

LAVACA COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
SEPTEMBER 30, 2020

LAVACA COUNTY, TEXAS
Annual Financial Report
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2020, and the related notes to the financial statements, which collectively comprise Lavaca County, Texas'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Lavaca County, Texas, as of September 30, 2020, 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, 82–85, and 86–87 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's basic financial statements. Combined 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2021, on our consideration of Lavaca County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lavaca County, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lavaca County, Texas's internal control over financial reporting and compliance.

BEYER & COMPANY
Certified Public Accountants
April 23, 2021

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, 2020.

Financial Highlights

- . The assets of Lavaca County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$30,504,975 (net position). Of this amount, \$4,260,630 (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 \$4,552,738. This increase is the result of an increase in ad valorem taxes of \$1,495,221, COVID-19 proceeds of \$965,403, and careful budget monitoring.
- . As of the close of the current fiscal year, Lavaca County, Texas' governmental funds reported combined ending fund balances of \$17,772,468, an increase of \$3,779,205 in comparison with the prior year. Approximately 35% of this total amount, \$6,163,030 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 \$6,163,030, or 76 percent of total general fund expenditures, the fund balance for the road and bridge fund was \$8,448,051, or 148 percent of total road and bridge fund expenditures.

Overview of the Financial Statements

This discussion and analysis are 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 like 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 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 109.

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 29-81 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 82-88 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 89-109 of this report.

The Single Audit Section can be found on pages 110-116.

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 \$30,504,975 at the close of the most recent fiscal year.

A large portion of Lavaca County, Texas' net position (48 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	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$20,180,849	\$15,371,904	\$1,132,517	\$1,516,859	\$21,313,366	\$16,888,763
Capital Assets:	14,673,017	14,718,936	781,699	887,580	15,454,716	15,606,516
	34,853,866	30,090,840	1,914,216	2,404,439	36,768,082	32,495,279
Total Deferred Outflows of Resources	1,017,234	3,153,516	131,922	455,452	1,149,156	3,608,968
Total Assets	\$35,871,100	\$33,244,356	\$2,046,138	\$2,859,891	\$37,917,238	\$36,104,247
Long-Term Liabilities	5,175,264	8,617,985	551,672	969,273	5,726,936	9,587,258
Other Liabilities	510,522	494,711	69,735	40,594	580,257	535,305
Total Liabilities	5,685,786	9,112,696	621,407	1,009,867	6,307,193	10,122,563
Total Deferred Inflows of Resources	978,208	25,731	126,862	3,716	1,105,070	29,447
Invested in Capital Assets, Net of Related Debt	13,822,934	13,377,529	750,312	838,840	14,573,246	14,216,369
Restricted	11,671,099	9,681,638			11,671,099	9,681,638
Unrestricted	3,713,073	1,046,762	547,557	1,007,468	4,260,630	2,054,230
Total Net Position	\$29,207,106	\$24,105,929	\$1,297,869	\$1,846,308	\$30,504,975	\$25,952,237

An additional portion of Lavaca County, Texas' net position (38 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$4,260,630) 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 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.

The government's total net position increased by \$4,552,738. This increase is the result of an increase in ad valorem taxes of \$1,495,221, COVID-19 proceeds of \$965,403, and careful budget monitoring.

There was an increase of \$1,989,461 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 \$1,915,923 for road construction.

Governmental activities:

Governmental activities increased Lavaca County, Texas' net position by \$5,101,177, 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 \$1,495,221, COVID-19 proceeds of \$965,403, and careful budget monitoring.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$2,379,802	\$2,278,860	\$665,075	\$735,620	\$3,044,877	\$3,014,480
Operating Grants and Contributions	1,282,072	355,812			1,282,072	355,812
Capital Grants and Contributions	34,204	34,232			34,204	34,232
General Revenues:						
Maintenance and Operations Taxes	14,656,360	13,161,139			14,656,360	13,161,139
Other Taxes	11,381	14,871			11,381	14,871
Unrestricted Investment Earnings	434,467	216,618	9,797	11,304	444,264	227,922
Miscellaneous	727,583	696,619			727,583	696,619
Total Revenue	19,525,869	16,758,151	674,872	746,924	20,200,741	17,505,075
Expenses:						
General Administration	2,325,340	2,252,266			2,325,340	2,252,266
Legal	347,025	332,436			347,025	332,436
Judicial	1,238,325	1,236,333			1,238,325	1,236,333
Financial Administration	1,155,153	1,202,839			1,155,153	1,202,839
Public Facilities	273,848	265,832			273,848	265,832
Public Safety	3,252,110	3,387,080			3,252,110	3,387,080
Public Transportation	5,460,304	4,278,570			5,460,304	4,278,570
Health and Welfare	175,993	179,129			175,993	179,129
Conservation - Agriculture	120,672	127,540			120,672	127,540
Interest and Fiscal Charges	42,468	51,964			42,468	51,964
Ambulance			1,256,765	1,361,176	1,256,765	1,361,176
Total Expenses	14,391,238	13,313,989	1,256,765	1,361,176	15,648,003	14,675,165
Increase in Net Position Before Transfers and Special Items	5,134,631	3,444,162	(581,893)	(614,252)	4,552,738	2,829,910
Transfers	(33,454)	(200,525)	33,454	200,525	0	0
Increase in Net Position	5,101,177	3,243,637	(548,439)	(413,727)	4,552,738	2,829,910
Net Position at 09/30/2019 - Restated	24,105,929	20,862,292	1,846,308	2,260,035	25,952,237	23,122,327
Net Position at 09/30/2020	\$29,207,106	\$24,105,929	\$1,297,869	\$1,846,308	\$30,504,975	\$25,952,237

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Government Activities:				
General Administration	\$2,325,340	\$441,300	\$61,279	
Legal	347,025	18,006	27,500	
Judicial	1,238,325	325,704	199,758	
Financial Administration	1,155,153	792,652		
Public Facilities	273,848			
Public Safety	3,252,110	55,065	992,893	
Public Transportation	5,460,304	747,075		34,204
Health and Welfare	175,993		642	
Conservation - Agriculture	120,672			
Interest and Fiscal Charges	42,468			
Total Government Activities	<u>\$14,391,238</u>	<u>\$2,379,802</u>	<u>\$1,282,072</u>	<u>\$34,204</u>

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$2,379,802	12%
Operating Grants and Contributions	1,282,072	7%
Capital Grants and Contributions	34,204	0%
Maintenance and Operations Taxes	14,656,360	75%
Other Taxes	11,381	0%
Unrestricted Investment Earnings	434,467	2%
Miscellaneous	727,583	4%
	<u>\$19,525,869</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:			
Ambulance	\$1,256,765	\$665,075	\$0
Total Business-Type Activities	\$1,256,765	\$665,075	\$0

Revenues by Source - Business-Type Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$665,075	98.55%
Unrestricted Investment Earnings	9,797	1.45%
	\$674,872	100.00%

Business-type activities:

Business-type activities decreased the County’s net position by \$548,439.

- . Demand for services for business-type activities decreased by \$70,545.
- . Total expenses decreased by \$104,411.
- . The business-type activities received no operating or 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. 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 \$17,772,468, an increase of \$3,779,205 in comparison with the prior year. Approximately 35 percent of this total amount \$6,163,030 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 \$6,163,030, while total fund balance reached \$6,163,030. 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 76 percent of total general fund expenditures, while total fund balance represents 76 percent of that same amount.

The fund balance of Lavaca County, Texas' general fund increased by \$1,797,377 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 \$605,085 and careful budget management.

The road and bridge fund had a total fund balance of \$8,448,051. 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 148 percent of that same amount. The fund balance of the road and bridge fund increased by \$1,615,923 during the current year. This increase is attributable to an increase in ad valorem taxes of \$679,541 and 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 \$172,110. The major increase was in sheriff grant expenditures in the sheriff's department which increased by \$140,078.

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, 2020, amounts to \$15,454,715 (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 increase in Lavaca County, Texas' investment in capital assets for the current fiscal year was .97 percent (.31 percent decrease for governmental activities and 11.93 percent decrease for business-type activities). The County had no major construction during the year ended September 30, 2020.

LAVACA COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$487,447	\$487,447	\$22,609	\$22,609	\$510,056	\$510,056
Building and Improvements	10,431,869	10,797,504	454,266	471,161	10,886,135	11,268,665
Machinery and Equipment	3,753,701	3,433,985	58,754	97,342	3,812,455	3,531,327
Infrastructure					0	0
Automotive			246,069	296,468	246,069	296,468
Total	\$14,673,017	\$14,718,936	\$781,698	\$887,580	\$15,454,715	\$15,606,516

Additional information on Lavaca County, Texas' capital assets can be found in note IV C on page 41 and 42 of this report.

Long-term debt:

At the end of the current fiscal year, Lavaca County, Texas had no total bonded debt outstanding.

	<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	\$700,000	\$0	\$700,000	\$0	\$0	\$0
	<u>700,000</u>	<u>0</u>	<u>700,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Grand Total	<u>\$700,000</u>	<u>\$0</u>	<u>\$700,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lavaca County, Texas' bonded long-term debt decreased by \$700,000 (100 percent) during the current fiscal year. The key factor in this decrease was the payment of debt principal on the jail facility bonds of \$700,000. Additional information on Lavaca County, Texas' Long-term debt can be found in note IV F on pages 44-46 of this report.

Future Outlook

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

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<i>ASSETS</i>			
Cash and Cash Equivalents	\$18,316,674	\$201,921	\$18,518,595
Receivables (net of allowance for uncollectibles)	1,864,175	930,596	2,794,771
Capital Assets Not Being Depreciated:			
Land	487,447	22,609	510,056
Total Capital Assets Being Depreciated, Net			
Building and Improvements	10,431,869	454,266	10,886,135
Machinery and Equipment	3,753,701	304,824	4,058,525
Infrastructure			0
Total Assets	<u>\$34,853,866</u>	<u>\$1,914,216</u>	<u>\$36,768,082</u>
DEFERRED OUTFLOWS OF RESOURCES			
GASB 68			
Deferred Outflow of Resources-Contributions (after 12/31/19)	875,925	113,597	989,522
Changes of assumptions	63,811	8,275	72,086
GASB 75			
Differences Between Expected and Actual Experience	7,095	920	8,015
Changes of assumptions	70,403	9,130	79,533
Total Deferred Outflows of Resources	<u>1,017,234</u>	<u>131,922</u>	<u>1,149,156</u>
LIABILITIES:			
Accounts Payable	\$121,754	\$6,995	\$128,749
Accrued Wages Payable	388,768	62,740	451,508
Noncurrent Liabilities:			
Due Within One Year	454,622	51,442	506,064
Due in More Than One Year	4,720,642	500,230	5,220,872
Total Liabilities	<u>5,685,786</u>	<u>621,407</u>	<u>6,307,193</u>
DEFERRED INFLOWS OF RESOURCES			
GASB 68			
Differences Between Expected and Actual Experience	32,839	4,259	37,098
Net Difference Between Projected and Actual Earnings	945,369	122,603	1,067,972
Total Deferred Inflows of Resources	<u>978,208</u>	<u>126,862</u>	<u>1,105,070</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	13,822,934	750,312	14,573,246
Restricted			
Construction	1,339,192		1,339,192
Debt Service	1,532		1,532
General Administration	496,481		496,481
Health	15,784		15,784
Judicial	275,072		275,072
Legal	92,495		92,495
Public Safety	1,002,492		1,002,492
Public Transportation	8,448,051		8,448,051
Unrestricted	<u>3,713,073</u>	<u>547,557</u>	<u>4,260,630</u>
Total Net Position	<u>\$29,207,106</u>	<u>\$1,297,869</u>	<u>\$30,504,975</u>

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Business-Type Activities	Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			Revenue and	Revenue and
							Changes in Net Position	Changes in Net Position
							Total	Total
Primary Government								
Government Activities:								
General Administration	\$2,325,340	\$441,300	\$61,279			(\$1,822,761)		(\$1,822,761)
Legal	347,025	18,006	27,500			(301,519)		(301,519)
Judicial	1,238,325	325,704	199,758			(712,863)		(712,863)
Financial Administration	1,155,153	792,652				(362,501)		(362,501)
Public Facilities	273,848					(273,848)		(273,848)
Public Safety	3,252,110	55,065	992,893			(2,204,152)		(2,204,152)
Public Transportation	5,460,304	747,075		34,204		(4,679,025)		(4,679,025)
Health and Welfare	175,993		642			(175,351)		(175,351)
Conservation - Agriculture	120,672					(120,672)		(120,672)
Interest and Fiscal Charges	42,468					(42,468)		(42,468)
Total Government Activities	14,391,238	2,379,802	1,282,072	34,204		(10,695,160)	0	(10,695,160)
Business-Type Activities:								
Ambulance	1,256,765	665,075		0			(591,690)	(591,690)
Total Business-Type Activities:	1,256,765	665,075	0	0	0		(591,690)	(591,690)
Total Primary Government	\$15,648,003	\$3,044,877	\$1,282,072	\$34,204		(10,695,160)	(591,690)	(11,286,850)
General Revenues								
Property Taxes, Levies for General Purposes						14,656,360		14,656,360
Other Taxes						11,381		11,381
Unrestricted Investment Earnings						434,467	9,797	444,264
Miscellaneous						727,583		727,583
Transfers						(33,454)	33,454	0
Total General Revenues and Transfers						15,796,337	43,251	15,839,588
Change in Net Position						5,101,177	(548,439)	4,552,738
Net Position - Beginning - Restated						24,105,929	1,846,308	25,952,237
Net Position - Ending						\$29,207,106	\$1,297,869	\$30,504,975

