,343)</u>	<u>(1,648,618)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	2,483,514	2,100,718	2,112,420	1,574,532	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>39,900,690</u>	<u>37,799,972</u>	<u>35,687,552</u>	<u>34,113,019</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$42,384,203</u>	<u>\$39,900,690</u>	<u>\$37,799,972</u>	<u>\$35,687,552</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position										
Employer contributions	\$1,130,673	\$1,072,639	\$1,073,260	\$1,000,610	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	494,068	465,788	466,056	434,509	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	4,986,690	2,382,190	93,944	2,093,326	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(2,044,089)	(1,946,383)	(1,718,343)	(1,648,618)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(25,767)	(25,854)	(23,176)	(24,240)	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>(5,863)</u>	<u>135,107</u>	<u>(21,463)</u>	<u>(242,953)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in fiduciary net position	4,535,712	2,083,487	(129,721)	1,612,634	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>34,209,787</u>	<u>32,126,300</u>	<u>32,256,021</u>	<u>30,643,387</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$38,745,499</u>	<u>\$34,209,787</u>	<u>\$32,126,300</u>	<u>\$32,256,021</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$3,638,704</u>	<u>\$5,690,902</u>	<u>\$5,673,672</u>	<u>\$3,431,530</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	91.41%	85.74%	84.99%	90.38%	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$7,014,127	\$6,654,111	\$6,657,948	\$6,207,264	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	51.88%	85.52%	85.22%	55.28%	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

GASB 68 Disclosure for Measurement Date December 31, 2017

Lavaca County
Texas County & District Retirement System

This work product was prepared solely for TCDRS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Schedule of Employer Contributions

Year Ending December-19	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2008	\$770,991	\$770,991	0	\$5,280,759	14.6%
2009	808,292	835,588	(27,296)	5,570,586	15.0%
2010	780,971	836,755	(55,784)	5,578,367	15.0%
2011	795,123	854,968	(59,845)	5,699,807	15.0%
2012	850,274	874,765	(24,492)	5,831,783	15.0%
2013	905,468	931,304	(25,835)	6,008,416	15.5%
2014	1,000,610	1,000,610	0	6,207,264	16.1%
2015	1,059,945	1,073,260	(13,315)	6,657,948	16.1%
2016	1,045,361	1,072,639	(27,279)	6,654,111	16.1%
2017	1,072,460	1,130,673	(58,213)	7,014,127	16.1%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Level percentage of payroll, closed
Amortization Method	11.1 years (based on contribution rate calculated in 12/31/2017 valuation)
Remaining Amortization Period	5-year smoothed market 2.75%
Asset Valuation Method	Varies by age and service. 4.9% average over career including inflation.
Inflation	8.00%, net of administrative and investment expenses, including inflation
Salary Increases	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.
Investment Rate of Return	
Retirement Age	
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. 2015: New inflation, mortality and other assumptions were reflected.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2017: New mortality assumptions were reflected. 2015: No changes in plan provisions were reflected in the Schedule.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
Entry Age	

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

Appendix A— GASB 68 Plan Description for Lavaca County

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

- a. Lavaca County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Lavaca County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2017 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec. 31, 2016	Dec. 31, 2017
Number of inactive employees entitled to but not yet receiving benefits:	93	98
Number of active employees:	183	204
Average monthly salary*:	\$3,011	\$2,958
Average age*:	50.31	49.85
Average length of service in years*:	12.68	12.05
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	116	118
Average monthly benefit:	\$1,405	\$1,404

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2017 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Lavaca County December 31, 2017 Summary Valuation Report for further details.

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

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

Appendix C—Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2016 financial reporting metrics are the same as those used in the December 31, 2017 actuarial valuation analysis for Lavaca County.

The following is a description of the assumptions used in the December 31, 2017 actuarial valuation analysis for Lavaca County. This information may also be found in the Lavaca County December 31, 2017 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

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

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee. (See Table 1 for Merit Salary Increases.)

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	3.25%

The payroll growth assumption is for the aggregate covered payroll of an employer.

Table 1
Merit Salary Increase

* Years of Service	Entry Age			
	Before 30	Ages 30- 39	Ages 40- 49	50 and later
0	5.00%	4.50%	4.00%	3.50%
1	4.25	3.75	3.25	2.75
2	3.85	3.35	2.85	2.35
3	3.50	3.00	2.50	2.00
4	3.15	2.65	2.25	1.85
5	2.90	2.55	2.15	1.70
6	2.65	2.30	1.95	1.55
7	2.45	2.10	1.75	1.40
8	2.30	1.95	1.60	1.25
9	2.15	1.80	1.45	1.10
10	2.00	1.70	1.40	1.05
11	1.90	1.50	1.25	1.00
12	1.80	1.50	1.15	0.95
13	1.70	1.40	1.05	0.90
14	1.60	1.30	0.95	0.85
15	1.50	1.23	0.90	0.80
16	1.40	1.15	0.85	0.75
17	1.30	1.05	0.80	0.70
18	1.23	0.97	0.75	0.65
19	1.15	0.90	0.70	0.60
20	1.10	0.85	0.65	0.55
21	1.05	0.80	0.60	0.50
22	1.00	0.75	0.55	0.50
23	0.95	0.70	0.50	0.50
24	0.90	0.65	0.50	0.50
25	0.85	0.60	0.50	0.50
26	0.80	0.60	0.50	0.50
27	0.75	0.60	0.50	0.50
28	0.70	0.60	0.50	0.50
29	0.65	0.60	0.50	0.50
30 & up	0.60	0.60	0.50	0.50

These rates do not include the wage inflation rate of 3.25% per year. For example, a member who entered the system at age 20 and is in the first year of service is assumed to receive an 8.41% total annual increase in his salary. The 8.41% is a combination of the 5.00% merit increase and the 3.25% wage inflation. Note that the two components are compounded, so it is a slightly different result than just adding the two percentages.

