

NOLAN COUNTY, TEXAS

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

YEAR ENDED

SEPTEMBER 30, 2018

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NOLAN COUNTY, TEXAS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
Members of the Commissioners Court of
Nolan County, Texas:

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nolan County, Texas, as of September 30, 2018, and the respective changes in financial position 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, budgetary comparison information, and pension information on pages 3–8 and 36–40 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 the Nolan County, Texas' basic financial statements. The other supplementary schedules on pages 41-48 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary schedules 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 other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Roberts + McGee, CPA
Roberts & McGee, CPA

Abilene, Texas
November 26, 2018

**NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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

Financial Highlights

Government-Wide Financial Statements

- The assets of Nolan County exceeded its liabilities at the close of the most recent fiscal year by \$21,345,704 (net position). Of this amount, \$13,349,417 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. \$1,678,555 of the County's equity is restricted for debt service, capital improvement, and special revenue funds, and \$6,317,732 is invested in capital assets, net of related debt.
- The County's total debt outstanding at September 30, 2018 is \$14,168,450.
- The total net position (*equity*) of the County increased by \$2,048,173 during the 2018 fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year, Nolan County's governmental funds reported combined ending fund balances of \$14,928,355. Approximately 76% of the total fund balance amount, \$11,358,988 is unassigned and available for spending at the government's discretion.
- The fund balance in the general fund reflects an increase of \$510,553 from the prior year.
- At the end of the current fiscal year, restricted and assigned fund balance for debt service, capital improvement and special revenue funds was \$3,569,367, which is an increase of \$496,511 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Nolan County's basic financial statements. Nolan County's 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.

Government-Wide Financial Statements

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

The government-wide financial statements reflect functions of Nolan County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of Nolan County include general government, judicial, legal, financial administration, public facilities, public safety, farm to market, health and welfare, and extension service. The government-wide financial statements can be found on pages 9-10 of this report.

**NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Fund Financial Statements

The Fund Financial Statements provide more detailed information about Nolan County's more significant funds. 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. Nolan County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Nolan County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of 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 on 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, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Nolan County has four governmental fund types which are the general fund, special revenue funds, debt service funds, and a capital projects fund. 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 farm to market fund, the capital projects fund, and the debt service funds, which are considered to be major funds. Data from the other non-major governmental funds are combined into the aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 11-16 of this report.

Nolan County adopts an annual appropriated budget for its general fund, farm to market fund, and various other special revenue funds. A budgetary comparison statement has been provided for the general fund and the farm to market fund on pages 36-37.

Fiduciary funds. Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other governmental units. The County's fiduciary funds are all reported as Agency Funds. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's basic programs. The basic agency fund financial statement can be found on page 17, and the schedule of changes in the agency assets and liabilities can be found on pages 47-48 of this report.

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 18-35 of this report.

**NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 41-46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Nolan County, assets exceeded liabilities by \$21,345,704 at the close of the most recent fiscal year.

Nolan County's net position reflect its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is outstanding of \$6,317,732. Nolan County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Nolan County's 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.

Nolan County's Net Position

| | Governmental Activities | |
|---|-------------------------|---------------|
| | 2018 | 2017 |
| Current assets | \$ 15,329,937 | \$ 14,215,577 |
| Restricted assets | 1,536,791 | 1,454,190 |
| Capital assets | 20,394,677 | 20,512,375 |
| Deferred outflows of resources | 1,034,847 | 1,342,621 |
| Total assets and deferred outflows of resources | 38,296,252 | 37,524,763 |
| Current liabilities | 445,397 | 212,538 |
| Long-term liabilities | 15,489,516 | 17,941,119 |
| Deferred inflows of resources | 1,015,635 | 73,575 |
| Total liabilities and deferred inflows of resources | 16,950,548 | 18,227,232 |
| Net investment in capital assets | 6,317,732 | 5,119,821 |
| Restricted | 1,678,555 | 1,471,152 |
| Unrestricted | 13,349,417 | 12,706,558 |
| Total net position | \$ 21,345,704 | \$ 19,297,531 |

The government's net position increased by \$2,048,173 during the current fiscal year.

**NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Nolan County's Changes in Net Position

| | Governmental Activities | |
|------------------------------------|-------------------------|---------------|
| | 2018 | 2017 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 1,506,991 | \$ 1,753,218 |
| Operating Grants and Contributions | 343,319 | 289,306 |
| Capital Grants and Contributions | | 397,453 |
| General Revenues | | |
| Property and Other Taxes | 11,664,558 | 11,392,441 |
| Investment Income | 304,634 | 151,757 |
| Gain (loss) on disposal of assets | (103,687) | |
| Miscellaneous Income | 194,360 | 198,773 |
| Total Revenues | 13,910,175 | 14,182,948 |
| Expenses | | |
| General Government | 1,554,552 | 1,796,134 |
| Judicial | 1,428,252 | 1,256,037 |
| Legal | 447,976 | 558,367 |
| Financial Administration | 553,721 | 571,784 |
| Public Facilities | 903,471 | 802,204 |
| Public Safety | 3,358,862 | 3,279,114 |
| Farm to Market | 2,005,049 | 2,108,113 |
| Health and Welfare | 800,874 | 760,611 |
| Extension Service | 109,332 | 107,067 |
| Interest on Long-term Debt | 352,875 | 418,923 |
| Intergovernmental | 347,038 | 193,821 |
| Total expenditures | 11,862,002 | 11,852,175 |
| Increase in Net Position | 2,048,173 | 2,330,773 |
| Net Position - Beginning of Year | 19,297,531 | 16,966,758 |
| Net Position - End of Year | \$ 21,345,704 | \$ 19,297,531 |

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

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

**NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS - Continued

As of the end of the current fiscal year, Nolan County's governmental funds reported combined ending fund balances of \$14,928,355. Approximately 76 percent of this total amount, \$11,358,988 constitutes unassigned fund balance in the general fund, which is available for spending at the government's discretion. Restricted and assigned fund balances are for capital improvements, special revenue, and debt service purposes to indicate that it is not available for new spending because it has already been committed.

Fund Budgetary Highlights

The amended budget for the General Fund reflects a deficit of \$460,507, which would draw upon the fund balance. Budget amendments to expenditures were made during the year within the general fund departments. The actual expenditures were \$283,643 less than the final budgeted amounts, and actual revenues were \$679,322 more than was budgeted. This resulted in a favorable budget variance of \$962,965 before other financing sources and uses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Nolan County's investment in capital assets for its governmental activities as of September 30, 2018, amounts to \$20,394,677 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and infrastructure.

**Nolan County's Capital Assets
(net of depreciation)**

| | Governmental Activities | |
|----------------------------|-------------------------|---------------|
| | 2018 | 2017 |
| Land | \$ 113,975 | \$ 113,975 |
| Construction in progress | | 2,891,381 |
| Buildings and improvements | 18,639,718 | 15,798,200 |
| Furniture and equipment | 1,640,984 | 1,708,819 |
| Total | \$ 20,394,677 | \$ 20,512,375 |

Current year additions to capital outlays amounted to \$981,213, and \$166,380 of capital assets were disposed of. Depreciation expense was \$987,129 for the year ended September 30, 2018.

**NOLAN COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Debt Administration

Long Term Obligations. At the end of the 2018 fiscal year, Nolan County had approximately \$15.5 million in outstanding long-term obligations. There was no new debt acquired during the 2018 fiscal year, and \$1,389,017 was retired on existing debt. In addition, the net pension liability decreased by \$1,067,403.

| | Governmental Activities | |
|-----------------------|-------------------------|-------------------|
| | 2018 | 2017 |
| Bonds payable | \$ 13,587,000 | \$ 14,705,000 |
| Notes payable | | 216,579 |
| Bond premium | 489,945 | 544,383 |
| Compensated absences | 91,505 | 86,688 |
| Net pension liability | 1,321,066 | 2,388,469 |
| Total | \$ 15,489,516 | \$ 17,941,119 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The M&O tax rate for the 2019 fiscal year decreased from the prior year rate of .500846 per \$100 valuation to .473043 per \$100 valuation.
- The I&S tax rate for the 2019 fiscal year decreased from the prior year rate of .067104 per \$100 valuation to .058613 per \$100 valuation.
- The County's 2019 fiscal year general fund revenue budget of \$9,977,679 reflected an increase in total budgeted revenues of approximately \$1,017,758, and the budgeted expenditures of \$9,970,151 reflected an increase of approximately \$885,322 over the prior year budget.