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

LAVACA COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Road and Bridge	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<i>ASSETS</i>						
Cash and Cash Equivalents	\$6,544,934	\$8,558,531	\$1,532	\$508,779	\$2,604,062	\$18,217,838
Receivables (net of allowance for uncollectibles)	226,508	63,177			82,870	372,555
Total Assets	<u>\$6,771,442</u>	<u>\$8,621,708</u>	<u>\$1,532</u>	<u>\$508,779</u>	<u>\$2,686,932</u>	<u>\$18,590,393</u>
 <i>LIABILITIES AND FUND BALANCES:</i>						
Accounts Payable	\$102,619	\$6,711			\$12,424	\$121,754
Bank Overdraft					20,889	20,889
Accrued Wages Payable	282,456	103,769			2,543	388,768
Total Liabilities	<u>385,075</u>	<u>110,480</u>	<u>0</u>	<u>0</u>	<u>35,856</u>	<u>531,411</u>
 <i>DEFERRED INFLOWS OF RESOURCES</i>						
Deferred Property Taxes	<u>223,337</u>	<u>63,177</u>				<u>286,514</u>
 <i>Fund Balances:</i>						
Restricted						
Construction				508,779	830,413	1,339,192
Debt Service			1,532			1,532
General Administration					434,820	434,820
Health					15,784	15,784
Judicial					275,072	275,072
Legal					92,495	92,495
Public Safety					1,002,492	1,002,492
Public Transportation		8,448,051				8,448,051
Unassigned	6,163,030					6,163,030
Total Fund Balance	<u>6,163,030</u>	<u>8,448,051</u>	<u>1,532</u>	<u>508,779</u>	<u>2,651,076</u>	<u>17,772,468</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$6,771,442</u>	<u>\$8,621,708</u>	<u>\$1,532</u>	<u>\$508,779</u>	<u>\$2,686,932</u>	<u>\$18,590,393</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, 2020

Total Fund Balances - governmental funds balance sheet	\$17,772,468
Amounts reported for governmental activities in the statement of net position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	14,673,017
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.	58,064
Private purpose trust fund	61,661
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,530,646
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	286,514
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(5,175,264)
Net Position of Governmental Activities - statement of net position	<u>\$29,207,106</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, 2020

	General Fund	Road and Bridge	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>						
Taxes						
Property	\$8,439,283	\$5,937,896	\$254,916			\$14,632,095
Other	11,381					11,381
Intergovernmental	124,518	34,204			192,152	350,874
Licenses and Permits	49,910	747,075				796,985
Charges for Services	1,184,627				151,871	1,336,498
Fines and Forfeitures	160,083				741	160,824
Interest	181,532	188,862	3,055	9,621	48,780	431,850
Miscellaneous	287,741	54,972		34,110	336,960	713,783
Total Revenues	10,439,075	6,963,009	257,971	43,731	730,504	18,434,290
<i>EXPENDITURES</i>						
Current:						
General Administration	1,892,032				143,289	2,035,321
Legal	298,220				34,798	333,018
Judicial	1,066,087				162,291	1,228,378
Financial Administration	1,137,150					1,137,150
Public Facilities	177,058					177,058
Public Safety	3,196,067				8,094	3,204,161
Public Transportation		5,699,663			0	5,699,663
Health and Welfare	175,031					175,031
Conservation - Agriculture	118,486					118,486
Capital Projects -						
Capital Outlay and Other				4,320	0	4,320
Debt Service						
Principal Retirement	32,350	0	700,000			732,350
Interest Retirement	28,158	0	17,114			45,272
Total Expenditures	8,120,639	5,699,663	717,114	4,320	348,472	14,890,208
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,318,436	1,263,346	(459,143)	39,411	382,032	3,544,082
<i>OTHER FINANCING SOURCES (USES):</i>						
Other Financing Sources - Capital Lease		268,577				268,577
Operating Transfers In	0	102,000	431,059		6,622	539,681
Operating Transfers Out	(521,059)	(18,000)			(34,076)	(573,135)
Total Other Financing Sources (Uses)	(521,059)	352,577	431,059	0	(27,454)	235,123
Net Changes in Fund Balances	1,797,377	1,615,923	(28,084)	39,411	354,578	3,779,205
Fund Balances - Beginning	4,365,653	6,832,128	29,616	469,368	2,296,498	13,993,263
Fund Balances - Ending	\$6,163,030	\$8,448,051	\$1,532	\$508,779	\$2,651,076	\$17,772,468

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, 2020

Net Changes in Fund Balances - total governmental funds	\$3,779,205
Amounts reported for governmental activities in the statement of net position ("SNP") 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.	(45,919)
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.	5,796
GASB 68	
Deferred Outflow of Resources-contribution. This is the change in these amounts this year.	58,961
Deferred Inflow-net difference between projected and actual earnings. This is the change in these amounts this year.	(2,980,374)
Deferred Inflow-changes of assumptions. This is the change in these amounts this year.	(30,672)
Deferred Inflow-Differences Between Expected and Actual Experience. This is the change in these amounts this year.	(239,903)
GASB 75	
Deferred Outflow-changes of assumptions. This is the change in these amounts this year.	95,552
Deferred Outflow-Differences Between Expected and Actual Experience. This is the change in these amounts this year.	7,677
(Increase) decrease in compensated absences from beginning of period to end of period.	(6,537)
(Increase) decrease in accrued interest payable from beginning of period to end of period.	2,803
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	24,265
Inclusion of COVID 19 Grant Proceeds are post 60 day receivable in the SOA	965,403
Private purpose trust fund net revenues.	7,633
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.	8,029
(Increase) decrease in net pension liability from beginning of period to end of period.	3,103,805
(Increase) decrease in OPEB liability from beginning of period to end of period.	(145,871)
Capital Lease Issuance Proceeds	(241,027)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	732,351
Change in Net Position of Governmental Activities - statement of activities.	<u>\$5,101,177</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<i>REVENUES</i>				
Taxes				
Property	\$8,627,670	\$8,627,670	\$8,439,283	(\$188,387)
Other	8,000	8,000	11,381	3,381
Intergovernmental	148,700	148,700	124,518	(24,182)
Licenses and Permits	36,500	36,500	49,910	13,410
Charges for Services	906,200	906,200	1,183,854	277,654
Fines and Forfeitures	219,300	219,300	160,083	(59,217)
Interest	55,000	55,000	181,114	126,114
Miscellaneous	99,050	158,443	279,331	120,888
Total Revenues	10,100,420	10,159,813	10,429,474	269,661
<i>EXPENDITURES</i>				
Current:				
General Administration				
County Clerk	595,391	595,391	561,656	33,735
County Judge	495,421	496,753	428,190	68,563
Elections	329,143	329,143	244,554	84,589
Non-Departmental	667,921	664,030	599,038	64,992
Records Management	136,653	136,653	58,594	78,059
Legal				
County Attorney	353,106	353,106	298,220	54,886
Judicial				
Court	400,576	428,981	421,882	7,099
District Clerk	254,424	254,424	237,895	16,529
Justices of the Peace	432,795	433,094	406,310	26,784
Financial Administration				
County Auditor	364,563	366,563	358,035	8,528
County Treasurer	154,348	154,348	147,000	7,348
Tax Assessor-Collector	694,204	694,204	632,115	62,089
Public Facilities				
Annex	90,800	90,800	68,172	22,628
Courthouse	98,000	101,383	99,919	1,464
Office Buildings	11,800	11,800	8,967	2,833
Public Safety				
Constables	239,534	239,532	214,891	24,641
Jail	449,500	449,500	339,285	110,215
Sheriff	2,623,582	2,763,660	2,641,891	121,769

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Public Welfare	\$185,345	\$185,344	\$175,031	\$10,313
Conservation - Agriculture				
Agriculture Extension Service	130,019	130,018	118,486	11,532
Debt Service				
Principal Retirement	32,350	32,350	32,350	0
Interest and Fiscal Charges	27,650	28,158	28,158	0
Total Expenditures	<u>8,767,125</u>	<u>8,939,235</u>	<u>8,120,639</u>	<u>818,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,333,295</u>	<u>1,220,578</u>	<u>2,308,835</u>	<u>1,088,257</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(90,000)	(521,060)	(521,059)	1
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(521,060)</u>	<u>(521,059)</u>	<u>1</u>
Net Changes in Fund Balances	1,243,295	699,518	1,787,776	1,088,258
Fund Balances - Beginning	4,340,783	4,340,783	4,340,783	
Fund Balances - Ending	<u>\$5,584,078</u>	<u>\$5,040,301</u>	<u>\$6,128,559</u>	<u>\$1,088,258</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$6,047,545	\$6,047,545	\$5,937,896	(\$109,649)
Intergovernmental	34,000	34,000	34,204	204
Licenses and Permits	700,000	700,000	747,075	47,075
Interest	18,000	18,000	188,862	170,862
Miscellaneous	4,600	4,600	54,972	50,372
Total Revenues	6,804,145	6,804,145	6,963,009	158,864
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	7,698,279	11,215,925	5,699,663	5,516,262
Debt Service				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	7,698,279	11,215,925	5,699,663	5,516,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	(894,134)	(4,411,780)	1,263,346	5,675,126
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Capital Lease	250,000	250,000	268,577	18,577
Operating Transfers In	101,000	101,000	102,000	1,000
Operating Transfers Out	(16,500)	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	334,500	333,000	352,577	19,577
Net Changes in Fund Balances	(559,634)	(4,078,780)	1,615,923	5,694,703
Fund Balances - Beginning	6,832,128	6,832,128	6,832,128	
Fund Balances - Ending	\$6,272,494	\$2,753,348	\$8,448,051	\$5,694,703

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$241,560	\$241,560	\$254,916	\$13,356
Interest			3,055	3,055
Total Revenues	<u>241,560</u>	<u>241,560</u>	<u>257,971</u>	<u>16,411</u>
EXPENDITURES				
Current:				
Debt Service				
Principal Retirement	225,000	700,000	700,000	0
Interest Retirement	16,820	17,114	17,114	0
Total Expenditures	<u>241,820</u>	<u>717,114</u>	<u>717,114</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(260)	(475,554)	(459,143)	16,411
OTHER FINANCING SOURCES (USES):				
Operating Transfers In		431,060	431,059	(1)
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>431,060</u>	<u>431,059</u>	<u>(1)</u>
Net Changes in Fund Balances	(260)	(44,494)	(28,084)	16,410
Fund Balances - Beginning	29,616	29,616	29,616	
Fund Balances - Ending	<u>\$29,356</u>	<u>(\$14,878)</u>	<u>\$1,532</u>	<u>\$16,410</u>