Demographic Assumptions

TCDRS system-wide demographic assumptions:

Replacement of Terminated Members — New employees are assumed to replace any terminated members and have similar entry ages.

Disability — The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

Table 2
Annual Rates of Disability

Age	Work Related Male and Female	All Other Causes Male and Female	Age	Work Related Male and Female	All Other Causes Male and Female
less than 25	0.000%	0.000%	43	0.004%	0.058%
25	0.000	0.000	44	0.004	0.063
26	0.000	0.000	45	0.004	0.069
27	0.000	0.000	46	0.005	0.076
28	0.000	0.008	47	0.006	0.084
29	0.000	0.008	48	0.007	0.095
30	0.000	0.009	49	0.009	0.109
31	0.000	0.010	50	0.010	0.125
32	0.000	0.010	51	0.012	0.142
33	0.000	0.011	52	0.013	0.162
34	0.000	0.014	53	0.015	0.183
35	0.001	0.018	54	0.018	0.203
36	0.001	0.022	55	0.018	0.222
37	0.002	0.028	56	0.018	0.238
38	0.002	0.033	57	0.018	0.250
39	0.002	0.038	58	0.018	0.259
40	0.002	0.042	59	0.018	0.270
41	0.003	0.047	60 & Above	0.018	0.000
42	0.003	0.053			

*The probability of disablement from all other causes is applicable for members who are vested but not eligible for service retirement. Before a member is vested, only the work-related disability provisions are applicable.

Mortality

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

Family Composition — For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Service Retirement — Members eligible for service retirement are assumed to retire at the rates shown in Table 3.

Table 3
Annual Rates of Service Retirement

Age	Male	Female	Age	Male	Female
40-44	4.5%	4.5%	62	20.0%	20.0%
45-40	9.0	9.0	63	15.0	15.0
50	10.0	10.0	64	15.0	15.0
51	9.0	9.0	65	25.0	25.0
52	9.0	9.0	66	25.0	25.0
53	9.0	9.0	67	22.0	22.0
54	10.0	10.0	68	20.0	20.0
55	10.0	10.0	69	20.0	20.0
56	10.0	10.0	70	22.0	22.0
57	10.0	10.0	71	22.0	22.0
58	12.0	12.0	72	22.0	22.0
59	12.0	12.0	73	22.0	22.0
60	12.0	12.0	74**	22.0	22.0
61	12.0	12.0			

Deferred members are assumed to retire (100% probability) at the later of:

- a) age 60
- b) earliest retirement eligibility.

** For all eligible members ages 75 and later, retirement is assumed to occur immediately.

Employer-specific demographic assumptions:

Other Terminations of Employment — The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement are illustrated in Table 4. The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

Table 4
Annual Rates of Termination

Years of Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	Male	Female	Male	Female	Male	Female	Male	Female
0	26.7%	29.0%	22.2%	24.2%	19.0%	20.5%	17.8%	19.3%
1	18.2	19.8	15.4	16.6	13.0	14.2	12.3	13.3
2	13.6	14.7	11.5	12.5	9.8	10.6	9.2	10.0
3	10.8	11.7	9.2	10.0	7.8	8.5	7.4	8.0
4	8.9	9.7	7.7	8.3	6.6	7.0	6.2	6.6
5	7.9	8.6	6.9	7.5	5.8	6.4	5.5	6.0
6	7.0	7.6	6.2	6.6	5.2	5.7	4.9	5.4
7	6.2	6.8	5.5	6.0	4.7	5.1	4.4	4.8
8	5.2	5.6	4.6	5.0	3.9	4.2	3.7	4.0
9	5.0	5.4	4.5	4.8	3.8	4.1	3.6	3.8
10	4.4	4.7	4.0	4.3	3.4	3.7	3.2	3.4
11	3.8	4.2	3.5	3.8	3.0	3.3	2.8	3.0
12	3.5	3.8	3.2	3.5	2.7	3.0	2.6	2.8
13	3.1	3.4	2.9	3.2	2.5	2.7	2.3	2.6
14	2.8	3.0	2.6	2.8	2.2	2.4	2.1	2.2
15	2.4	2.6	2.3	2.5	1.9	2.2	1.8	2.0
16	2.1	2.2	2.0	2.2	1.7	1.8	1.6	1.8
17	1.8	2.0	1.8	1.9	1.5	1.6	1.4	1.5
18	1.6	1.7	1.5	1.7	1.3	1.4	1.2	1.4
19	1.4	1.5	1.4	1.5	1.2	1.3	1.1	1.2
20	1.3	1.4	1.3	1.4	1.1	1.2	1.0	1.1
21	1.1	1.3	1.1	1.3	1.0	1.1	1.0	1.0
22	1.0	1.2	1.0	1.2	0.9	1.0	0.9	1.0
23	1.0	1.1	1.0	1.1	0.8	0.9	0.8	0.9
24	0.9	1.0	0.9	1.0	0.8	0.9	0.8	0.8
25	0.9	1.0	0.9	1.0	0.7	0.8	0.7	0.8
26	0.9	0.9	0.9	0.9	0.7	0.8	0.7	0.7
27	0.8	0.8	0.8	0.8	0.6	0.7	0.6	0.6
28	0.8	0.7	0.8	0.7	0.6	0.7	0.6	0.6
29	0.7	0.6	0.7	0.6	0.5	0.6	0.5	0.5
30 & Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Table 5
Probability of Withdrawal

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

F. Summary of GASB 75 Group-Term Funding Policy

Overview of GASB 74 and GASB 75

The Governmental Accounting Standards Board (GASB) released new accounting standards for public postemployment benefit plans other than pension (OPEB) and participating employers in 2016. These standards, GASB Statements No. 74 and 75, have substantially revised the accounting requirements previously mandated under GASB Statements No. 43 and 45.