Requests for Information

This financial report is designed to provide a general overview of Nolan County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nolan County Auditor, 100 E. 3rd Street, Suite 102, Sweetwater, Texas 79556

BASIC FINANCIAL STATEMENTS

NOLAN COUNTY, TEXAS
Statement of Net Position
September 30, 2018

| | <u>Primary Government Governmental Activities</u> |
|--|---|
| ASSETS: | |
| Cash and cash equivalents | \$ 13,562,316 |
| Investments | 5,798 |
| Receivables (net of allowance for uncollectible) | 1,761,823 |
| Prepaid bond insurance | |
| Restricted assets: | |
| Cash and cash equivalents | 1,535,641 |
| Investments | 1,150 |
| Capital assets net of accumulated depreciation | |
| Nondepreciable | 113,975 |
| Depreciable, net | 20,280,702 |
| TOTAL ASSETS | 37,261,405 |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred outflows - pensions | 1,034,847 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 38,296,252 |
| LIABILITIES: | |
| Accounts payable | 421,076 |
| Accrued interest payable | 24,321 |
| Noncurrent liabilities: | |
| Due within one year | 1,138,000 |
| Due in more than one year | 13,030,450 |
| Net pension liability | 1,321,066 |
| TOTAL LIABILITIES | 15,934,913 |
| DEFERRED INFLOWS OF RESOURCES: | |
| Pension related | 1,015,635 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 1,015,635 |
| NET POSITION: | |
| Net investment in capital assets | 6,317,732 |
| Restricted for debt service | 1,075,284 |
| Restricted for other purposes | 603,271 |
| Unrestricted | 13,349,417 |
| TOTAL NET POSITION | \$ 21,345,704 |

The accompanying notes are an integral part of this statement.

NOLAN COUNTY, TEXAS
Statement of Activities
For the Year Ended September 30, 2018

| Function/Program | Expenses | Program Revenues | | Primary |
|-------------------------------|---------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,554,552 | \$ 330,946 | \$ 20,226 | \$ (1,203,380) |
| Judicial | 1,428,252 | 396,111 | 153,187 | (878,954) |
| Legal | 447,976 | 73,482 | 75,906 | (298,588) |
| Financial administration | 553,721 | 56,197 | | (497,524) |
| Public facilities | 903,471 | 481,275 | 66,316 | (355,880) |
| Public safety | 3,358,862 | 168,980 | | (3,189,882) |
| Farm to market | 2,005,049 | | | (2,005,049) |
| Health and welfare | 800,874 | | 27,684 | (773,190) |
| Extension service | 109,332 | | | (109,332) |
| Debt Interest | 352,875 | | | (352,875) |
| Intergovernmental | 347,038 | | | (347,038) |
| Total Governmental Activities | 11,862,002 | 1,506,991 | 343,319 | (10,011,692) |
| Total Primary Government | \$ 11,862,002 | \$ 1,506,991 | \$ 343,319 | (10,011,692) |

General revenues:

| | |
|---|---------------|
| Property taxes, levied for general purposes | 7,888,412 |
| Property taxes, levied for farm to market | 1,878,102 |
| Property taxes, levied for debt service | 1,308,365 |
| Hotel/Motel tax | 485,071 |
| Other taxes | 104,608 |
| Miscellaneous revenue | 194,360 |
| Gain (loss) on disposal of assets | (103,687) |
| Investment earnings | 304,634 |
| Total general revenues | 12,059,865 |
| Change in net position | 2,048,173 |
| Net position - beginning of year | 19,297,531 |
| Net position - end of year | \$ 21,345,704 |

The accompanying notes are an integral part of this statement.

NOLAN COUNTY, TEXAS

Balance Sheet
Governmental Funds
September 30, 2018

| | General Fund | Farm to Market Fund | Debt Service Fund |
|--|-----------------------------|----------------------------|--------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 11,688,698 | \$ 1,836,521 | \$ |
| Investments | 3,450 | 2,348 | |
| Taxes receivable (net of allowance) | 184,084 | 42,186 | 30,579 |
| Other receivables (net of allowance) | 974,998 | 388,192 | 6,800 |
| Restricted assets | | | |
| Cash and cash equivalents | | | 244,812 |
| Investments | | | |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u>\$ 12,851,230</u> | <u>\$ 2,269,247</u> | <u>\$ 282,191</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 398,353 | \$ 21,846 | \$ |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | <u>398,353</u> | <u>21,846</u> | <u> </u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 184,084 | 42,186 | 30,579 |
| Unavailable revenue - fines and fees | 909,805 | | |
| Unavailable revenue - grants | | 350,643 | |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>1,093,889</u> | <u>392,829</u> | <u>30,579</u> |
| FUND BLANCE | | | |
| Restricted fund balance | | | |
| Enabling legislation | | | |
| Retirement of long term debt | | | 251,612 |
| Construction | | | |
| Assigned fund balances | | | |
| Farm to market | | 1,854,572 | |
| Other purposes | | | |
| Unassigned fund balance | 11,358,988 | | |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUND BALANCE | <u>11,358,988</u> | <u>1,854,572</u> | <u>251,612</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 12,851,230</u> | <u>\$ 2,269,247</u> | <u>\$ 282,191</u> |