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, 2020

	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	\$201,921	\$706,126	\$37,602	\$33,852	\$20,462	\$16,183	\$259,985
Receivables (net of allowance for uncollectibles)	930,596	810,733					930,596
Total Current Assets	1,132,517	1,516,859	37,602	33,852	20,462	16,183	1,190,581
Noncurrent Assets							
Capital Assets							
Land	22,609	22,609					22,609
Automotive	967,674	967,674					967,674
Buildings and Improvements	675,942	675,942					675,942
Machinery and Equipment	330,982	330,982					330,982
Total Capital Assets	1,997,207	1,997,207	0	0	0	0	1,997,207
Less Accumulated Depreciation	(1,215,508)	(1,109,627)					(1,215,508)
Total Capital Assets (net of accumulated depreciation)	781,699	887,580	0	0	0	0	781,699
Total Noncurrent Assets	781,699	887,580	0	0	0	0	781,699
TOTAL ASSETS	\$1,914,216	\$2,404,439	\$37,602	\$33,852	\$20,462	\$16,183	\$1,972,280
DEFERRED OUTFLOWS OF RESOURCES - GASB 68							
GASB 68							
Def. Outflow of Res.-Contributions (after 12/31/18)		117,991					0
Def. Outflow of Res.-Contributions (after 12/31/19)	113,597						113,597
Differences Between Expected and Actual Experience		29,906					0
Net Difference Between Projected and Actual Earnings		293,909					0
Changes of Assumptions	8,275	13,646					8,275
GASB 75							
Changes of Assumptions	9,130						9,130
Differences Between Expected and Actual Experience	920						920
Total Deferred Outflow of Resources	131,922	455,452	0	0	0	0	131,922
LIABILITIES, FUND EQUITY AND OTHER CREDITS							
Liabilities							
Current Liabilities (Payable from Current Assets)							
Accounts Payable	\$6,995	\$2,758					\$6,995
Accrued Wages Payable	62,740	37,836					62,740
Compensated Absences	20,055	30,576					20,055
Capital Leases - Current Portion	31,387	27,630					31,387
Total Current Liabilities	121,177	98,800	0	0	0	0	121,177
Noncurrent Liabilities							
Net Pension Liability	427,474	830,001					427,474
OPEB Payable	72,756	59,956					72,756
Capital Leases		21,110					0
Total Noncurrent Liabilities	500,230	911,067	0	0	0	0	500,230
TOTAL LIABILITIES	621,407	1,009,867	0	0	0	0	621,407
DEFERRED INFLOWS OF RESOURCES							
GASB 68							
Differences Between Expected and Actual Experience	4,259						4,259
Net Difference Between Projected and Actual Earnings	122,603						122,603
GASB 75							
Changes of Assumptions		3,632					0
Differences Between Expected and Actual Experience		84					0
Total Deferred Inflow of Resources	126,862	3,716	0	0	0	0	126,862
Invested in Capital Assets, Net of Related Debt	750,312	838,840					750,312
Unrestricted	547,557	1,007,468	37,602	33,852	20,462	16,183	605,621
TOTAL NET POSITION	\$1,297,869	\$1,846,308	\$37,602	\$33,852	\$20,462	\$16,183	\$1,355,933

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, 2020

	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	\$663,416	\$723,596	\$75,773	\$77,206	\$3,925	\$1,453	\$743,114
Miscellaneous	1,659	12,024					1,659
TOTAL OPERATING REVENUES	665,075	735,620	75,773	77,206	3,925	1,453	744,773
OPERATING EXPENSES							
Personal Services	938,566	1,072,461					938,566
Supplies	73,372	48,685					73,372
Other Services and Charges	122,845	100,866	73,143	74,307			195,988
Depreciation	105,881	133,340					105,881
TOTAL OPERATING EXPENSES	1,240,664	1,355,352	73,143	74,307	0	0	1,313,807
OPERATING INCOME (LOSS)	(575,589)	(619,732)	2,630	2,899	3,925	1,453	(569,034)
NON-OPERATING REVENUES (EXPENSES):							
Interest Income	9,797	11,304	1,120	660	354	174	11,271
Interest and Fiscal Charges	(16,101)	(5,824)					(16,101)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(6,304)	5,480	1,120	660	354	174	(4,830)
Income Before Transfers	(581,893)	(614,252)	3,750	3,559	4,279	1,627	(573,864)
Contributions							0
Transfers In	33,454	200,525					33,454
Change in Net Position	(548,439)	(413,727)	3,750	3,559	4,279	1,627	(540,410)
Total Net Position - Beginning - Restated	1,846,308	2,260,035	33,852	30,293	16,183	14,556	1,896,343
Total Net Position - Ending	\$1,297,869	\$1,846,308	\$37,602	\$33,852	\$20,462	\$16,183	\$1,355,933

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, 2020

	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
Cash Flows from Operating Activities							
Receipts from Customers and Users	\$545,212	\$776,190	\$75,773	\$77,206	\$3,925	\$1,453	\$624,910
Payments to Suppliers	(191,980)	(151,189)	(73,143)	(74,307)	0	0	(265,123)
Payments to Employees	(867,234)	(987,043)	0	0	0	0	(867,234)
Net Cash Provided(Used) By Operating Activities:	(514,002)	(362,042)	2,630	2,899	3,925	1,453	(507,447)
Cash Flows from Non-Capital and Related Financing Activities							
Transfers In	33,454	200,525	0	0	0	0	33,454
Net Cash Provided (Used) By Non-Capital and Related Financing Activities	33,454	200,525	0	0	0	0	33,454
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		(154,975)	0	0	0	0	0
Proceeds from Capital Debt							0
Principal Payment on Revenue Bonds, Notes and Capital Leases	(17,353)	(39,726)					(17,353)
Interest and Fiscal Charges	(16,101)	(5,824)	0	0	0	0	(16,101)
Net Cash Provided (Used) by Capital and Related Financing Activities	(33,454)	(200,525)	0	0	0	0	(33,454)
Cash Flows from Investing Activities							
Interest Received	9,797	11,304	1,120	660	354	174	11,271
Net Cash Provided(Used) by Investing Activities	9,797	11,304	1,120	660	354	174	11,271
Net Increase (Decrease) in Cash Equivalents	(504,205)	(350,738)	3,750	3,559	4,279	1,627	(496,176)
Cash and Cash Equivalents at Beginning of Year	706,126	1,056,864	33,852	30,293	16,183	14,556	756,161
Cash and Cash Equivalents at End of Year	\$201,921	\$706,126	\$37,602	\$33,852	\$20,462	\$16,183	\$259,985

(continued)

(continued)

	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
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities							
Operating Income (Loss)	(\$575,589)	(\$619,732)	\$2,630	\$2,899	\$3,925	\$1,453	(\$569,034)
Adjustments to Reconcile to Net Cash Flow							
Non-Cash Items Included in Net Income							
Depreciation	105,881	133,340	0	0	0	0	105,881
Changes in Current Items							
Decrease(Increase) in Accounts Receivable	(119,863)	40,570	0	0	0	0	(119,863)
GASB 68							
Decr(Incr) Deferred Outflow of Resources-Contr.	4,394	(4,156)					4,394
Incr(Decr)-dif. between expected and actual experience	34,165	(31,792)					34,165
Incr(Decr)-net dif. between projected and actual earnings	416,512	(365,666)					416,512
Decr(Incr)-changes of assumptions	5,371	17,252					5,371
Increase (Decrease) in Net pension Liability	(402,527)	465,219					(402,527)
GASB 75							
Decr(Incr)-changes of assumptions	(12,762)	5,779					(12,762)
Incr(Decr)-dif. between expected and actual experience	(1,004)	(943)					(1,004)
Increase (Decrease) in OPEB Liability	12,800	(2,557)					12,800
Increase(Decrease) in Accounts Payable	4,237	(1,638)	0	0	0	0	4,237
Increase(Decrease) in Accrued Wages Payable	24,904	(3,195)	0	0	0	0	24,904
Increase(Decrease) in Compensated Absences	(10,521)	5,477	0	0	0	0	(10,521)
Net Cash Provided (Used) by Operating Activities	(\$514,002)	(\$362,042)	\$2,630	\$2,899	\$3,925	\$1,453	(\$507,447)
Noncash Investing, Capital and Financing Activities:							
Contributions	\$0	\$0					\$0
Capital Lease	0	0					0
Total	\$0	\$0	\$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 SEPTEMBER 31, 2020

	Agency Funds	Historical Commission	Private Purpose Trust Funds	Total
ASSETS				
Cash and Cash Equivalents	\$2,795,028	\$61,661		\$61,661
Receivables (net of allowance for uncollectibles)	0			0
Due from Others	0			0
Total Assets	\$2,795,028	\$61,661		\$61,661
LIABILITIES				
Accounts Payable	\$0			\$0
Due to Others	2,795,028			0
Total Liabilities	2,795,028	0		0
NET POSITION				
Held in Trust-Historical Purposes		61,661		61,661
Total Net Position	\$0	\$61,661		\$61,661

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 SEPTEMBER 31, 2020

	Private Purpose Trust Funds	
	Historical Commission	Total
ADDITIONS		
Contributions:		
Private Donations	\$13,800	\$13,800
Books		0
Total Contributions	<u>13,800</u>	<u>13,800</u>
Investment Earnings:		
Interest Received	1,143	1,143
Total Investment Earnings	<u>1,143</u>	<u>1,143</u>
Less Investment Expense	0	0
Net Investment Earnings	<u>1,143</u>	<u>1,143</u>
TOTAL ADDITIONS	<u>14,943</u>	<u>14,943</u>
DEDUCTIONS		
Culture and Recreation-History	7,310	7,310
Total Deductions	<u>7,310</u>	<u>7,310</u>
Change in Net Position	7,633	7,633
Net Position-Beginning	54,028	54,028
Net Position-Ending	<u>\$61,661</u>	<u>\$61,661</u>

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

LAVACA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 based on 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 how 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 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 during 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 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, 2020. 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 expenditures at the time of purchase. There were no inventory items at September 30, 2020. Certain payments to vendors reflect costs applicable to future accounting periods. There were no prepaid items at September 30, 2020. There were no costs recorded as prepaid items at September 30, 2020.

4. Restricted Assets - There were no restricted assets at September 30, 2020.

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 more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation; but donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Assets not exceeding the following threshold amounts 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	\$100,000
Machinery, Equipment, and Other Assets	\$5,000
Leasehold Improvements	\$5,000
Land	\$0

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 no major construction during the year ended September 30, 2020. 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	40
Building Improvements	20
Paved Roads/Bridges	30
Vehicles	7
Office Equipment	10
Older/Used Equipment	15
Law Enforcement/EMS Vehicles	3
New Equipment	20
Gravel Roads	20

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused comp. time, vacation, and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay and comp. time 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 is 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 withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balances – Governmental Funds

As of September 30, 2020, fund balances of the governmental funds are classified as follows:

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, 2020, fund balances are composed of the following:

Fund Balances:	
Restricted	
Construction	\$1,339,192
Debt Service	1,532
General Administration	434,820
Health	15,784
Judicial	275,072
Legal	92,495
Public Safety	1,002,492
Public Transportation	8,448,051
Unassigned	6,163,030
Total Fund Balance	<u>\$17,772,468</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 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 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. They are deferred under GASB 68 and GASB 75.

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

The County reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” 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. 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 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 \$5,175,264 difference are as follows:

Capital Lease Payable	\$241,027
Notes Payable	609,056
Compensated Absences	372,912
OPEB Liability	561,006
Net Pension Liability	<u>3,391,263</u>
	<u>\$5,175,264</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 \$14,673,017 difference are as follows:

Capital assets not being depreciated	\$487,447
Capital assets being depreciated	27,971,464
Depreciation expense	(13,785,894)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	<u>\$14,673,017</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 \$286,514 difference are as follows:

Property Taxes Receivable	\$477,524
Allowance for Doubtful Accounts	<u>(191,010)</u>
Net	<u>\$286,514</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 \$1,530,646 difference are as follows:

Fines Receivable	\$1,052,434
Allowance for Doubtful Accounts	(526,217)
COVID 19 Grant Proceeds	965,403
GASB 68	
Deferred Outflow of Resources-Contributions (after 12/31/19)	875,925
Deferred Outflow-Net difference between projected and actual earnings	(945,369)
Deferred Outflow-Changes of assumptions	63,811
Deferred Outflow-Differences Between Expected and Actual Experience	(32,839)
GASB 75	
Deferred Inflow-Changes of assumptions	70,403
Deferred Inflow-Differences Between Expected and Actual Experience	<u>7,095</u>
Net	<u>\$1,530,646</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 (\$45,919) difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$0
Capital Outlay - Additions - Being Depreciated (Net)	857,491
Capital Outlay - Deletions	(28,146)
Depreciation Expense	(875,264)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>(\$45,919)</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 if 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 2020 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, 2020, expenditures did not exceed appropriations in any funds.

C. Deficit fund equity

The county had no deficit fund balances at September 30, 2020.

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 follows 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, 2020, the government's bank balance of \$22,152,273 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 \$34,681,918 and the FDIC coverage is \$250,000.

The County had no investments at September 30, 2020.