For the Texas County & District Retirement System (TCDRS), the retiree death benefit paid from the Group Term Life (GTL) program is an OPEB benefit. The OPEB program is treated as an unfunded trust, because the GTL trust covers both actives and retirees and is not segregated.

GASB 74 applies to financial reporting for the TCDRS and does not impact participating employers. GASB 75 governs the specifics of reporting public OPEB plan obligations for employers. Note that in general the requirements of GASB 75 are parallel to those of GASB 68 which relates to pensions.

GASB 75 governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (Total OPEB Liability for unfunded plans), to be recognized on the balance sheets of participating employers. Changes in the Net OPEB Liability (Total OPEB Liability for unfunded plans) will be immediately recognized as OPEB Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

The TCDRS Group Term Life program has been determined to be an unfunded OPEB plan as the GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, because the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. For GASB 75 purposes, the OPEB plan is not a cost sharing plan, so the annual benefit payments are treated as being equal to the employer's actual retiree GTL contributions for the year.

Please refer to the Glossary shown in Appendix D of this report for more information on the relevant accounting terminology.

Total OPEB Liability

Total OPEB Liability	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2017</u>
Total OPEB liability	\$464,044	\$496,526

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

Discount Rate

Discount rate	3.78%	3.44%
Long-term expected rate of return, net of investment expense	Does not apply	Does not apply
Municipal bond rate	3.78%	3.44%

The OPEB plan has been determined to be an unfunded OPEB plan; therefore, only the municipal bond rate applies.

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total OPEB liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total OPEB liability and other GASB 75 metrics.

	Beginning Date	Ending Date
Valuation date	December 31, 2016	December 31, 2017
Measurement date	December 31, 2016	December 31, 2017
Employer's fiscal year	October 1, 2017	September 30, 2018

GASB Discount Rate

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.44% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2017. At transition, GASB 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index as of the prior fiscal year end. We have estimated the TOL as of December 31, 2016 using a discount rate of 3.78% as of December 31, 2016.

Employer OPEB Contributions to the Plan

For GASB 75 purposes, the OPEB plan is not a cost sharing plan as the employer's benefit payments for the year are treated as being equal to its annual retiree GTL contributions. Employers in the TCDRS Group Term Life (GTL) Program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree covered are included under GASB 75.

2017 Employer OPEB Contributions and Benefit Payments

The following shows a breakdown of the employer's contributions to the G TL program for the calendar year 2017. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown on the exhibit on the next page. The contributions for active coverage are not considered an OPEB benefit under GASB 75, so there should be no change in how these amounts are reported.

Coverage Type	2017 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.24%		No change from prior year
Retiree GTL Benefit	0.19%		GASB 75

Employer OPEB Contributions made Subsequent to Measurement Date

Employer OPEB contributions made in the fiscal year, but subsequent to the measurement date of December 31, 2017 should be reflected as a deferred outflow as outlined in Appendix C of this report. As previously noted, only contributions to the G TL program for retiree coverage should be included under GASB 75. Therefore, once the total GTL contributions made subsequent to the measurement date have been determined, this amount should be multiplied by the portion attributable to retiree coverage to determine the OPEB contributions made subsequent to the measurement date that should be reported under GASB 75. This proportion is 41.86047%, allocated as follows:

Coverage Type	2018 GTL Rate	Proportion	Financial Reporting
Active Member GTL Benefit	0.25%		No change from prior year
Retiree G TL Benefit	0.18%		GASB 75

Changes in Total OPEB Liability

	Changes in Total OPEB Liability
Balances as of December 31, 2016	\$464,044
Changes for the year:	
Service cost	17,194
Interest on total OPEB liability	17,941
Changes of benefit terms	0
Effect of economic/demographic experience	(9,787)
Effect of assumptions changes or inputs	20,461
Benefit payments	(13,327)
Other	0
Balance as of December 31, 2017	\$496,526

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 3.44%, as well as what the Lavaca County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	Decrease	Current Discount Rate	Increase
	2.44%	3.44%	4.44%
Total OPEB Liability	\$590,261	\$496,526	\$423,027

OPEB Expense / (Income)

OPEB Expense / (Income)	<u>January 1, 2017 to December 31, 2017</u>
Service cost	\$17,194
Interest on total OPEB liability	17,941
Effect of plan changes	0
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(1,631)
Recognition of assumption changes or inputs	3,410
Other	0
OPEB expense / (income)	\$36,914

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

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$8,156	\$0
Changes of assumptions		17,051
Contributions made subsequent to measurement date	N/A	Employer determined

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

Year ended December 31:	
2018	\$1,779
2019	1,779
2020	1,779
2021	1,779
2022	1,779
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2017	
Original Amount	Date Established	Original Recognition Period	Amount Recognized for 2017	Inflows	Outflows
(a)	(b)	(c)	(a) / (c)		
<i>Economic/demographic (gains) or losses</i>					
(9,787)	12/31/2017	6.0	(1,631)	8,156	0
<i>Assumption changes or inputs</i>					
20,461	12/31/2017	6.0	3,410	0	17,051