The accompanying notes are an integral part of this statement.

| Capital Projects Fund | Coliseum Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|-----------------------------|----------------------------------|--------------------------------|--------------------------------|
| \$ | \$ | 37,097 | \$ 13,562,316 |
| | | | 5,798 |
| | 134,754 | | 391,603 |
| | | 230 | 1,370,220 |
| 53,270 | 687,768 | 549,791 | 1,535,641 |
| | 1,150 | | 1,150 |
| <u>\$ 53,270</u> | <u>\$ 823,672</u> | <u>\$ 587,118</u> | <u>\$ 16,866,728</u> |
| \$ | \$ | \$ 877 | \$ 421,076 |
| | | 877 | 421,076 |
| | | | 256,849 |
| | | | 909,805 |
| | | | 350,643 |
| | | | 1,517,297 |
| | | 550,001 | 550,001 |
| | 823,672 | | 1,075,284 |
| 53,270 | | | 53,270 |
| | | | 1,854,572 |
| | | 36,240 | 36,240 |
| | | | 11,358,988 |
| <u>53,270</u> | <u>823,672</u> | <u>586,241</u> | <u>14,928,355</u> |
| <u>\$ 53,270</u> | <u>\$ 823,672</u> | <u>\$ 587,118</u> | <u>\$ 16,866,728</u> |

NOLAN COUNTY, TEXAS
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 September 30, 2018

| | | |
|--|----|--------------------------|
| Total Fund Balances - Governmental Funds | \$ | 14,928,355 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position. | | 20,394,677 |
| Certain assets, such as property taxes receivables, grants and fees, are not available to pay for current-period expenditures and are therefore deferred inflows in the governmental funds. Deferred inflows of resources recognized in the government-wide financial statements result in a net increase in net position. | | 1,517,297 |
| Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. The net effect is a decrease in net position related to bonds payable (\$13,587,000), bond premium (\$489,945), compensated absences (\$91,505), and accrued interest payable (\$24,321). | | (14,192,771) |
| Included in the items related to debt is the recognition of the County's net pension liability (\$1,321,066), and deferred inflows of resources (\$1,015,635) less deferred outflow of resources (\$1,034,847). The net effect is to decrease net position. | | <u>(1,301,854)</u> |
| Net Position of Governmental Activities | \$ | <u><u>21,345,704</u></u> |

The accompanying notes are an integral part of this statement.

NOLAN COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2018

| | General Fund | Farm to Market Fund | Debt Service Fund |
|---|----------------------|---------------------------|-------------------------|
| REVENUES: | | | |
| Property taxes | \$ 7,794,990 | \$ 1,857,236 | \$ 1,294,936 |
| Hotel/Motel taxes | | | |
| Other taxes | 104,608 | | |
| Licenses and permits | 61,065 | 350,900 | |
| Intergovernmental | 277,003 | 66,316 | |
| Fines and fees | 850,702 | 130,375 | |
| Investment earnings | 239,706 | 41,319 | 6,440 |
| Rents and royalties | 15,186 | | |
| Other revenue | 295,982 | 9,452 | |
| | <u>9,639,242</u> | <u>2,455,598</u> | <u>1,301,376</u> |
| Total Revenues | | | |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 1,493,696 | | |
| Judicial | 1,352,315 | | |
| Legal | 409,695 | | |
| Financial administration | 539,170 | | |
| Public facilities | 626,879 | | |
| Public safety | 2,789,236 | | |
| Farm to market | | 1,764,054 | |
| Health and welfare | 800,874 | | |
| Extension service | 107,890 | | |
| Debt service | | | |
| Debt principal | | 216,579 | 950,000 |
| Interest expense | | 5,798 | 297,850 |
| Capital outlay | 809,419 | 122,748 | |
| Intergovernmental | 197,610 | | |
| | <u>9,126,784</u> | <u>2,109,179</u> | <u>1,247,850</u> |
| Total Expenditures | | | |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES | 512,458 | 346,419 | 53,526 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in (out) | (10,000) | | |
| Proceeds from sale of property | 8,095 | | |
| Total Other Financing Sources (Uses) | <u>(1,905)</u> | | |
| CHANGE IN FUND BALANCE | 510,553 | 346,419 | 53,526 |
| FUND BALANCE - BEGINNING | <u>10,848,435</u> | <u>1,508,153</u> | <u>198,086</u> |
| FUND BALANCE - ENDING | <u>\$ 11,358,988</u> | <u>\$ 1,854,572</u> | <u>\$ 251,612</u> |