B. Receivables

Receivables as of September 30, 2020 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	Other Governmental Funds	Ambulance	Total
<u>Receivables</u>					
Taxes	\$372,229	\$105,295			\$477,524
Accounts	3,171			3,108,044	3,111,215
Intergovernmental	965,403		82,870		1,048,273
Fines	1,052,434				1,052,434
Gross Receivables	2,393,237	105,295	82,870	3,108,044	5,689,446
Less: Allowance for Uncollectibles	675,109	42,118		2,177,448	2,894,675
Net Total Receivables	\$1,718,128	\$63,177	\$82,870	\$930,596	\$2,794,771

C. Capital Assets

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$487,447	\$0	\$0	\$487,447
Total capital assets not being depreciated:	487,447	0	0	487,447
Capital assets being depreciated:				
Infrastructure	2,980,510	0	0	2,980,510
Building and Improvements	14,675,426		0	14,675,426
Machinery, Equipment and Vehicles	9,877,757	857,491	419,720	10,315,528
Total capital assets being depreciated:	27,533,693	857,491	419,720	27,971,464
Less: Accumulated Depreciation for:				
Infrastructure	2,980,510	0	0	2,980,510
Building and Improvements	3,877,922	365,635		4,243,557
Machinery, Equipment and Vehicles	6,443,772	509,629	391,574	6,561,827
Total Accumulated Depreciation	13,302,204	875,264	391,574	13,785,894
Total Capital Assets Depreciated, Net	14,231,489	(17,773)	28,146	14,185,570
Governmental Activities capital assets, Net	\$14,718,936	(\$17,773)	\$28,146	\$14,673,017

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:	<u>22,609</u>	<u>0</u>	<u>0</u>	<u>22,609</u>
Capital assets being depreciated:				
Automotive	967,674			967,674
Building and Improvements	675,942			675,942
Machinery and Equipment	330,982			330,982
Total capital assets being depreciated:	<u>1,974,598</u>	<u>0</u>	<u>0</u>	<u>1,974,598</u>
Less: Accumulated Depreciation for:				
Automotive	671,206	50,399		721,605
Building and Improvements	204,781	16,895		221,676
Machinery and Equipment	233,640	38,588		272,228
Total Accumulated Depreciation	<u>1,109,627</u>	<u>105,882</u>	<u>0</u>	<u>1,215,509</u>
Total Capital Assets Depreciated, Net	<u>864,971</u>	<u>(105,882)</u>	<u>0</u>	<u>759,089</u>
Business-type Activities capital assets, Net	<u>\$887,580</u>	<u>(\$105,882)</u>	<u>\$0</u>	<u>\$781,698</u>

Construction commitments

The County had no major construction during the year ended September 30, 2020.

Capital asset depreciation for the year ended September 30, 2020 was as follows:

Governmental Activities	
General Administration	\$202,757
Legal	2,317
Financial Administration	7,843
Public Facilities	100,910
Public Safety	171,393
Public Transportation	390,044
Total Depreciation Expense - Governmental Activities	<u>\$875,264</u>
Business-Type Activities	
Ambulance	<u>\$105,882</u>
Total Depreciation Expense - Business-Type Activities	<u>\$105,882</u>

D. Interfund Receivables, Payables, and Transfers

Due to/from other funds:

There were no due to/from other funds at September 30, 2020.

There were no advances at September 30, 2020.

The following are transfers for the year ended September 30, 2020.

INTRAFUND	TRANSFER IN			
	ROAD AND BRIDGE FUND	DEBT SERVICE	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
TRANSFER OUT				
GENERAL FUND	\$90,000	\$431,059		\$521,059
ROAD AND BRIDGE FUND	12,000			12,000
NON-MAJOR GOVERNMENTAL FUNDS			6,622	6,622
TOTALS	\$102,000	\$431,059	\$6,622	\$539,681

INTERFUND	TRANSFER IN	
	UTILITY FUND	TOTAL
TRANSFER OUT		
NON-MAJOR GOVERNMENTAL FUNDS	\$33,454	\$33,454
TOTALS	\$33,454	\$33,454

The above transfers are non-recurring transfers. All transfers were to provide operating capital.

E. Leases

Operating Leases:

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$15,025 for the year ended September 30, 2020. Rent expenditures were \$16,200 for the year ended September 30, 2020. Rental income was \$4,225 for the year ended September 30, 2020. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30,	Amount
2021	\$11,325
2022	8,471
2023	5,365
2024	3,618
Total	<u>\$28,779</u>

F. Long-Term Debt

Notes Payable

The City implemented an Emergency Conservation Project on March 24, 2015 for a cost of \$733,029 and financed the project with notes payable. The amount of the notes was \$733,029 and was payable through the year 2030. The rate of interest is 4.39% and the payments vary from year to year. The outstanding balance at September 30, 2020 is \$609,056.

Year Ending September 30,	Total	
	Principal	Interest
2021	\$36,627	\$26,737
2022	41,179	25,130
2023	46,018	23,322
2024	51,161	21,302
2025	56,623	19,056
2026	62,421	16,570
2027	68,572	13,830
2028	75,098	10,819
2029	82,014	7,522
2030	89,343	3,922
TOTALS	<u>\$609,056</u>	<u>\$168,210</u>

Capital Leases

The City has entered into lease agreements for equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The assets acquired through capital leases are as follows:

ASSET	Governmental	Business-Type	Total
	Activities	Activities	
	ROAD AND BRIDGE FUND 12M3 MOTOR GRADER	AMBULANCE FUND AMBULANCE LIFEPACKS	
COST	\$268,577	\$137,031	\$405,608
ACCUMULATED DEPRECIATION	94,602	54,812	149,414
NET ASSET	\$173,975	\$82,219	\$256,194

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020, were as follows:

YEAR	Governmental	Business-Type	Total
	Activities	Activities	
	ROAD AND BRIDGE FUND 12M3 MOTOR GRADER	AMBULANCE FUND AMBULANCE LIFEPACKS	
2021	\$53,156	\$33,454	\$86,610
2022	53,156		53,156
2023	53,156		53,156
2024	53,156		53,156
2025	53,156		53,156
Total Minimum Lease Payments	265,780	33,454	299,234
Less: Amount Representing Interest	24,753	2,067	26,820
Present Value of Net Minimum Lease Payments	\$241,027	\$31,387	\$272,414

Changes in long-term liabilities:

	<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	\$700,000	\$0	\$700,000	\$0	\$0	\$0
Total Bonds Payable	700,000	0	700,000	0	0	0
Capital Leases	0	241,027		241,027	45,082	195,945
Notes Payable	641,407		32,351	609,056	36,628	572,428
Net Pension Liability	6,495,068		3,103,805	3,391,263		3,391,263
OPEB Liability	415,135	561,006	415,135	561,006		561,006
Compensated Absences	366,375	372,912	366,375	372,912	372,912	0
Total Governmental Activities	8,617,985	1,174,945	4,617,666	5,175,264	454,622	4,720,642
<u>Business-Type Activities:</u>						
Net Pension Liability	830,001		402,527	427,474		427,474
OPEB Liability	59,956	72,756	59,956	72,756		72,756
Capital Leases	48,740		17,353	31,387	31,387	0
Compensated Absences	30,576	20,055	30,576	20,055	20,055	0
Total Business-Type Activities	969,273	92,811	510,412	551,672	51,442	500,230
Grand Total	<u>\$9,587,258</u>	<u>\$1,267,756</u>	<u>\$5,128,078</u>	<u>\$5,726,936</u>	<u>\$506,064</u>	<u>\$5,220,872</u>

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 2020-21 year is \$392,967.

The government-wide statement of activities includes \$506,064 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 G 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>09/30/20</u>	Year ended <u>09/30/19</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 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 more than \$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 carry 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 October 13, 2020, Lavaca County accepted the Center for Tech and Civic Life Grant, in the amount of \$11,360.00.

On December 14, 2020, Lavaca County accepted a donation from EOG Resources, in the amount of \$20,777.09, to be used for road repair.

On December 28, 2020, Lavaca County received a donation from the Dickson-Allen Foundation, in the amount of \$100,000.00, to purchase radios for EMS employees in honor of Debbie Parr Fishbeck for her years of service to the Lavaca County Rescue Service. An additional \$15,000.00 was received that will be used by the Lavaca County Press Gang in care of Records Archive.

On February 8, 2021, the County acknowledged the purchase of a 2020 Hx620 International Day Cab Truck from Santex Truck Centers LTD in the amount of \$108,000.00.

On March 8, 2021, the County purchased a 2017 Bomag Padfoot Roller through the Buy board from Anderson Machinery for \$74,805.

On March 22, 2021, the County accepted the Southwest Border (SWB) Rural and Tribal Assistance Program subaward in the amount of \$74,525.00 for the purchase of in-car dashboard camera systems for the Lavaca County Sheriff's office.

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.

John Harrington – A lawsuit was filed by John Harrington against the County. The lawsuit is currently pending; however, a motion to dismiss the lawsuit is also pending which I believe will end the litigation. As of the date of this letter, in the very unlikely event of a judgment against the County, it is my understanding at this time that Texas Association of Counties would satisfy it. At this time Lavaca County is not indebted to this office for any amount. All legal costs are being paid by Texas Association of Counties.

Randall T Dornak v. Lavaca County Commissioners Court – Cause No. 2020-11-24607-CV - Plaintiff Randall T. Dornak, a local property owner in Lavaca County that desired to develop a subdivision upon certain property. Plaintiff sought, personally and with the assistance of his attorneys, to obtain compliance by the Commissioners Court with statutory requirements for presenting a basis for deny approval of his plat application, or alternatively, approval of his submitted subdivision plat. The parties were able to resolve this matter amicably, and a notice of non-suit was filed on December 28, 2020 with no financial implications for the County.

A tort claim was filed against the County on March 30, 2021, in the event of a judgment against the County, the Texas Association of Counties would assist with the claim.

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 whereby governmental activities' Net Position was restated downward by \$66,816; due to the County elimination of certain double-recorded capital assets.

The restatement had the corresponding effect on the beginning net position, as follows:

	Net Position, as Previously Reported	CAPITAL ASSET RESTATEMENT	Net Position As Restated
Governmental Activities:			
Net Position	\$24,172,745	(\$66,816)	\$24,105,929
Total Governmental Activities	\$24,172,745	(\$66,816)	\$24,105,929

F. Tax Abatements

Heycolng LLC

The County agrees to abate the ad valorem taxes on the Eligible Property in accordance with the terms and conditions of this Tax Abatement Agreement. The Abatement shall be effective with the January I valuation date immediately following the date of completion of the project on the Property following execution of this Tax Abatement Agreement. The Abatement shall continue for ten (10) years. The years of Abatement provided herein shall in each instance coincide with the tax year commencing on January 1 and expiring on December 31, and in no event shall the Abatement extend beyond ten (10) years. All covenants and representations of the Applicant herein shall continue throughout the term of this Tax Abatement Agreement, and any default shall be subject to the recapture provisions.

The Abatement provided by this Tax Abatement Agreement shall be based upon the Added Value of Eligible Property (\$91,000,000) made a part of the Property because of the project. Taxes shall be abated annually in an amount of 100% percent of the added value in the first and second years of the Tax Abatement, 90% in the third year, 85% in the fourth year, 75% in the fifth and sixth years, 60% in the seventh year, and 50% in the 8th, 9th and 10th years.

Applicant represents and warrants that this project will:

1. Create a minimum of 8 new jobs, with an average annual wage of \$48,116.20 annually.
2. Add improvements and equipment estimated to be valued at \$91 Million, (\$91,000,000.00). However, the County acknowledges that it shall not be an item of default if the Lavaca County Appraisal District does not in fact appraise the value of the installed improvements at \$91,000,000.00.

Discontinued or Reduced Operation during Term of Agreement: In the event that the facility is completed and begins operation but subsequently discontinues operation or in the event the minimum number of new jobs are not created and maintained, for any reason except unforeseen market conditions, technological changes, fire, explosion or other casualty or accident or natural disaster for a period of one year during the term of the Tax Abatement Agreement, the Tax Abatement Agreement may be terminated by the County by written notice to Applicant and all taxes previously abated by virtue of the Tax Abatement Agreement will be recaptured and paid within 60 days of the Applicant's receipt of notice of the termination. Penalty and interest shall not begin to accrue upon such sum until the first day of the month following such sixty-day notice, at which time penalty and interest shall accrue in accord with the laws of the State of Texas.

F. Tax Abatements (continued)

Enterprise Hydrocarbons, LP

Enterprise Hydrocarbons, LP represents that it will construct the New Facility at an approximate cost of \$590 million. It is contemplated that when the New Facility is operational, 10 additional employees will be employed at the New Facility by 2012. It is further contemplated that construction of the New Facility will provide up to a peak of 500 construction jobs for approximately 15 months.

The appraised value, \$590 million, of New Eligible Properties shall be abated in accordance with the following scale:

<u>Year Abated</u>	<u>Percentage of Value Abated</u>
2012	100%
2013	100%
2014	90%
2015	85%
2016	75%
2017	75%
2018	60%
2019	50%
2020	50%
2021	50%

During the abatement period covered by this Agreement, the COUNTY may declare a default hereunder by Enterprise Hydrocarbons, LP if Enterprise Hydrocarbons, LP (I) fails to commence construction of the New Facility within one (1) year from the date this Agreement is executed, (ii) fails to construct the New Facility, (iii) refuses or neglects to comply with any of the material terms of this Agreement, or (iv) if any representation made by Enterprise Hydrocarbons, LP in this Agreement is false or misleading in any material respect.

In the event the New Facility herein is completed and begins producing product or services, but subsequently discontinues producing product or service for any reason excepting fire, explosion or other casualty, accident or natural disaster, or governmental mandate, for a period of one (1) year during the abatement period, then this Agreement shall terminate. In the event of termination pursuant to the provisions of this paragraph, the abatement of the taxes for the calendar year during which the facility ceases to operate shall terminate, but there shall be no recapture of prior years' taxes abated by this Agreement.

G. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)	Net Pension Liability / (Asset)	
	December 31, 2018	December 31, 2019
Total pension liability	\$44,966,165	\$47,040,208
Fiduciary net position	37,641,095	43,221,470
Net pension liability/(asset)	7,325,070	3,818,738
Fiduciary net position as a % of total pension liability	83.71%	91.88%
Pensionable covered payroll	\$7,561,508	\$7,695,273
Net Pension liability as a % of covered payroll	96.87%	49.62%

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, 2019 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, 2018	December 31, 2019
Measurement date	December 31, 2018	December 31, 2019
Employer's fiscal year	October 1, 2019	September 30, 2020

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 April 2020 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	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High*Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	6 7 % FTSE NAREIT Equity REITs Index + S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

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)	
2020	\$43,221,470	\$1,803,008	\$3,007,981	\$43,221	\$3,451,371	\$45,424,648
2021	45,424,648	1,746,670	2,824,591	45,425	3,634,787	47,936,089
2022	47,936,089	1,718,523	2,997,812	47,936	3,830,117	50,438,980
2023	50,438,980	1,691,991	3,224,023	50,439	4,022,715	52,879,225
2024	52,879,225	1,668,272	3,430,396	52,879	4,211,141	55,275,362
2025	55,275,362	1,648,080	3,643,218	55,275	4,395,879	57,620,827
2026	57,620,827	1,626,215	3,859,148	57,621	4,576,326	59,906,600
2027	59,906,600	1,599,090	4,123,829	59,907	4,749,794	62,071,748
2028	62,071,748	1,578,795	4,349,421	62,072	4,915,321	64,154,371
2029	64,154,371	1,563,304	4,552,450	64,154	5,075,253	66,176,324
2030	66,176,324	1,549,467	4,730,638	66,176	5,231,325	68,160,302
2031	68,160,302	1,541,030	4,922,026	68,160	5,384,013	70,095,160
2032	70,095,160	1,538,322	5,081,923	70,095	5,534,203	72,015,666
2033	72,015,666	1,538,535	5,216,717	72,016	5,684,343	73,949,811
2034	73,949,811	1,541,096	5,366,856	73,950	5,835,071	75,885,173
2035	75,885,173	1,542,656	5,579,710	75,885	5,983,368	77,755,602
2036	77,755,602	1,550,855	5,706,687	77,756	6,130,082	79,652,096
2037	79,652,096	1,561,453	5,864,265	79,652	6,277,786	81,547,418
2038	81,547,418	1,576,485	5,943,697	81,547	6,428,674	83,527,333
2039	83,527,333	1,595,407	6,040,938	83,527	6,585,858	85,584,132
2040	85,584,132	1,615,518	6,099,395	85,584	6,750,855	87,765,525
2041	87,765,525	1,637,863	6,123,433	87,766	6,927,394	90,119,583
2042	90,119,583	1,662,378	6,134,927	90,120	7,118,496	92,675,411
2043	92,675,411	1,688,746	6,142,115	92,675	7,326,178	95,455,544
2044	95,455,544	1,716,842	6,127,890	95,456	7,552,939	98,501,979
2045	98,501,979	1,746,852	6,118,374	98,502	7,801,149	101,833,105
2046	101,833,105	1,780,218	6,117,155	101,833	8,072,211	105,466,547
2047	105,466,547	1,815,078	6,065,785	105,467	8,369,800	109,480,173
2048	109,480,173	1,853,976	5,992,372	109,480	8,699,204	113,931,502
2049	113,931,502	1,896,684	5,923,457	113,932	9,064,018	118,854,816
2050	118,854,816	1,941,376	5,828,767	118,855	9,468,146	124,316,716
2051	124,316,716	1,988,167	5,739,963	124,317	9,915,728	130,356,331
2052	130,356,331	2,038,888	5,637,667	130,356	10,410,773	137,037,969
2053	137,037,969	2,091,734	5,511,690	137,038	10,958,822	144,439,798
2054	144,439,798	2,148,290	5,371,488	144,440	11,565,890	152,638,049
2055	152,638,049	2,206,881	5,234,317	152,638	12,237,396	161,695,372
2056	161,695,372	2,268,769	5,091,428	161,695	12,978,812	171,689,830
2057	171,689,830	2,333,778	4,948,604	171,690	13,796,220	182,699,534

2058	182,699,534	2,401,585	4,793,981	182,700	14,696,401	194,820,841
2059	194,820,841	2,472,929	4,615,204	194,821	15,687,679	208,171,424
2060	208,171,424	2,547,149	4,446,831	208,171	16,778,179	222,841,750
2061	222,841,750	2,625,108	4,271,948	222,842	17,975,934	238,948,003
2062	238,948,003	2,706,177	4,084,508	238,948	19,290,561	256,621,287
2063	256,621,287	2,789,960	3,903,407	256,621	20,731,917	275,983,136
2064	275,983,136	2,876,917	3,725,303	275,983	22,309,984	297,168,749
2065	297,168,749	2,967,812	3,542,156	297,169	24,036,060	320,333,298
2066	320,333,298	3,061,957	3,362,362	320,333	25,922,347	345,634,904
2067	345,634,904	3,159,561	3,186,060	345,635	27,981,649	373,244,419
2068	373,244,419	3,260,989	3,006,864	373,244	30,228,068	403,353,367
2069	403,353,367	3,365,906	2,833,692	403,353	32,676,740	436,158,969
2070	436,158,969	3,474,488	2,664,939	436,159	35,343,704	471,876,063
2071	471,876,063	3,586,745	2,502,791	471,876	38,246,268	510,734,409
2072	510,734,409	3,702,740	2,347,562	510,734	41,403,021	552,981,874
2073	552,981,874	3,822,763	2,195,651	552,982	44,834,187	598,890,190
2074	598,890,190	3,946,911	2,046,985	598,890	48,561,772	648,752,998
2075	648,752,998	4,075,018	1,906,888	648,753	52,609,330	702,881,705
2076	702,881,705	4,207,288	1,773,815	702,882	57,002,142	761,614,439
2077	761,614,439	4,344,025	1,643,865	761,614	61,767,752	825,320,736
2078	825,320,736	4,485,205	1,519,677	825,321	66,935,971	894,396,915
2079	894,396,915	4,630,975	1,400,918	894,397	72,538,903	969,271,477
2080	969,271,477	4,781,481	1,287,548	969,271	78,611,248	1,050,407,388
2081	1,050,407,388	4,936,879	1,179,134	1,050,407	85,190,511	1,138,305,237
2082	1,138,305,237	5,097,328	1,075,513	1,138,305	92,317,233	1,233,505,980
2083	1,233,505,980	5,262,991	976,622	1,233,506	100,035,218	1,336,594,062
2084	1,336,594,062	5,434,038	882,432	1,336,594	108,391,792	1,448,200,866
2085	1,448,200,866	5,610,645	792,922	1,448,201	117,438,079	1,569,008,467
2086	1,569,008,467	5,792,991	708,094	1,569,008	127,229,307	1,699,753,662
2087	1,699,753,662	5,981,263	627,932	1,699,754	137,825,136	1,841,232,374
2088	1,841,232,374	6,175,654	552,468	1,841,232	149,290,009	1,994,304,337
2089	1,994,304,337	6,376,363	481,864	1,994,304	161,693,534	2,159,898,065
2090	2,159,898,065	6,583,594	416,289	2,159,898	175,110,883	2,339,016,356
2091	2,339,016,356	6,797,561	355,897	2,339,016	189,623,247	2,532,742,251
2092	2,532,742,251	7,018,482	300,814	2,532,742	205,318,312	2,742,245,488
2093	2,742,245,488	7,246,583	251,085	2,742,245	222,290,788	2,968,789,528
2094	2,968,789,528	7,482,097	206,719	2,968,790	240,642,973	3,213,739,089
2095	3,213,739,089	7,725,265	167,714	3,213,739	260,485,366	3,478,568,267
2096	3,478,568,267	7,976,336	133,952	3,478,568	281,937,323	3,764,869,406
2097	3,764,869,406	8,235,567	105,186	3,764,869	305,127,783	4,074,362,700
2098	4,074,362,700	8,503,223	81,104	4,074,363	330,196,035	4,408,906,491
2099	4,408,906,491	8,779,577	61,325	4,408,906	357,292,556	4,770,508,394

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension	Fiduciary	Net Pension
	Liability	Net Position	Liability / (Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2018	\$44,966,165	\$37,641,095	\$7,325,070
Changes of the year:			
Service cost	1,032,869		1,032,869
Interest on total pension liability	3,633,203		3,633,203
Effect of plan changes	0		\$0
Effect of economic/demographic gains or losses	(257,214)		(257,214)
Effect of assumptions changes or inputs	0		\$0
Refund of contributions	(38,218)	(38,218)	\$0
Benefit payments	(2,296,597)	(2,296,597)	\$0
Administrative expenses		(32,936)	32,936
Member contributions		538,669	(538,669)
Net investment income		6,181,982	(6,181,982)
Employer contributions		1,240,479	(1,240,479)
Other	0	(13,003)	13,003
Balances as of December 31, 2019	\$47,040,208	\$43,221,470	\$3,818,738

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 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$52,530,081	\$47,040,208	\$42,354,363
Fiduciary net position	43,221,470	43,221,470	43,221,470
Net pension liability/(asset)	\$9,308,611	\$3,818,738	(\$867,107)

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2019 to December 31, 2019
Service cost	\$1,032,869
Interest on total pension liability	3,633,203
Effect of plan changes	0
Administrative expenses	32,936
Member contributions	(538,669)
Expected investment return net of investment expenses	(3,025,038)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	16,854
Recognition of assumption changes or inputs	36,043
Recognition of investment gains or losses	239,941
Other	13,003
Pension expense	\$1,441,143

As of December 31, 2019, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$192,910	\$155,812
Changes of assumptions	0	72,086
Net difference between projected and actual earnings	1,067,972	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:	
2020	(\$217,032)
2021	(258,668)
2022	74,105
2023	(631,389)
2024	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2019	
Original Amount (a)	Date Established (b)	Original Recognition Period (c)	Amount Recognized for 2018 (a) / (c)	Inflows	Outflows
Investment (gains) or losses					
(\$3,156,945)	12/31/2019	5.0	(\$631,389)	\$2,525,556	\$0
3,848,988	12/31/2018	5.0	769,798	0	2,309,392
(2,233,606)	12/31/2017	5.0	(446,721)	893,443	0
208,178	12/31/2016	5.0	41,636	0	41,635
2,533,088	12/31/2015	5.0	506,618	0	0
Economic/demographic (gains) or losses					
(257,214)	12/31/2019	4.0	(64,304)	192,910	0
199,542	12/31/2018	4.0	49,886	0	99,770
140,102	12/31/2017	5.0	28,020	0	56,042
13,008	12/31/2016	4.0	3,252	0	0
(213,650)	12/31/2015	4.0	0	0	0
Assumption changes or inputs					
0	12/31/2019	4.0	0	0	0
0	12/31/2018	4.0	0	0	0
180,215	12/31/2017	5.0	36,043	0	72,086
0	12/31/2016	4.0	0	0	0
404,986	12/31/2015	4.0	0	0	0