Schedule of Changes in Total OPEB Liability and Related Ratios⁽¹⁾

	Year Ended December 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total OPEB Liability										
Service cost	\$17,194									
Interest on total OPEB liability	17,941									
Effect of plan changes										
Effect of assumption changes or inputs	20,461									
Effect of economic/demographic (gains) or losses	(9,787)									
Benefit payments	<u>(13,327)</u>									
Net change in total OPEB liability	32,482									
liability, beginning	464,044									
liability, ending (a)	<u>\$496,526</u>									
Pensionable covered payroll	\$7,014,127	N/A	N							
Net OPEB Liability/(asset) as % of covered payroll	7.08%	N/A	N							

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Appendix A— GASB 75 Plan Description for Lavaca County

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

- a. Lavaca County participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, 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 and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
 - 2) The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. 3) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
 - 4) No future increases are assumed in the \$5,000 benefit amount.
 - 5) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
- e. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The county's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

Membership Information

Members	Dec. 31, 2016	Dec. 31, 2017
Number of inactive employees entitled to but not yet receiving benefits:	33	34
Number of active employees:	183	204
Average age of active employees:	50.31	49.85
Average length of service in years for active employees:	12.68	12.05
<hr/>		
Inactive Employees Receiving Benefits		
Number of benefit recipients:	102	100

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Entry Age Normal
Actuarial Cost Method	
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	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	3.44% 20 Year Bond GO Index published by bondbuyer.com as of December 28,2017.
Cost-of-Living Adjustment	Does not apply
Disability	See Table 1
Mortality	See Table 2
Retirement	See Table 3
Other Termination of Employment	See Table 4

Appendix C—Contributions Made Subsequent to Measurement Date

GASB Statement No. 75 requires employer contributions made between the measurement date, which is the date used to determine an employer's Total OPEB Liability (TOL) and the employer's fiscal year end be reported as a deferred outflow of resources ("DOoR"). The statement requires a beginning deferred outflow of resources for "amounts paid by the employer for OPEB as the benefits come due subsequent to the measurement date of the total OPEB liability and before the end of the reporting period."

For GASB valuation purposes, TCDRS' consulting actuary will compute each participating employer's TOL as of Dec. 31 of each year. Employers will need to account for OPEB contributions made between the measurement date and the employer's fiscal year end as a DOoR. These contributions will not be reported to you as part of this GASB report; employers can access their monthly employer activity statements, which display employer contributions to the GTL plan via the TCDRS Employer Portal. Note that only contributions for the retiree GTL benefit should be included in reporting under GASB 75. There should be no change in the financial reporting for the active GTL benefit. To determine the portion of the contribution related to retiree coverage, refer to the section of this report titled "Employer OPEB Contributions to the Plan."

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	\$977,338	\$1,009,501	\$915,697	\$890,868	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	3,229,946	3,024,593	2,869,126	2,733,063	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	(145,397)	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	180,215	0	404,986	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	140,102	13,008	(213,650)	(400,781)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(2,044,089)</u>	<u>(1,946,383)</u>	<u>(1,718,343)</u>	<u>(1,648,618)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	2,483,514	2,100,718	2,112,420	1,574,532	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>39,900,690</u>	<u>37,799,972</u>	<u>35,687,552</u>	<u>34,113,019</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$42,384,203</u>	<u>\$39,900,690</u>	<u>\$37,799,972</u>	<u>\$35,687,552</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position										
Employer contributions	\$1,130,673	\$1,072,639	\$1,073,260	\$1,000,610	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	494,068	465,788	466,056	434,509	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	4,986,690	2,382,190	93,944	2,093,326	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(2,044,089)	(1,946,383)	(1,718,343)	(1,648,618)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(25,767)	(25,854)	(23,176)	(24,240)	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>(5,863)</u>	<u>135,107</u>	<u>(21,463)</u>	<u>(242,953)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in fiduciary net position	4,535,712	2,083,487	(129,721)	1,612,634	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>34,209,787</u>	<u>32,126,300</u>	<u>32,256,021</u>	<u>30,643,387</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$38,745,499</u>	<u>\$34,209,787</u>	<u>\$32,126,300</u>	<u>\$32,256,021</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$3,638,704</u>	<u>\$5,690,902</u>	<u>\$5,673,672</u>	<u>\$3,431,530</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	91.41%	85.74%	84.99%	90.38%	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$7,014,127	\$6,654,111	\$6,657,948	\$6,207,264	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	51.88%	85.52%	85.22%	55.28%	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of Employer Contributions

Year Ending December-19	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2008	\$770,991	\$770,991	0	\$5,280,759	14.6%
2009	808,292	835,588	(27,296)	5,570,586	15.0%
2010	780,971	836,755	(55,784)	5,578,367	15.0%
2011	795,123	854,968	(59,845)	5,699,807	15.0%
2012	850,274	874,765	(24,492)	5,831,783	15.0%
2013	905,468	931,304	(25,835)	6,008,416	15.5%
2014	1,000,610	1,000,610	0	6,207,264	16.1%
2015	1,059,945	1,073,260	(13,315)	6,657,948	16.1%
2016	1,045,361	1,072,639	(27,279)	6,654,111	16.1%
2017	1,072,460	1,130,673	(58,213)	7,014,127	16.1%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Level percentage of payroll, closed
Amortization Method	11.1 years (based on contribution rate calculated in 12/31/2017 valuation)
Remaining Amortization Period	5-year smoothed market 2.75%
Asset Valuation Method	Varies by age and service. 4.9% average over career including inflation.
Inflation	8.00%, net of administrative and investment expenses, including inflation
Salary Increases	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.
Investment Rate of Return	
Retirement Age	
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. 2015: New inflation, mortality and other assumptions were reflected.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2017: New mortality assumptions were reflected. 2015: No changes in plan provisions were reflected in the Schedule.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
Entry Age	

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

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2017 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Lavaca County December 31, 2017 Summary Valuation Report for further details.