The accompanying notes are an integral part of this statement.

| Capital Projects Fund | Coliseum Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------|----------------------------------|-----------------------------------|--------------------------------|
| \$ | \$ | \$ | \$ |
| | 485,071 | | 10,947,162 |
| | | | 485,071 |
| | | | 104,608 |
| | | | 411,965 |
| | | | 343,319 |
| | | 132,871 | 1,113,948 |
| 985 | 10,790 | 5,394 | 304,634 |
| | | | 15,186 |
| | | 5,712 | 311,146 |
| <u>985</u> | <u>495,861</u> | <u>143,977</u> | <u>14,037,039</u> |
| | | | |
| | | 20,013 | 1,513,709 |
| | | 46,839 | 1,399,154 |
| | | 26,719 | 436,414 |
| | | | 539,170 |
| | | | 626,879 |
| | | 15,760 | 2,804,996 |
| | | | 1,764,054 |
| | | | 800,874 |
| | | | 107,890 |
| | 168,000 | | 1,334,579 |
| | 83,880 | | 387,528 |
| 21,123 | | 27,923 | 981,213 |
| | 144,000 | | 341,610 |
| <u>21,123</u> | <u>395,880</u> | <u>137,254</u> | <u>13,038,070</u> |
| | | | |
| (20,138) | 99,981 | 6,723 | 998,969 |
| | | | |
| | | 10,000 | |
| | | | 8,095 |
| | | 10,000 | 8,095 |
| | | | |
| (20,138) | 99,981 | 16,723 | 1,007,064 |
| <u>73,408</u> | <u>723,691</u> | <u>569,518</u> | <u>13,921,291</u> |
| \$ <u>53,270</u> | \$ <u>823,672</u> | \$ <u>586,241</u> | \$ <u>14,928,355</u> |

NOLAN COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018

Net Change in Fund Balances - Governmental Funds \$ 1,007,064

Amounts reported for governmental activities in the statement of net position are
different because:

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays net of disposals is to increase net position. 869,431

Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of current year depreciation expense is to decrease net position. (987,129)

Long term debt principal payments are expenditures in the fund financial statements, but they should be shown as decreases in long term debt in the government-wide financial statements. The net effect of recording the current year principal payments is to increase net position. 1,334,579

Certain expenditures for pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The County's unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the District's pension expense must be recognized. These cause the change in net position to increase. The net effect is an decrease in net position. (182,431)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting:

| | |
|--|-----------|
| Increase in unavailable revenue - property taxes | 127,717 |
| Increase in unavailable fines and fees | (150,894) |
| Decrease in prepaid bond insurance | (18,771) |
| Increase in accrued interest payable | (1,014) |
| Decrease in bond premium | 54,438 |
| Increase in compensated absences | (4,817) |

Change in Net Position of Governmental Activities \$ 2,048,173

The accompanying notes are an
integral part of this statement.

NOLAN COUNTY, TEXAS

Balance Sheet

Fiduciary Funds

September 30, 2018

| | <u>Agency Funds</u> |
|------------------------------------|------------------------------|
| ASSETS | |
| Cash and cash equivalents held by: | |
| Unclaimed money | \$ 97 |
| Trust & agency | 113,608 |
| Restitution fund | 301,028 |
| Extradition fund | 16,889 |
| District attorney funds | 54,460 |
| Sheriff funds | 61,515 |
| Tax accessor collector funds | - |
| County court funds | 96,069 |
| District clerk funds | <u>202,316</u> |
| TOTAL ASSETS | \$ <u><u>845,982</u></u> |
| LIABILITIES | |
| Due to others | \$ <u>845,982</u> |
| TOTAL LIABILITIES | \$ <u><u>845,982</u></u> |

The accompanying notes are an integral part of this statement.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of Nolan County, Texas (the County) included in the accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's basic financial statements.

The County's financial statements include the cash accounts of all funds handled by the Office of the County Treasurer. The County's major activities or functions include public safety (sheriff and ambulance), parks and libraries, public health and social services, construction and maintenance of roads, and general administrative service. The County operates under a county judge/commissioners' court type of government as provided for by state statute. The Commissioners' Court has governance responsibilities over all activities related to the County. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. Because members of the Commissioners' Court are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters, the County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board (GASB), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

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

Basis of Presentation

Government-wide financial statements. The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Elimination have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

The County does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The county reports the following major governmental funds:

General Fund – To account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Farm to Market Fund – To account for proceeds of specific revenue sources that are legally restricted for expenditures for public transportation for County citizens.