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31						2013 - 2010
	2019	2018	2017	2016	2015	2014	
Total Pension Liability							
Service cost	\$1,032,869	\$1,035,558	\$977,338	\$1,009,501	\$915,697	\$890,868	N/A
Interest on total pension liability	3,633,203	3,434,113	3,229,946	3,024,593	2,869,126	2,733,053	N/A
Effect of plan changes	0	0	0	0	(145,397)	0	N/A
Effect of assumption changes or inputs	0	0	180,215	0	404,986	0	N/A
Effect of economic/demographic (gains) or losses	(257,214)	199,542	140,102	13,008	(213,650)	(400,781)	N/A
Benefit payments/refunds of contributions	<u>(2,334,815)</u>	<u>(2,087,252)</u>	<u>(2,044,089)</u>	<u>(1,946,383)</u>	<u>(1,718,343)</u>	<u>(1,648,618)</u>	<u>N/A</u>
Net change in total pension liability	2,074,043	2,581,962	2,483,514	2,100,718	2,112,420	1,574,532	N/A
Total pension liability, beginning	<u>44,966,165</u>	<u>42,384,203</u>	<u>39,900,690</u>	<u>37,799,972</u>	<u>35,687,552</u>	<u>34,113,019</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$47,040,208</u>	<u>\$44,966,165</u>	<u>\$42,384,205</u>	<u>\$39,900,690</u>	<u>\$37,799,973</u>	<u>\$35,687,551</u>	<u>N/A</u>
Fiduciary Net Position							
Employer contributions	\$1,240,479	\$1,215,722	\$1,130,673	\$1,072,639	\$1,073,260	\$1,000,610	N/A
Member contributions	538,669	529,306	494,068	465,788	466,056	434,509	N/A
Investment income net of investment expenses	6,181,982	(725,643)	4,986,690	2,382,190	93,944	2,093,326	N/A
Benefit payments/refunds of contributions	(2,334,815)	(2,087,252)	(2,044,089)	(1,946,383)	(1,718,343)	(1,648,618)	N/A
Administrative expenses	(32,936)	(30,233)	(25,767)	(25,854)	(23,176)	(24,240)	N/A
Other	<u>(13,003)</u>	<u>(6,304)</u>	<u>(5,863)</u>	<u>135,107</u>	<u>(21,463)</u>	<u>(242,953)</u>	<u>N/A</u>
Net change in fiduciary net position	5,580,376	(1,104,405)	4,535,712	2,083,487	(129,721)	1,612,634	N/A
Fiduciary net position, beginning	<u>37,641,095</u>	<u>38,745,499</u>	<u>34,209,787</u>	<u>32,126,300</u>	<u>32,256,021</u>	<u>30,643,387</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$43,221,471</u>	<u>\$37,641,094</u>	<u>\$38,745,499</u>	<u>\$34,209,787</u>	<u>\$32,126,300</u>	<u>\$32,256,022</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$3,818,738</u>	<u>\$7,325,071</u>	<u>\$3,638,706</u>	<u>\$5,690,902</u>	<u>\$5,673,673</u>	<u>\$3,431,529</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	91.88%	83.71%	91.41%	85.74%	84.99%	90.38%	N/A
Pensionable covered payroll	\$7,695,273	\$7,561,508	\$7,014,127	\$6,654,111	\$6,657,948	\$6,207,264	N/A
Net pension liability/(asset) as % of covered payroll	49.62%	96.87%	51.88%	85.52%	85.22%	55.28%	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2018	1,196,987	1,215,722	(18,735)	7,561,508	16.1%
2019	1,195,076	1,240,479	(45,403)	7,695,273	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	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	10.5 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the 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 2018 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec. 31, 2018	Dec. 31, 2019
Number of inactive employees entitled to but not yet receiving benefits:	107	115
Number of active employees:	199	206
Average monthly salary:	\$3,048	\$3,045
Average age:	50.49	50.23
Average length of service in years:	12.13	11.28
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	132	145
Average monthly benefit:	\$1,379	\$1,403

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, 2019 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Lavaca County December 31, 2019 Summary Valuation Report for further details.

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

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported,
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C
Salary Increases	Same as funding valuation: See Appendix C
Investment Rate of Return	8.10% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for 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, 2018 financial reporting metrics are the same as those used in the December 31, 2019 actuarial valuation analysis for Lavaca County.

The following is a description of the assumptions used in the December 31, 2019 actuarial valuation analysis for Lavaca County. This information may also be found in the Lavaca County December 31, 2019 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	All Other Causes	Age	Work Related	All Other Causes
	Male and Female	Male and Female		Male and Female	Male and Female
less than 25	0.000%	0.000%	43	0.004%	0.058%
25	0.000	0.000	44	0.004	0.063
26	0.000	0.000	45	0.004	0.069
27	0.000	0.000	46	0.005	0.076
28	0.000	0.008	47	0.006	0.084
29	0.000	0.008	48	0.007	0.095
30	0.000	0.009	49	0.009	0.109
31	0.000	0.010	50	0.010	0.125
32	0.000	0.010	51	0.012	0.142
33	0.000	0.011	52	0.013	0.162
34	0.000	0.014	53	0.015	0.183
35	0.001	0.018	54	0.018	0.203
36	0.001	0.022	55	0.018	0.222
37	0.002	0.028	56	0.018	0.238
38	0.002	0.033	57	0.018	0.250
39	0.002	0.038	58	0.018	0.259
40	0.002	0.042	59	0.018	0.270
41	0.003	0.047	60 & Above	0.018	0.000
42	0.003	0.053			

Mortality

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

H. Summary of GASB 75 Group-Term Funding Policy

Overview of GASB 74 and GASB 75

The Governmental Accounting Standards Board (GASB) released accounting standards for public postemployment benefit plans other than pension (OPEB) in 2016. 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. 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, 2018</u>	<u>December 31, 2019</u>
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Total OPEB liability	\$475,091	\$633,762
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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	4.10%	2.74%
Long-term expected rate of return, net of investment expense	Does not apply	Does not apply
Municipal bond rate	4.10%	2.74%

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, 2019 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, 2018	December 31, 2019
Measurement date	December 31, 2018	December 31, 2019
Employer's fiscal year	October 1, 2019	September 30, 2020

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, 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 2.74% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2019.

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.

2019 Employer OPEB Contributions and Benefit Payments

The following table shows a breakdown of the employer's contributions to the GTL program for the calendar year 2019. 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.

Coverage Type	2019 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.21%	\$16,160	No change from prior year
Retiree GTL Benefit	0.19%	14,621	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, 2019 should be reflected as a deferred outflow as outlined in Appendix C of this report. As previously noted, only contributions to the GTL 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 51.21951%, allocated as follows:

Coverage Type	2020 GTL Rate	Proportion	Financial Reporting
Active Member GTL Benefit	0.20%	48.78049%	No change from prior year
Retiree GTL Benefit	0.21%	51.21951%	GASB 75

Changes in Total OPEB Liability

	Changes in Total OPEB Liability
Balances as of December 31, 2018	\$475,091
Changes for the year:	
Service cost	16,395
Interest on total OPEB liability	19,854
Changes of benefit terms	0
Effect of economic/demographic experience	10,644
Effect of assumptions changes or inputs	126,399
Benefit payments	(14,621)
Other	0
Balance as of December 31, 2019	\$633,762

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.74%, 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 (1.74%) or 1 percentage point higher (3.74%) 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.

	1% Decrease	Current Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB Liability	\$758,348	\$633,762	\$536,892

OPEB Expense / (Income)

OPEB Expense / (Income)	<u>January 1, 2019 to December 31, 2019</u>
Service cost	\$16,395
Interest on total OPEB liability	19,854
Effect of plan changes	0
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	1,963
Recognition of assumption changes or inputs	18,085
Other	0
OPEB expense / (income)	\$56,297

As of December 31, 2019, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$4,894	\$12,909
Changes of assumptions	31,817	111,350
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:	
2020	\$20,048
2021	20,048
2022	20,045
2023	27,407
2024	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2019	
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>					
10,644	12/31/2019	5.0	2,129	0	8,515
7,324	12/31/2018	5.0	1,465	0	4
(9,787)	12/31/2017	6.0	(1,631)	4,894	0
<i>Assumption changes or inputs</i>					
126,399	12/31/2019	5.0	25,280	0	101,119
(53,027)	12/31/2018	5.0	(10,605)	31,817	0
20,461	12/31/2017	6.0	3,410	0	10,231

Schedule of Changes in Total OPEB Liability and Related Ratios

	Year Ended December 31			
	2019	2018	2017	2016 - 2009
Total OPEB Liability				
Service cost	\$16,395	\$20,331	\$17,194	N/A
Interest on total OPEB liability	19,854	17,548	17,941	N/A
Effect of plan changes	0	0	0	N/A
Effect of assumption changes or inputs	126,399	(53,027)	20,461	N/A
Effect of economic/demographic (gains) or losses	10,644	7,324	(9,787)	N/A
Benefit payments	<u>(14,621)</u>	<u>(13,611)</u>	<u>(13,327)</u>	<u>N/A</u>
Net change in total OPEB liability	158,671	(21,435)	32,482	<u>N/A</u>
Total OPEB liability, beginning	<u>475,091</u>	<u>496,526</u>	<u>464,044</u>	<u>N/A</u>
Total OPEB liability, ending (a)	<u>\$633,762</u>	<u>\$475,091</u>	<u>\$496,526</u>	<u>N/A</u>
Pensionable covered payroll	\$7,695,273	\$7,561,508	\$7,014,127	N/A
Net OPEB liability/(asset) as % of covered payroll	8.24%	6.28%	7.08%	N/A

Appendix A— GASB 75 Plan Description for Lavaca County

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 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, 2018	Dec. 31, 2019
Number of inactive employees entitled to but not yet receiving benefits:	32	33
Number of active employees:	199	206
Average age of active employees:	50.49	50.23
Average length of service in years for active employees:	12.13	11.28
<hr/>		
Inactive Employees Receiving Benefits		
Number of benefit recipients:	111	124

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, 2019 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)	4.10% 20 Year Bond GO Index published by bondbuyer.com as of December 28,2019.
Cost-of-Living Adjustment	Does not apply
Disability	
Mortality	
Retirement	
Other Termination of Employment	

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						2013 - 2010
	2019	2018	2017	2016	2015	2014	
Total Pension Liability							
Service cost	\$1,032,869	\$1,035,558	\$977,338	\$1,009,501	\$915,697	\$890,868	N/A
Interest on total pension liability	3,633,203	3,434,113	3,229,946	3,024,593	2,869,126	2,733,053	N/A
Effect of plan changes	0	0	0	0	(145,397)	0	N/A
Effect of assumption changes or inputs	0	0	180,215	0	404,986	0	N/A
Effect of economic/demographic (gains) or losses	(257,214)	199,542	140,102	13,008	(213,650)	(400,781)	N/A
Benefit payments/refunds of contributions	<u>(2,334,815)</u>	<u>(2,087,252)</u>	<u>(2,044,089)</u>	<u>(1,946,383)</u>	<u>(1,718,343)</u>	<u>(1,648,618)</u>	<u>N/A</u>
Net change in total pension liability	2,074,043	2,581,962	2,483,514	2,100,718	2,112,420	1,574,532	<u>N/A</u>
Total pension liability, beginning	<u>44,966,165</u>	<u>42,384,203</u>	<u>39,900,690</u>	<u>37,799,972</u>	<u>35,687,552</u>	<u>34,113,019</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$47,040,208</u>	<u>\$44,966,165</u>	<u>\$42,384,205</u>	<u>\$39,900,690</u>	<u>\$37,799,973</u>	<u>\$35,687,551</u>	<u>N/A</u>
Fiduciary Net Position							
Employer contributions	\$1,240,479	\$1,215,722	\$1,130,673	\$1,072,639	\$1,073,260	\$1,000,610	N/A
Member contributions	538,669	529,306	494,068	465,788	466,056	434,509	N/A
Investment income net of investment expenses	6,181,982	(725,643)	4,986,690	2,382,190	93,944	2,093,326	N/A
Benefit payments/refunds of contributions	(2,334,815)	(2,087,252)	(2,044,089)	(1,946,383)	(1,718,343)	(1,648,618)	N/A
Administrative expenses	(32,936)	(30,233)	(25,767)	(25,854)	(23,176)	(24,240)	N/A
Other	<u>(13,003)</u>	<u>(6,304)</u>	<u>(5,863)</u>	<u>135,107</u>	<u>(21,463)</u>	<u>(242,953)</u>	<u>N/A</u>
Net change in fiduciary net position	5,580,376	(1,104,405)	4,535,712	2,083,487	(129,721)	1,612,634	N/A
Fiduciary net position, beginning	<u>37,641,095</u>	<u>38,745,499</u>	<u>34,209,787</u>	<u>32,126,300</u>	<u>32,256,021</u>	<u>30,643,387</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$43,221,471</u>	<u>\$37,641,094</u>	<u>\$38,745,499</u>	<u>\$34,209,787</u>	<u>\$32,126,300</u>	<u>\$32,256,022</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$3,818,738</u>	<u>\$7,325,071</u>	<u>\$3,638,706</u>	<u>\$5,690,902</u>	<u>\$5,673,673</u>	<u>\$3,431,529</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	91.88%	83.71%	91.41%	85.74%	84.99%	90.38%	N/A
Pensionable covered payroll	\$7,695,273	\$7,561,508	\$7,014,127	\$6,654,111	\$6,657,948	\$6,207,264	N/A
Net pension liability/(asset) as % of covered payroll	49.62%	96.87%	51.88%	85.52%	85.22%	55.28%	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2018	1,196,987	1,215,722	(18,735)	7,561,508	16.1%
2019	1,195,076	1,240,479	(45,403)	7,695,273	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	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	10.5 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the 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, 2019 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Lavaca County December 31, 2019 Summary Valuation Report for further details.