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

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

Schedule of Changes in Total OPEB Liability and Related Ratios⁽¹⁾

	Year Ended December 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total OPEB Liability										
Service cost	\$17,194									
Interest on total OPEB liability	17,941									
Effect of plan changes										
Effect of assumption changes or inputs	20,461									
Effect of economic/demographic (gains) or losses	(9,787)									
Benefit payments	<u>(13,327)</u>									
Net change in total OPEB liability	32,482									
liability, beginning	464,044									
liability, ending (a)	<u>\$496,526</u>									
Pensionable covered payroll	\$7,014,127	N/A	N							
Net OPEB Liability/(asset) as % of covered payroll	7.08%	N/A	N							

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	3.44%
	20 Year Bond GO Index published by bondbuyer.com as of December 28,2017.
Cost-of-Living Adjustment	Does not apply
Disability	See Table 1
Mortality	See Table 2
Retirement	See Table 3
Other Termination of Employment	See Table 4

LAVACA COUNTY, TEXAS
 CAPITAL IMPROVEMENT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interest	\$400	\$400	\$3,000	\$2,600
Miscellaneous	1,000	447,602	466,586	18,984
Total Revenues	1,400	448,002	469,586	21,584
EXPENDITURES				
Capital Projects -				
Capital Outlay and Other	125,000	571,602	208,725	362,877
Total Expenditures	125,000	571,602	208,725	362,877
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,600)	(123,600)	260,861	384,461
OTHER FINANCING SOURCES (USES):				
Other Financing Sources -				
Operating Transfers In	125,000			0
Total Other Financing Sources (Uses)	125,000	0	0	0
Net Changes in Fund Balances	1,400	(123,600)	260,861	384,461
Fund Balances - Beginning	333,296	333,296	333,296	
Fund Balances - Ending	\$334,696	\$209,696	\$594,157	\$384,461

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET - GENERAL FUND
 SEPTEMBER 30, 2018

	General Fund	Jail Commissary Account	Unclaimed Credits	Election Service Fund	Total
ASSETS					
Cash and Cash Equivalents	\$3,125,126	\$9,303	\$3,501	\$12,386	\$3,150,316
Receivables (net of allowance for uncollectibles)	283,650				283,650
Prepaid Insurance					0
Total Assets	\$3,408,776	\$9,303	\$3,501	\$12,386	\$3,433,966
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$100,700		\$694		\$101,394
Bank Overdraft					0
Due to Other Funds					0
Accrued Wages Payable	229,569				229,569
Total Liabilities	330,269	0	694	0	330,963
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenues - Ad Valorem Taxes	283,650				283,650
Fund Balances:					
Unassigned	2,794,857	9,303	2,807	12,386	2,819,353
Total Fund Balance	2,794,857	9,303	2,807	12,386	2,819,353
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$3,408,776	\$9,303	\$3,501	\$12,386	\$3,433,966

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Jail Commissary Account	Unclaimed Credits	Election Service Fund	Total
REVENUES					
Taxes					
Property	\$6,937,263				\$6,937,263
Other	14,111				14,111
Intergovernmental	198,572				198,572
Licenses and Permits	51,892				51,892
Charges for Services	1,087,677			5,403	1,093,080
Fines and Forfeitures	88,850				88,850
Interest	31,734		22	50	31,806
Miscellaneous	176,131		227		176,358
Total Revenues	<u>8,586,230</u>	<u>0</u>	<u>249</u>	<u>5,453</u>	<u>8,591,932</u>
EXPENDITURES					
Current:					
General Administration	1,859,752			537	1,860,289
Legal	285,654				285,654
Judicial	974,395				974,395
Financial Administration	1,059,264				1,059,264
Public Facilities	146,885				146,885
Public Safety	2,863,476	1,455			2,864,931
Health and Welfare	163,189				163,189
Conservation - Agriculture	112,783				112,783
Debt Service					
Principal Retirement	20,724				20,724
Interest and Fiscal Charges	625				625
Total Expenditures	<u>7,486,747</u>	<u>1,455</u>	<u>0</u>	<u>537</u>	<u>7,488,739</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,099,483</u>	<u>(1,455)</u>	<u>249</u>	<u>4,916</u>	<u>1,103,193</u>
OTHER FINANCING SOURCES (USES):					
Sale of Capital Assets					0
Operating Transfers In	0				0
Operating Transfers Out	(90,000)				(90,000)
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(90,000)</u>
Net Changes in Fund Balances	1,009,483	(1,455)	249	4,916	1,013,193
Fund Balances - Beginning	1,785,374	10,758	2,558	7,470	1,806,160
Fund Balances - Ending	<u>\$2,794,857</u>	<u>\$9,303</u>	<u>\$2,807</u>	<u>\$12,386</u>	<u>\$2,819,353</u>