Capital Projects Fund – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Coliseum Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the government reports the following nonmajor governmental fund types:

Governmental Funds:

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital project) that are legally restricted to expenditures for specific purposes.

Fiduciary Funds:

Trust and Agency Funds – To account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and /or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

Measurement Focus and Basis of Accounting

Government wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C: Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available 1) when they become due or past due and receivable within the current period and 2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at estimated fair market value at the date of donation.

The cost 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.

Buildings, vehicles, furniture and equipment of the County are depreciated using the straight line method over the following estimates useful lives:

| | |
|------------------------------|-------------|
| Buildings and Improvements | 20-30 years |
| Furniture and Equipment | 5-12 years |
| Vehicles and Heavy Equipment | 5-12 years |

Receivables and Payables

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provided have been met.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues are received in advance of the costs being incurred are recorded as deferred revenue.

There are no significant receivables which are not scheduled for collections within one year.

Compensated Absences

A liability for accumulated unpaid annual leave for all full-time employees is calculated and reported in the government-wide statements.

Upon termination from employment by the County, accrued vacation leave may be paid but not to exceed the maximum vacation leave accrual which is fifteen days for employees with more than ten years of service. Unused sick leave is cancelable and will not be paid on termination, therefore, vacation time is the only accrued liability recorded.

Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources for the differences between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will 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 County has deferred inflows of resources for unearned grant revenues and for the differences in actual and project earnings and changes in assumptions related to the valuation of the net pension liability.

Fund Balance

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. The fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). The County had no nonspendable funds at September 30, 2018.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resources providers, or through enabling legislation. The County reported the following restricted fund balances at September 30, 2018:

| | | |
|-----------------------|----|------------------|
| Debt Service | \$ | 1,075,284 |
| Construction | | 53,270 |
| Records Management | | 247,743 |
| Courthouse Security | | 100,923 |
| Courthouse Technology | | 85,704 |
| Forfeiture Funds | | 115,631 |
| | \$ | <u>1,678,555</u> |

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commissioner’s Court (the county’s highest level of decision making authority). The County had no committed funds at year end.

Assigned – This classification includes amounts that are constrained by the County Commissioners’ intent to be used for a specific purpose but does not meet the criteria to be classified as restricted or committed. This intent can be expressed by the Commissioners or through the Commissioners delegating this responsibility to management through the budgetary process. The county reported the following assigned fund balances at September 30, 2018:

| | | |
|------------------|----|------------------|
| Jury Fund | \$ | 13,064 |
| Law Library Fund | | 10,555 |
| Hot Check Fund | | 12,542 |
| D.A.R.E. Fund | | 79 |
| Farm to Market | | 1,854,572 |
| | \$ | <u>1,890,812</u> |

Unassigned fund balance is the residual classification for the County’s general fund and includes all spendable amounts not contained in the other classifications.

The County would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Fund Balance Spending Policy

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classification, the order in which resources will be expended is as follows: 1) Restricted; 2) Committed; 3) Assigned; and 4) Unassigned.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Minimum Fund Balance Policy

The County will maintain General fund unassigned fund balance at a level adequate to provide for unanticipated expenditures of a non-recurring nature and to meet unexpected increases in service delivery costs. The target level for the General Fund unassigned fund balance will be three to six months of budgeted General Fund expenditures.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Loans are reported as interfund receivables and payables as appropriate and subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when on fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund, except quasi-external transactions and reimbursements, transactions are treated as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

All other interfund transfers are reported as operating transfers. Transfers in and transfers out are netted and presented as a single “Transfers” line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single “Intergovernmental” line of the government-wide statement of net position.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the governmental activities. The long-term debt of the County includes bonds payable and bond premiums.

Pensions

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Budgetary Information

The County adopts an annual budget for the general fund and the farm to market fund consistent with generally accepted accounting principles. Budgetary control is maintained at the department level. Appropriations lapse at year end for general and special revenue funds.

Fair Value Measurements

GASB Statement No. 72, Fair Value Measurements and Application, defines fair value as the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

NOTE 2: DEPOSITIS AND INVESTMENTS

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

The County's deposits as of September 30, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the area 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.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 2: DEPOSTIS AND INVESTMENTS - Continued

The 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 in invest in (2) obligations of the US 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, (6) bankers acceptance, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act with local policies.