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

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

	Year Ended December 31			
	2019	2018	2017	2016 - 2009
Total OPEB Liability	\$16,395	\$20,331	\$17,194	N/A
Service cost	19,854	17,548	17,941	N/A
Interest on total OPEB liability	0	0	0	N/A
Effect of plan changes	126,399	(53,027)	20,461	N/A
Effect of assumption changes or inputs	10,644	7,324	(9,787)	N/A
Effect of economic/demographic (gains) or losses	(14,621)	(13,611)	(13,327)	N/A
Benefit payments	158,671	(21,435)	32,482	N/A
Net change in total OPEB liability				
Total OPEB liability, beginning	<u>475,091</u>	<u>496,526</u>	<u>464,044</u>	<u>N/A</u>
Total OPEB liability, ending (a)	<u>\$633,762</u>	<u>\$475,091</u>	<u>\$496,526</u>	<u>N/A</u>
Pensionable covered payroll	\$7,695,273	\$7,561,508	\$7,014,127	N/A
Net OPEB liability/(asset) as % of covered payroll	8.24%	6.28%	7.08%	N/A

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, 2019 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)	2.74%
	20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019.
Cost-of-Living Adjustment	Does not apply
Disability	
Mortality	
Retirement	
Other Termination of Employment	

LAVACA COUNTY, TEXAS
 CAPITAL IMPROVEMENT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interest	\$400	\$400	\$9,621	\$9,221
Miscellaneous	1,000	1,000	34,110	33,110
Total Revenues	1,400	1,400	43,731	42,331
EXPENDITURES				
Capital Projects - Capital Outlay and Other	300,000	300,000	4,320	295,680
Total Expenditures	300,000	300,000	4,320	295,680
Excess (Deficiency) of Revenues Over (Under) Expenditures	(298,600)	(298,600)	39,411	338,011
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Operating Transfers In				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(298,600)	(298,600)	39,411	338,011
Fund Balances - Beginning	469,368	469,368	469,368	
Fund Balances - Ending	\$170,768	\$170,768	\$508,779	\$338,011

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, 2020

	General Fund	Jail Commissary Account	Unclaimed Credits	Election Service Fund	Total
<i>ASSETS</i>					
Cash and Cash Equivalents	\$6,509,769	\$13,948	\$3,760	\$17,457	\$6,544,934
Receivables (net of allowance for uncollectibles)	226,508				226,508
Prepaid Insurance					0
Total Assets	<u>\$6,736,277</u>	<u>\$13,948</u>	<u>\$3,760</u>	<u>\$17,457</u>	<u>\$6,771,442</u>
<i>LIABILITIES AND FUND BALANCES:</i>					
<i>Liabilities:</i>					
Accounts Payable	\$101,925		\$694		\$102,619
Bank Overdraft					0
Due to Other Funds					0
Accrued Wages Payable	282,456				282,456
Total Liabilities	<u>384,381</u>	<u>0</u>	<u>694</u>	<u>0</u>	<u>385,075</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>					
Unearned Revenues - Ad Valorem Taxes	<u>223,337</u>				<u>223,337</u>
<i>Fund Balances:</i>					
Unassigned	<u>6,128,559</u>	<u>13,948</u>	<u>3,066</u>	<u>17,457</u>	<u>6,163,030</u>
Total Fund Balance	<u>6,128,559</u>	<u>13,948</u>	<u>3,066</u>	<u>17,457</u>	<u>6,163,030</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$6,736,277</u>	<u>\$13,948</u>	<u>\$3,760</u>	<u>\$17,457</u>	<u>\$6,771,442</u>

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, 2020

	General Fund	Jail Commissary Account	Unclaimed Credits	Election Service Fund	Total
<i>REVENUES</i>					
Taxes					
Property	\$8,439,283				\$8,439,283
Other	11,381				11,381
Intergovernmental	124,518				124,518
Licenses and Permits	49,910				49,910
Charges for Services	1,183,854			773	1,184,627
Fines and Forfeitures	160,083				160,083
Interest	181,114		75	343	181,532
Miscellaneous	279,331	8,357	53		287,741
Total Revenues	<u>10,429,474</u>	<u>8,357</u>	<u>128</u>	<u>1,116</u>	<u>10,439,075</u>
<i>EXPENDITURES</i>					
Current:					
General Administration	1,892,032				1,892,032
Legal	298,220				298,220
Judicial	1,066,087				1,066,087
Financial Administration	1,137,150				1,137,150
Public Facilities	177,058				177,058
Public Safety	3,196,067				3,196,067
Health and Welfare	175,031				175,031
Conservation - Agriculture	118,486				118,486
Debt Service					
Principal Retirement	32,350				32,350
Interest and Fiscal Charges	28,158				28,158
Total Expenditures	<u>8,120,639</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,120,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,308,835</u>	<u>8,357</u>	<u>128</u>	<u>1,116</u>	<u>2,318,436</u>
<i>OTHER FINANCING SOURCES (USES):</i>					
Sale of Capital Assets					0
Operating Transfers In	0				0
Operating Transfers Out	(521,059)				(521,059)
Total Other Financing Sources (Uses)	<u>(521,059)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(521,059)</u>
Net Changes in Fund Balances	1,787,776	8,357	128	1,116	1,797,377
Fund Balances - Beginning	4,340,783	5,591	2,938	16,341	4,365,653
Fund Balances - Ending	<u>\$6,128,559</u>	<u>\$13,948</u>	<u>\$3,066</u>	<u>\$17,457</u>	<u>\$6,163,030</u>

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUND
 SEPTEMBER 30, 2020

	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
<i>ASSETS</i>					
Cash and Cash Equivalents	\$1,266,113	\$785,276	\$762,679	\$968,465	\$55,321
Receivables (net of allowance for uncollectibles)					
Total Assets	<u>\$1,266,113</u>	<u>\$785,276</u>	<u>\$762,679</u>	<u>\$968,465</u>	<u>\$55,321</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$65	\$676	\$202	\$600	
Accrued Wages Payable	28,160	33,260	19,322	23,027	
Total Liabilities	<u>28,225</u>	<u>33,936</u>	<u>19,524</u>	<u>23,627</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenues - Ad Valorem Taxes					
Fund Balances:					
Restricted					
Public Transportation	1,237,888	751,340	743,155	944,838	55,321
Total Fund Balance	<u>1,237,888</u>	<u>751,340</u>	<u>743,155</u>	<u>944,838</u>	<u>55,321</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$1,266,113</u>	<u>\$785,276</u>	<u>\$762,679</u>	<u>\$968,465</u>	<u>\$55,321</u>

The accompanying notes are an integral part of this statement.
 (continued)

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	Road and Bridge FMR No. 2	Road and Bridge FMR No. 3	Road and Bridge FMR No. 4
\$60,723	\$92,176	\$50,728	\$44,366	\$62,894	\$1,637,044	\$1,110,645	\$297,379	\$1,253,018
					18,321	18,321	14,531	12,004
\$60,723	\$92,176	\$50,728	\$44,366	\$62,894	\$1,655,365	\$1,128,966	\$311,910	\$1,265,022
					\$110	\$1,239	\$2,562	\$1,257
0	0	0	0	0	110	1,239	2,562	1,257
					18,321	18,321	14,531	12,004
60,723	92,176	50,728	44,366	62,894	1,636,934	1,109,406	294,817	1,251,761
60,723	92,176	50,728	44,366	62,894	1,636,934	1,109,406	294,817	1,251,761
\$60,723	\$92,176	\$50,728	\$44,366	\$62,894	\$1,655,365	\$1,128,966	\$311,910	\$1,265,022

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUND
 SEPTEMBER 30, 2020
 (continued)

	Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Right of Way
<i>ASSETS</i>					
Cash and Cash Equivalents	\$4,055	\$31,020	\$6,571	\$760	\$69,298
Receivables (net of allowance for uncollectibles)					
Total Assets	<u>\$4,055</u>	<u>\$31,020</u>	<u>\$6,571</u>	<u>\$760</u>	<u>\$69,298</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable					
Accrued Wages Payable					
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenues - Ad Valorem Taxes					
Fund Balances:					
Restricted					
Public Transportation	4,055	31,020	6,571	760	69,298
Total Fund Balance	<u>4,055</u>	<u>31,020</u>	<u>6,571</u>	<u>760</u>	<u>69,298</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$4,055</u>	<u>\$31,020</u>	<u>\$6,571</u>	<u>\$760</u>	<u>\$69,298</u>

The accompanying notes are an integral part of this statement.

Total
Road and
Bridge

\$8,558,531

63,177
\$8,621,708

\$6,711
103,769
110,480

63,177

8,448,051
8,448,051

\$8,621,708

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS
 YEAR ENDED SEPTEMBER 30, 2020

	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
<i>REVENUES</i>					
Taxes					
Property	\$815,711	\$815,711	\$646,943	\$534,431	
Intergovernmental					
Licenses and Permits	186,769	186,768	186,769	186,769	
Interest	46,343	46,343	46,343	46,343	
Miscellaneous					2,756
Total Revenues	<u>1,048,823</u>	<u>1,048,822</u>	<u>880,055</u>	<u>767,543</u>	<u>2,756</u>
<i>EXPENDITURES</i>					
Current:					
Public Transportation					
Road and Bridge	689,830	843,985	732,345	476,168	106,900
Debt Service					
Principal Retirement					
Interest and Fiscal Charges					
Total Expenditures	<u>689,830</u>	<u>843,985</u>	<u>732,345</u>	<u>476,168</u>	<u>106,900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>358,993</u>	<u>204,837</u>	<u>147,710</u>	<u>291,375</u>	<u>(104,144)</u>
<i>OTHER FINANCING SOURCES (USES):</i>					
Other Financing Sources - Capital Lease					
Operating Transfers In					22,500
Operating Transfers Out		(1,000)		(10,000)	
Total Other Financing Sources (Uses)	<u>0</u>	<u>(1,000)</u>	<u>0</u>	<u>(10,000)</u>	<u>22,500</u>
Net Changes in Fund Balances	358,993	203,837	147,710	281,375	(81,644)
Fund Balances - Beginning	878,895	547,503	595,445	663,463	136,965
Fund Balances - Ending	<u>\$1,237,888</u>	<u>\$751,340</u>	<u>\$743,155</u>	<u>\$944,838</u>	<u>\$55,321</u>

The accompanying notes are an integral part of this statement.
 (continued)

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	Road and Bridge FMR No. 2	Road and Bridge FMR No. 3	Road and Bridge FMR No. 4
					\$906,279	\$906,279	\$718,773	\$593,769
	46,276	756	866	1,190		3,184	2,000	
0	46,276	756	866	1,190	906,279	909,463	720,773	593,769
	19,950		450		461,043	740,304	1,011,407	504,533
0	19,950	0	450	0	461,043	740,304	1,011,407	504,533
0	26,326	756	416	1,190	445,236	169,159	(290,634)	89,236
22,500	22,500	22,500	2,000	10,000				268,577
					(1,500)	(2,500)	(1,500)	(1,500)
22,500	22,500	22,500	2,000	10,000	(1,500)	(2,500)	(1,500)	267,077
22,500	48,826	23,256	2,416	11,190	443,736	166,659	(292,134)	356,313
38,223	43,350	27,472	41,950	51,704	1,193,198	942,747	586,951	895,448
\$60,723	\$92,176	\$50,728	\$44,366	\$62,894	\$1,636,934	\$1,109,406	\$294,817	\$1,251,761

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS
 YEAR ENDED SEPTEMBER 30, 2020
 (continued)

	Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Right of Way
<i>REVENUES</i>					
Taxes					
Property					
Intergovernmental	8,551	8,551	8,551	8,551	
Licenses and Permits					
Interest					1,434
Miscellaneous					
Total Revenues	8,551	8,551	8,551	8,551	1,434
<i>EXPENDITURES</i>					
Current:					
Public Transportation					
Road and Bridge	30,416		52,670	25,000	4,662
Debt Service					
Principal Retirement					
Interest and Fiscal Charges					
Total Expenditures	30,416	0	52,670	25,000	4,662
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,865)	8,551	(44,119)	(16,449)	(3,228)
<i>OTHER FINANCING SOURCES (USES):</i>					
Other Financing Sources - Capital Lease					
Operating Transfers In					
Operating Transfers Out					
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Changes in Fund Balances	(21,865)	8,551	(44,119)	(16,449)	(3,228)
Fund Balances - Beginning	25,920	22,469	50,690	17,209	72,526
Fund Balances - Ending	\$4,055	\$31,020	\$6,571	\$760	\$69,298

The accompanying notes are an integral part of this stat

Total
Road and
Bridge

\$5,937,896
34,204
747,075
188,862
54,972

6,963,009

5,699,663

0
0

5,699,663

1,263,346

268,577
102,000
(18,000)

352,577
1,615,923
6,832,128

\$8,448,051

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	Abandoned Motor Vehicle	Ambulance Service Grant	Apellate Judicial System Fee	Attorney Hot Check Collection	Child Abuse Prevention	County Attorney Judicial Appt. Fee	County Attorney Seizure Fund
ASSETS							
Cash and Cash Equivalents	\$32,002	\$681,525	\$1,635	\$14,176	\$1,390	\$613	\$1,388
Receivables (net of allowance for uncollectibles)							
Total Assets	\$32,002	\$681,525	\$1,635	\$14,176	\$1,390	\$613	\$1,388
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable				\$111		\$46	
Bank Overdraft							
Accrued Wages Payable							
Total Liabilities	0	0	0	111	0	46	0
Fund Balances							
Restricted							
Construction							
General Administration							
Health							
Judicial			1,635		1,390		
Legal				14,065		567	1,388
Public Safety	32,002	681,525					
Unassigned							
Total Fund Balances	32,002	681,525	1,635	14,065	1,390	567	1,388
TOTAL LIABILITIES AND FUND BALANCES	\$32,002	\$681,525	\$1,635	\$14,176	\$1,390	\$613	\$1,388