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUND
 SEPTEMBER 30, 2018

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Road and Bridge Equipment No. 1	Road and Bridge Equipment No. 2	Road and Bridge Equipment No. 3	Road and Bridge Equipment No. 4	Road and Bridge Property No. 2	Road and Bridge Property No. 4	Road and Bridge FMR No. 1
ASSETS											
Cash and Cash Equivalents	\$678,462	\$415,054	\$348,148	\$456,494	\$114,465	\$39,999	\$19,060	\$4,972	\$40,811	\$40,980	\$900,459
Receivables (net of allowance for uncollectibles)											23,963
Total Assets	\$678,462	\$415,054	\$348,148	\$456,494	\$114,465	\$39,999	\$19,060	\$4,972	\$40,811	\$40,980	\$924,422
LIABILITIES AND FUND BALANCES:											
Liabilities:											
Accounts Payable	\$56	\$975	\$677	\$1,645							\$2,354
Accrued Wages Payable	21,461	24,744	18,516	16,869							
Total Liabilities	21,517	25,719	19,193	18,514	0	0	0	0	0	0	2,354
DEFERRED INFLOWS OF RESOURCES											
Unearned Revenues - Ad Valorem Taxes											23,963
Fund Balances:											
Restricted											
Public Transportation	656,945	389,335	328,955	437,980	114,465	39,999	19,060	4,972	40,811	40,980	898,105
Total Fund Balance	656,945	389,335	328,955	437,980	114,465	39,999	19,060	4,972	40,811	40,980	898,105
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$678,462	\$415,054	\$348,148	\$456,494	\$114,465	\$39,999	\$19,060	\$4,972	\$40,811	\$40,980	\$924,422

The accompanying notes are an integral part of this statement.

Road and Bridge FMR No. 2	Road and Bridge FMR No. 3	Road and Bridge FMR No. 4	Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Right of Way	Total Road and Bridge
\$583,889	\$371,552	\$655,385	\$17,362	\$13,911	\$51,740	\$8,651	\$72,316	\$4,833,710
23,963	19,005	15,700						82,631
<u>\$607,852</u>	<u>\$390,557</u>	<u>\$671,085</u>	<u>\$17,362</u>	<u>\$13,911</u>	<u>\$51,740</u>	<u>\$8,651</u>	<u>\$72,316</u>	<u>\$4,916,341</u>
\$1,756	\$1,380	\$897						\$9,740
								81,590
<u>1,756</u>	<u>1,380</u>	<u>897</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>91,330</u>
<u>23,963</u>	<u>19,005</u>	<u>15,700</u>						<u>82,631</u>
582,133	370,172	654,488	17,362	13,911	51,740	8,651	72,316	4,742,380
<u>582,133</u>	<u>370,172</u>	<u>654,488</u>	<u>17,362</u>	<u>13,911</u>	<u>51,740</u>	<u>8,651</u>	<u>72,316</u>	<u>4,742,380</u>
<u>\$607,852</u>	<u>\$390,557</u>	<u>\$671,085</u>	<u>\$17,362</u>	<u>\$13,911</u>	<u>\$51,740</u>	<u>\$8,651</u>	<u>\$72,316</u>	<u>\$4,916,341</u>

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS
 YEAR ENDED SEPTEMBER 30, 2018

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Road and Bridge Equipment No. 1	Road and Bridge Equipment No. 2	Road and Bridge Equipment No. 3	Road and Bridge Equipment No. 4	Road and Bridge Property No. 2	Road and Bridge Property No. 4	Road and Bridge FMR No. 1
<i>REVENUES</i>											
Taxes											
Property	\$596,928	\$596,928	\$473,426	\$391,091							\$725,856
Intergovernmental											
Licenses and Permits	182,507	182,507	182,507	182,507							
Interest	7,765	7,765	7,764	7,765					191	180	
Miscellaneous			13,950				577	146			500
Total Revenues	<u>787,200</u>	<u>787,200</u>	<u>677,647</u>	<u>581,363</u>	<u>0</u>	<u>0</u>	<u>577</u>	<u>146</u>	<u>191</u>	<u>180</u>	<u>726,356</u>
<i>EXPENDITURES</i>											
Current:											
Public Transportation											
Road and Bridge	664,604	745,511	513,925	475,814			4,093		2,695		561,938
Debt Service											
Principal Retirement								21,292			34,044
Interest and Fiscal Charges								450			2,596
Total Expenditures	<u>664,604</u>	<u>745,511</u>	<u>513,925</u>	<u>475,814</u>	<u>0</u>	<u>0</u>	<u>4,093</u>	<u>21,742</u>	<u>2,695</u>	<u>0</u>	<u>598,578</u>
Excess (Deficiency) of Revenues Over (Under)											
Expenditures	122,596	41,689	163,722	105,549	0	0	(3,516)	(21,596)	(2,504)	180	127,778
<i>OTHER FINANCING SOURCES (USES):</i>											
Other Financing Sources - Capital Lease											
Operating Transfers In					22,500	22,500	22,500	22,500	1,000	10,000	
Operating Transfers Out		(1,000)		(10,000)							(1,500)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(1,000)</u>	<u>0</u>	<u>(10,000)</u>	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>1,000</u>	<u>10,000</u>	<u>(1,500)</u>
Net Changes in Fund Balances	122,596	40,689	163,722	95,549	22,500	22,500	18,984	904	(1,504)	10,180	126,278
Fund Balances - Beginning	534,349	348,646	165,233	342,431	91,965	17,499	76	4,068	42,315	30,800	771,827
Fund Balances - Ending	<u>\$656,945</u>	<u>\$389,335</u>	<u>\$328,955</u>	<u>\$437,980</u>	<u>\$114,465</u>	<u>\$39,999</u>	<u>\$19,060</u>	<u>\$4,972</u>	<u>\$40,811</u>	<u>\$40,980</u>	<u>\$898,105</u>

The accompanying notes are an integral part of this statement.