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool’s Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

Investments held by the County at September 30, 2018 consisted of the following:

| <u>Type of Investment</u> | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Maturities Less Than One Year</u> |
|--------------------------------|-------------------|----------------------|--------------------------------------|
| TexPool-Investments | \$ 5,798 | AAAm | \$ 5,798 |
| TexPool-Restricted Investments | 1,150 | AAAm | 1,150 |
| Total Investments | <u>\$ 6,948</u> | | <u>\$ 6,948</u> |

In compliance with the Public Funds Investment Act, the county adopted a deposit and investment policy; however, that policy does not address the following risks:

Custodial credit risk: Deposits. This is the risk that in the event of bank failure, the county’s deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2018 were covered by depositor insurance or by pledged collateral held by the County’s agent bank in the County’s name.

Custodial credit risk: Investments. This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possessions of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus, positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The County’s securities are all in securities backed by the United States of America and are not exposed to custodial credit risk.

Other credit risk – There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPools’ investment policy allows the portfolio’s investment managers to only invest in obligations of the U.S. Governments, its agencies’ repurchase agreements; and no-load AAAM money market mutual funds registered with the SEC. as of September 30, 2018 TexPool’s investments credit quality rating was AAAM (Standard & Poor’s).

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 2: DEPOSIT AND INVESTMENTS – continued

TexPool manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days. TexPool also seeks to maintain a constant dollar objective.

The County’s general policy is to report nonparticipating interest-earning investment contracts using a cost-based measure. The term “nonparticipating” means that the investment’s value does not vary with the market interest rate changes. Negotiable certificates of deposit are examples of nonparticipating interest earning investment contracts.

NOTE 3: RECEIVABLES

Receivables at year end, including the applicable allowances for uncollectible accounts are as follows:

| | <u>General</u> | <u>Farm to</u> | <u>Debt</u> | <u>Coliseum</u> | <u>Other</u> | |
|--------------------------------------|---------------------|-------------------|------------------|---------------------|---------------------|---------------------|
| | <u>Fund</u> | <u>Market</u> | <u>Service</u> | <u>Debt Service</u> | <u>Governmental</u> | <u>Total</u> |
| | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | |
| Receivables | | | | | | |
| Taxes | \$ 314,211 | \$ 62,497 | \$ 40,018 | \$ 134,754 | \$ | \$ 551,480 |
| Other | <u>3,592,499</u> | <u>388,192</u> | <u>6,800</u> | | 230 | <u>3,987,721</u> |
| Total Gross Receivables | 3,906,710 | 450,689 | 46,818 | 134,754 | 230 | 4,539,201 |
| Less: Allowance for Uncollectible | | | | | | |
| Taxes | (130,127) | (20,311) | (9,439) | | | (159,877) |
| Other | <u>(2,617,501)</u> | | | | | <u>(2,617,501)</u> |
| Net Receivables | \$ <u>1,159,082</u> | \$ <u>430,378</u> | \$ <u>37,379</u> | \$ <u>134,754</u> | \$ <u>230</u> | \$ <u>1,761,823</u> |

NOTE 4: CAPITAL ASSETS

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

| Capital Assets | <u>Balance</u> | | | <u>Balance</u> |
|--|----------------------|---------------------|-----------------------|----------------------|
| Governmental Activities | <u>October 1,</u> | <u>Additions</u> | <u>Retirements</u> | <u>September 30,</u> |
| | <u>2017</u> | | | <u>2018</u> |
| Capital assets not being depreciated | | | | |
| Land | \$ 113,975 | \$ | \$ | \$ 113,975 |
| Construction in Progress | <u>2,891,381</u> | | <u>(2,891,381)</u> | <u>-</u> |
| Total capital assets not being depreciated | <u>3,005,356</u> | <u>-</u> | <u>(2,891,381)</u> | <u>113,975</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 21,137,504 | 3,517,758 | | 24,655,262 |
| Furniture and equipment | <u>6,933,338</u> | <u>354,836</u> | <u>(166,380)</u> | <u>7,121,794</u> |
| Total capital assets being depreciated | <u>28,070,842</u> | <u>3,872,594</u> | <u>(166,380)</u> | <u>31,777,056</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (5,339,304) | (676,240) | | (6,015,544) |
| Furniture and equipment | <u>(5,224,519)</u> | <u>(310,889)</u> | 54,598 | <u>(5,480,810)</u> |
| Total accumulated depreciation | <u>(10,563,823)</u> | <u>(987,129)</u> | <u>54,598</u> | <u>(11,496,354)</u> |
| Governmental activities capital assets | \$ <u>20,512,375</u> | \$ <u>2,885,465</u> | \$ <u>(3,003,163)</u> | \$ <u>20,394,677</u> |