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

SPECIAL REVENUE

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
\$76,475	\$13,173	\$905	\$88,298	\$18,428	\$2,065	\$23,791	\$142,546	\$15,770	\$9,276
\$76,475	\$13,173	\$905	\$88,298	\$18,428	\$2,065	\$23,791	\$142,546	\$15,770	\$9,276

0	0	0	0	0	0	0	0	0	0
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	13,173	905		18,428	2,065	23,791		15,770	9,276
76,475			88,298				142,546		
76,475	13,173	905	88,298	18,428	2,065	23,791	142,546	15,770	9,276
\$76,475	\$13,173	\$905	\$88,298	\$18,428	\$2,065	\$23,791	\$142,546	\$15,770	\$9,276

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	Justice Court Building Security No. 1	Justice Court Building Security No. 2	Justice Court Building Security No. 3	Justice Court Building Security No. 4	Justice Court Technology No. 1
ASSETS					
Cash and Cash Equivalents	\$5,213	\$1,233	\$1,190	\$10,132	\$4,379
Receivables (net of allowance for uncollectibles)					
Total Assets	\$5,213	\$1,233	\$1,190	\$10,132	\$4,379
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable					
Bank Overdraft					
Accrued Wages Payable					
Total Liabilities	0	0	0	0	0
Fund Balances					
Restricted					
Construction					
General Administration					
Health					
Judicial	5,213	1,233	1,190	10,132	4,379
Legal					
Public Safety					
Unassigned					
Total Fund Balances	5,213	1,233	1,190	10,132	4,379
TOTAL LIABILITIES AND FUND BALANCES	\$5,213	\$1,233	\$1,190	\$10,132	\$4,379

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

SPECIAL REVENUE

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	Sheriff's Contraband
\$2,181	\$1,670	\$9,925	\$25,415	\$105,122	\$212,198	\$27,459	\$211,087	\$11,938	\$5,267
\$2,181	\$1,670	\$9,925	\$25,415	\$105,122	\$212,198	\$27,459	\$211,087	\$11,938	\$5,267
			20	\$409					
					567		1,976		
0	0	0	20	409	567	0	1,976	0	0
					211,631		209,111		
2,181	1,670	9,925		104,713				11,938	
			25,395			27,459			5,267
2,181	1,670	9,925	25,395	104,713	211,631	27,459	209,111	11,938	5,267
\$2,181	\$1,670	\$9,925	\$25,415	\$105,122	\$212,198	\$27,459	\$211,087	\$11,938	\$5,267

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	SPECIAL REVENUE			TOTAL NON-MAJOR GOVERN- MENTAL
	Special Reserve	Task Force Indigent Defense	Tobacco Settlement	
ASSETS				
Cash and Cash Equivalents	\$830,413		\$15,784	\$2,604,062
Receivables (net of allowance for uncollectibles)		82,870		82,870
Total Assets	\$830,413	\$82,870	\$15,784	\$2,686,932
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable		\$11,838		\$12,424
Bank Overdraft		\$20,889		20,889
Accrued Wages Payable				2,543
Total Liabilities	0	32,727	0	35,856
Fund Balances				
Restricted				
Construction	830,413			830,413
General Administration				434,820
Health			15,784	15,784
Judicial		50,143		275,072
Legal				92,495
Public Safety				1,002,492
Unassigned				0
Total Fund Balances	830,413	50,143	15,784	2,651,076
TOTAL LIABILITIES AND FUND BALANCES	\$830,413	\$82,870	\$15,784	\$2,686,932

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

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Abandoned Motor Vehicle	Ambulance Service Grant	Apellate Judicial System Fee	Attorney Hot Check Collection	Child Abuse Prevention	County Attorney Judicial Appt. Fee	County Attorney Seizure Fund
<i>REVENUES</i>							
Intergovernmental			\$1,635			\$27,500	
Charges for Services				1,445	133		
Fines and Forfeitures							
Interest	703	12,568			31	227	26
Miscellaneous		192,808					1,513
Total Revenues	703	205,376	1,635	1,445	164	27,727	1,539
<i>EXPENDITURES</i>							
Current:							
General Administration							
County Clerk							
Records Management							
Legal							
Check Collection				5,787			
County Attorney						27,498	1,513
Judicial							
Indigent Defense							
Judicial			1,905				
Jury							
Public Safety							
Emergency Operations							
Sheriff	5,426						
Health and Welfare							
Senior Citizens							
Capital Projects -							
Capital Outlay and Other							
Total Expenditures	5,426	0	1,905	5,787	0	27,498	1,513
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,723)	205,376	(270)	(4,342)	164	229	26
<i>OTHER FINANCING SOURCES (USES):</i>							
Transfers In							622
Transfers Out		(33,454)					
Total Other Financing Sources (Uses)	0	(33,454)	0	0	0	0	622
Net Changes in Fund Balances	(4,723)	171,922	(270)	(4,342)	164	229	648
Fund Balances - Beginning	36,725	509,603	1,905	18,407	1,226	338	740
Fund Balances - Ending	\$32,002	\$681,525	\$1,635	\$14,065	\$1,390	\$567	\$1,388

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE

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
7,630	1,330	161	9,260	1,653	100	1,932		975	1,943
1,429	247	18	1,640	350	42	449	2,761	303	
9,059	1,577	179	10,900	2,003	142	2,381	2,761	1,278	1,943

2,394

0	0	0	0	0	0	0	0	0	2,394
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9,059	1,577	179	10,900	2,003	142	2,381	2,761	1,278	(451)
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6,000

0	0	0	0	0	0	0	6,000	0	0
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9,059	1,577	179	10,900	2,003	142	2,381	8,761	1,278	(451)
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67,416	11,596	726	77,398	16,425	1,923	21,410	133,785	14,492	9,727
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\$76,475	\$13,173	\$905	\$88,298	\$18,428	\$2,065	\$23,791	\$142,546	\$15,770	\$9,276
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LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Justice Court Building Security No. 1	Justice Court Building Security No. 2	Justice Court Building Security No. 3	Justice Court Building Security No. 4	Justice Court Technology No. 1
<i>REVENUES</i>					
Intergovernmental					
Charges for Services					936
Fines and Forfeitures	248	53	112	328	
Interest	102	24	22	199	96
Miscellaneous					
Total Revenues	350	77	134	527	1,032
<i>EXPENDITURES</i>					
Current:					
General Administration					
County Clerk					
Records Management					
Legal					
Check Collection					
County Attorney					
Judicial					
Indigent Defense					
Judicial				139	695
Jury					
Public Safety					
Emergency Operations					
Sheriff					
Health and Welfare					
Senior Citizens					
Capital Projects -					
Capital Outlay and Other					
Total Expenditures	0	0	0	139	695
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	350	77	134	388	337
<i>OTHER FINANCING SOURCES (USES):</i>					
Transfers In					
Transfers Out					
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Changes in Fund Balances	350	77	134	388	337
Fund Balances - Beginning	4,863	1,156	1,056	9,744	4,042
Fund Balances - Ending	\$5,213	\$1,233	\$1,190	\$10,132	\$4,379

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE

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	Sheriff's Contraband
196	412	1,218	5,146	10,535	51,360	2,510	51,500	1,496	
44	43	257	466	1,966	5,176	521	4,089	224	114
240	455	1,475	5,612	12,501	56,536	3,031	55,589	1,720	114
					85,895	175	57,219		
	1,082	6,187		7,219					
			2,668						
0	1,082	6,187	2,668	7,219	85,895	175	57,219	0	0
240	(627)	(4,712)	2,944	5,282	(29,359)	2,856	(1,630)	1,720	114
									(622)
0	0	0	0	0	0	0	0	0	(622)
240	(627)	(4,712)	2,944	5,282	(29,359)	2,856	(1,630)	1,720	(508)
1,941	2,297	14,637	22,451	99,431	240,990	24,603	210,741	10,218	5,775
\$2,181	\$1,670	\$9,925	\$25,395	\$104,713	\$211,631	\$27,459	\$209,111	\$11,938	\$5,267

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	SPECIAL REVENUE			TOTAL NON-MAJOR GOVERN- MENTAL
	Special Reserve	Task Force Indigent Defence	Tobacco Settlement	
<i>REVENUES</i>				
Intergovernmental		\$162,375	\$642	\$192,152
Charges for Services				151,871
Fines and Forfeitures				741
Interest	14,229	102	312	48,780
Miscellaneous	142,639			336,960
Total Revenues	156,868	162,477	954	730,504
<i>EXPENDITURES</i>				
Current:				
General Administration				
County Clerk				57,219
Records Management				86,070
Legal				
Check Collection				5,787
County Attorney				29,011
Judicial				
Indigent Defense		142,670		142,670
Judicial				10,008
Jury				9,613
Public Safety				
Emergency Operations				0
Sheriff				8,094
Health and Welfare				
Senior Citizens				0
Capital Projects -				
Capital Outlay and Other				0
Total Expenditures	0	142,670	0	348,472
Excess (Deficiency) of Revenues Over (Under) Expenditures	156,868	19,807	954	382,032
<i>OTHER FINANCING SOURCES (USES):</i>				
Transfers In				6,622
Transfers Out				(34,076)
Total Other Financing Sources (Uses)	0	0	0	(27,454)
Net Changes in Fund Balances	156,868	19,807	954	354,578
Fund Balances - Beginning	673,545	30,336	14,830	2,296,498
Fund Balances - Ending	\$830,413	\$50,143	\$15,784	\$2,651,076

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Agency Funds</u>		
	COUNTY OFFICER ACCOUNTS	CLERK DRAW	TOTAL
ASSETS			
Cash and Cash Equivalents	\$2,788,352	\$6,676	\$2,795,028
Receivables (net of allowance for uncollectibles)			0
Due from Others			0
Total Assets	<u>\$2,788,352</u>	<u>\$6,676</u>	<u>\$2,795,028</u>
LIABILITIES:			
Accounts Payable			0
Due to Others	2,788,352	6,676	2,795,028
Total Liabilities	<u>2,788,352</u>	<u>6,676</u>	<u>2,795,028</u>
NET ASSETS			
Held in Trust - Unexpendable			0
Held in Trust - Historical Purposes			0
Total Net Position	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SINGLE AUDIT SECTION

LAVACA COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

SOURCE AND TITLE OF GRANT	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS-THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPEN- TURES
FEDERAL ASSISTANCE				
U.S. Department of the Treasury				
Passed Through				
Texas Division of Emergency Management (TDEM)				
Coronavirus Relief Fund	21.019	S#\$272	NONE	\$965,403
Total U.S. Department of the Treasury (TREAS)				<u>965,403</u>
U.S. Department of Homeland Security				
Direct				
Homeland Security Grant Program	97.067	3753301	NONE	59,393
Total U.S. Department of Homeland Security				<u>59,393</u>
				<u>\$1,024,796</u>
TOTAL				

See Accompanying Notes to Schedule of Federal Financial Assistance

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Judge and Commissioners Court
Lavaca, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2020, and the related notes to the financial statements, which collectively comprise Lavaca County, Texas's basic financial statements, and have issued our report thereon dated April 23, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BEYER & COMPANY
Certified Public Accountants
April 23, 2021

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Lavaca County, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lavaca County, Texas' major federal programs for the year ended September 30, 2020. Lavaca County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Lavaca County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items.

Report on Internal Control over Compliance

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

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

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

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

BEYER & COMPANY
Certified Public Accountants
April 23, 2021

LAVACA COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lavaca County, Texas under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lavaca County, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lavaca County, Texas.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C-INDIRECT COST RATE

Lavaca County, Texas has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

LAVACA COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Minutes – We noted that the minutes do not provide pertinent details for many of the items approved. ***This condition has been corrected.***

LAVACA COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Section I Summary of Auditors Results

Financial Statements Section

1. The auditor's report expresses an unmodified opinion on the financial statements of the Lavaca County, Texas.
2. There were no significant deficiencies disclosed during the audit. There were no material weaknesses disclosed during the audit.

Federal (or State) Awards Section

3. There were no instances of noncompliance material to the financial statements of the Lavaca County, Texas, which would be required to be reported in accordance with Government Auditing Standards.
4. There were no significant deficiencies over major Federal award programs disclosed during the audit. There were no material weaknesses over major Federal award programs disclosed during the audit.
5. The auditor's report on compliance for the major Federal award programs for Lavaca County, Texas expresses an unmodified opinion on all major Federal programs.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs: Coronavirus Relief Fund - CFDA 21.019.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Lavaca County did not qualify as a low-risk auditee.