Road and Bridge FMR No. 2	Road and Bridge FMR No. 3	Road and Bridge FMR No. 4	Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Right of Way	Total Road and Bridge
\$725,856	\$575,884	\$475,903						\$4,561,872
			8,576	8,576	8,576	8,576		34,304
								730,028
							382	31,812
12,107	15,380							42,660
<u>737,963</u>	<u>591,264</u>	<u>475,903</u>	<u>8,576</u>	<u>8,576</u>	<u>8,576</u>	<u>8,576</u>	<u>382</u>	<u>5,400,676</u>
772,754	479,826	437,675	13,480		3,240		1,529	4,677,084
28,735								84,071
1,327								4,373
<u>802,816</u>	<u>479,826</u>	<u>437,675</u>	<u>13,480</u>	<u>0</u>	<u>3,240</u>	<u>0</u>	<u>1,529</u>	<u>4,765,528</u>
(64,853)	111,438	38,228	(4,904)	8,576	5,336	8,576	(1,147)	635,148
								0
								101,000
(1,500)	(1,500)							(15,500)
<u>(1,500)</u>	<u>(1,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,500</u>
(66,353)	109,938	38,228	(4,904)	8,576	5,336	8,576	(1,147)	720,648
648,486	260,234	616,260	22,266	5,335	46,404	75	73,463	4,021,732
<u>\$582,133</u>	<u>\$370,172</u>	<u>\$654,488</u>	<u>\$17,362</u>	<u>\$13,911</u>	<u>\$51,740</u>	<u>\$8,651</u>	<u>\$72,316</u>	<u>\$4,742,380</u>

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	SPECIAL REVENUE																	
	Abandoned Motor Vehicle	Ambulance Service Grant	Appellate Judicial System Fee	Attorney Hot Check Collection	Child Abuse Prevention	County Attorney Judicial Appt. Fee	County Attorney Pretrial Fee	County Clerk Digital Preserve	County Clerk Technology	Courthouse Security	District Clerk Archive	District Clerk Technology	District Clerk Digital Preserve	Emergency Appropriation	Family Protection	Jury Service	Justice Court Building Security No. 1	Justice Court Building Security No. 2
ASSETS																		
Cash and Cash Equivalents	\$41,019	\$526,107	\$1,560	\$17,975	\$793	\$277	\$56,876	\$10,258	\$487	\$92,449	\$13,800	\$1,800	\$18,576	\$127,466	\$13,651	\$9,220	\$4,535	\$1,105
Receivables (net of allowance for uncollectibles)																		
Total Assets	\$41,019	\$526,107	\$1,560	\$17,975	\$793	\$277	\$56,876	\$10,258	\$487	\$92,449	\$13,800	\$1,800	\$18,576	\$127,466	\$13,651	\$9,220	\$4,535	\$1,105
LIABILITIES AND FUND BALANCES																		
Liabilities																		
Accounts Payable				\$105														
Accrued Wages Payable																		
Total Liabilities	0	0	0	105	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balances																		
Restricted																		
Construction																		
General Administration								10,258	487									
Health																		
Judicial			1,560		793					13,800	1,800	18,576		13,651	9,220	4,535	1,105	
Legal				17,870		277	56,876											
Public Safety	41,019	526,107								92,449			127,466					
Unassigned																		
Total Fund Balances	41,019	526,107	1,560	17,870	793	277	56,876	10,258	487	92,449	13,800	1,800	18,576	127,466	13,651	9,220	4,535	1,105
TOTAL LIABILITIES AND FUND BALANCES	\$41,019	\$526,107	\$1,560	\$17,975	\$793	\$277	\$56,876	\$10,258	\$487	\$92,449	\$13,800	\$1,800	\$18,576	\$127,466	\$13,651	\$9,220	\$4,535	\$1,105

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

SPECIAL REVENUE

Justice Court Building Security No. 3	Justice Court Building Security No. 4	Justice Court Technology No. 1	Justice Court Technology No. 2	Justice Court Technology No. 3	Justice Court Technology No. 4	Law Enforcement Training	Law Library	Records Archive	Records Management Courthouse	Records Management County Clerk	Records Management District Clerk	Senior Citizens	Sheriff's Contraband	Special Reserve	Task Force Indigent Defense	Tobacco Settlement	TOTAL NON-MAJOR GOVERNMENTAL
\$1,089	\$9,214	\$2,910	\$1,771	\$1,696	\$15,506	\$21,055	\$90,783	\$196,253	\$21,188	\$192,317	\$8,278		\$1,921	\$507,431	\$37,721	\$14,304	\$2,061,391
																	0
\$1,089	\$9,214	\$2,910	\$1,771	\$1,696	\$15,506	\$21,055	\$90,783	\$196,253	\$21,188	\$192,317	\$8,278	\$0	\$1,921	\$507,431	\$37,721	\$14,304	\$2,061,391
								\$220							\$2,066		\$2,391
								527		586							1,113
0	0	0	0	0	0	0	220	527	0	586	0	0	0	0	2,066	0	3,504
														507,431			507,431
								195,726		191,731							398,202
1,089	9,214	2,910	1,771	1,696	15,506		90,563				8,278				35,655	14,304	14,304
																	231,722
																	75,023
						21,055			21,188				1,921				831,205
																	0
1,089	9,214	2,910	1,771	1,696	15,506	21,055	90,563	195,726	21,188	191,731	8,278	0	1,921	507,431	35,655	14,304	2,057,887
\$1,089	\$9,214	\$2,910	\$1,771	\$1,696	\$15,506	\$21,055	\$90,783	\$196,253	\$21,188	\$192,317	\$8,278	\$0	\$1,921	\$507,431	\$37,721	\$14,304	\$2,061,391

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

	SPECIAL REVENUE																	
	Abandoned Motor Vehicle	Ambulance Service Grant	Appellate Judicial System Fee	Attorney Hot Check Collection	Child Abuse Prevention	County Attorney Judicial Appt. Fee	County Attorney Pretrial Fee	County Clerk Digital Preserve	County Clerk Technology	Courthouse Security	District Clerk Archive	District Clerk Technology	District Clerk Digital Preserve	Emergency Appropriation	Family Protection	Jury Service	Justice Court Building Security No. 1	Justice Court Building Security No. 2
REVENUES																		
Intergovernmental			\$1,560			\$27,500												
Charges for Services				1,941	212		9,100	1,380	325	10,467	1,547	155	1,733		690	3,705		
Fines and Forfeitures					6	73	284	58	8	519	75	12	100	634	75		271	59
Interest	247	2,672															26	6
Miscellaneous	230	192,270																
Total Revenues	477	194,942	1,560	1,941	218	27,573	9,384	1,438	333	10,986	1,622	167	1,833	634	765	3,705	297	65
EXPENDITURES																		
Current:																		
General Administration																		
County Clerk								620	1,001									
Records Management																		
Legal																		
Check Collection				1,228														
County Attorney						27,500												
Judicial																		
Indigent Defense																		
Judicial			1,805															
Jury																3,283		
Public Safety																		
Emergency Operations		4,996																
Sheriff	5,179									23,422								
Health and Welfare																		
Senior Citizens																		
Capital Projects -																		
Capital Outlay and Other																		
Total Expenditures	5,179	4,996	1,805	1,228	0	27,500	0	620	1,001	23,422	0	0	0	0	0	3,283	0	0
Excess (Deficiency) of Revenues Over (Under)																		
Expenditures	(4,702)	189,946	(245)	713	218	73	9,384	818	(668)	(12,436)	1,622	167	1,833	634	765	422	297	65
OTHER FINANCING SOURCES (USES):																		
Transfers In																		
Transfers Out		(176,985)																
Total Other Financing Sources (Uses)	0	(176,985)	0	0	0	0	0	0	0	0	0	0	0	4,500	0	0	0	0
Net Changes in Fund Balances	(4,702)	12,961	(245)	713	218	73	9,384	818	(668)	(12,436)	1,622	167	1,833	5,134	765	422	297	65
Fund Balances - Beginning	45,721	513,146	1,805	17,157	575	204	47,492	9,440	1,155	104,885	12,178	1,633	16,743	122,332	12,886	8,798	4,238	1,040
Fund Balances - Ending	\$41,019	\$526,107	\$1,560	\$17,870	\$793	\$277	\$56,876	\$10,258	\$487	\$92,449	\$13,800	\$1,800	\$18,576	\$127,466	\$13,651	\$9,220	\$4,535	\$1,105

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE

Justice Court Building Security No. 3	Justice Court Building Security No. 4	Justice Court Technology No. 1	Justice Court Technology No. 2	Justice Court Technology No. 3	Justice Court Technology No. 4	Law Enforcement Training	Law Library	Records Archive	Records Management Courthouse	Records Management County Clerk	Records Management District Clerk	Senior Citizens	Sheriff's Contraband	Special Reserve	Task Force Indigent Defence	Tobacco Settlement	TOTAL NON-MAJOR GOVERNMENTAL
		1,093	235	546	1,394	5,868	10,288	61,550	3,888	61,345	1,372				\$25,327	\$663	\$55,050
137	348																178,834
6	51	16	11	9	88	129	444	886	115	848	45		12	2,295	223	83	815
														77,925			10,056
143	399	1,109	246	555	1,482	5,997	10,732	62,436	4,003	62,193	1,417	0	12	80,220	25,550	746	270,425
								15,446	466	28,633							30,254
																	15,912
																	1,228
																	27,500
					2,710										18,175		18,175
							7,069										4,515
																	10,352
																	4,996
								5,134									33,735
																	0
														82,026			82,026
0	0	0	0	0	2,710	5,134	7,069	15,446	466	28,633	0	0	0	82,026	18,175	0	228,693
143	399	1,109	246	555	(1,228)	863	3,663	46,990	3,537	33,560	1,417	0	12	(1,806)	7,375	746	286,487
																	4,500
																	(176,985)
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(172,485)
143	399	1,109	246	555	(1,228)	863	3,663	46,990	3,537	33,560	1,417	0	12	(1,806)	7,375	746	114,002
946	8,815	1,801	1,525	1,141	16,734	20,192	86,900	148,736	17,651	158,171	6,861	0	1,909	509,237	28,280	13,558	1,943,885
\$1,089	\$9,214	\$2,910	\$1,771	\$1,696	\$15,506	\$21,055	\$90,563	\$195,726	\$21,188	\$191,731	\$8,278	\$0	\$1,921	\$507,431	\$35,655	\$14,304	\$2,057,887

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

	<u>Agency Funds</u>		
	COUNTY OFFICER ACCOUNTS	CLERK DRAW	TOTAL
ASSETS			
Cash and Cash Equivalents	\$1,085,235	\$9,815	\$1,095,050
Receivables (net of allowance for uncollectibles)	0		0
Due from Others			0
Total Assets	<u>\$1,085,235</u>	<u>\$9,815</u>	<u>\$1,095,050</u>
LIABILITIES:			
Accounts Payable			0
Due to Others	1,085,235	9,815	1,095,050
Total Liabilities	<u>1,085,235</u>	<u>9,815</u>	<u>1,095,050</u>
NET ASSETS			
Held in Trust - Unexpendable	0	0	0
Held in Trust - Historical Purposes	0	0	0
Total Net Position	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>