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 4: CAPITAL ASSETS ACTIVITY – continued

Depreciation was allocated to the various functions based on the capital assets within each group as follows:

Governmental Activities:

| | |
|----------------------------|-------------------|
| General government | \$ 19,545 |
| Public facilities | 265,523 |
| Public safety | 489,699 |
| Farm to Market | <u>212,362</u> |
| Total depreciation expense | <u>\$ 987,129</u> |

NOTE 5: LONG-TERM OBLIGATIONS

Notes Payable. During the year ended September 30, 2013, the County entered into a note payable in the amount of \$225,000 for the purchase of a Caterpillar Motor Grader. Interest is at a fixed rate of 2.5%. The County will make four payments of \$48,480.89 and one payment of \$48,480.86 to be paid in annual payments, including interest. The term of the note is from 2013-2018.

During the year ended September 30, 2013, the County entered into a note payable in the amount of \$206,500 for the purchase of a Caterpillar Motor Grader. Interest is at a fixed rate of 2.5%. The County will make four payments of \$44,494.68 and one payment of \$44,494.67 to be paid in annual payments, including interest. The term of the note is from 2013 to 2018.

During the year ended September 30, 2016, the County entered into a note payable in the amount of \$209,000 for the purchase of a John Deere 670G Motor Grader. Interest is at a fixed rate of 2.5%. The County will make five payments of \$44,245.27 to be paid in annual payments, including interest. The term of the note is from 2016-2020.

All notes payable were retired during the year ended September 30, 2018, and there are no future year requirements for notes payable.

Bonds Payable. In April 2006, the County issued Certificates of Obligation in the amount of \$800,000 for paying all or a portion of the county's contractual obligations in connection with making renovations and additions to the Nolan County Coliseum, and to pay legal, fiscal and engineering fees in connection with that project.

During the year ended September 30, 2013, the County issued General Obligation Bonds in the amount of \$15,210,000. The bonds are direct obligations of the County, payable from a continuing annual ad valorem tax levied on all taxable property within the County, within the limits prescribed by law.

The proceeds from the sale of the bonds were used for construction and equipping a new county jail and sheriff's department, including land located west of the City of Sweetwater, renovation and remediating the courthouse façade, and payment of professional services and cost of issuance related thereto.

During the year ended September 30, 2017, the County issued refunding bonds of \$3,058,000 General Obligation Refunding Bonds, Series 2016 for the purpose of refunding \$3,000,000 of Tax Notes, Series 2016, in order to lower the overall debt service requirements of the County and to pay costs associated with the issuance of the bonds.

In regard to this issue, the District recognized cash flow savings of \$245,680 and an economic gain of \$14,871 with an effective interest rate of 2.29%.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 5: LONG TERM OBLIGATIONS – continued

The following are Certificates of Obligation bond issues outstanding at September 30, 2018:

| | Interest Rate | Date of Issue | Date of Maturity | Bonds Outstanding |
|---------------------|------------------|------------------|---------------------|----------------------|
| GO Bond Series 2012 | 2-3% | 2012 | 2028 | \$ 6,780,000 |
| GO Bond Series 2013 | 2-3% | 2013 | 2028 | 4,095,000 |
| GO Refunding 2016 | 3% | 2017 | 2031 | 2,712,000 |

Debt service requirements are as follows:

| Year Ended September 30 | Total Principle | Total Interest | Total Requirement |
|----------------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 1,138,000 | \$ 355,415 | \$ 1,493,415 |
| 2020 | 1,168,000 | 330,600 | 1,498,600 |
| 2021 | 1,194,000 | 305,170 | 1,499,170 |
| 2022 | 1,220,000 | 279,160 | 1,499,160 |
| 2023 | 1,260,000 | 247,110 | 1,507,110 |
| 2024-2028 | 6,884,000 | 636,750 | 7,520,750 |
| 2029-2031 | 723,000 | 32,955 | 755,955 |
| Total | \$ <u>13,587,000</u> | \$ <u>2,187,160</u> | \$ <u>15,774,160</u> |

Changes in long-term obligations. Long-term debt activity for the year ended September 30, 2018, was as follows:

| | Balance Oct. 1, 2017 | Additions | Retirements | Balance Sept 30, 2018 | Due Within One Year |
|------------------------------------|-------------------------|-----------------|---------------------|--------------------------|------------------------|
| Governmental Activities | | | | | |
| General obligation bonds | \$ 14,705,000 | \$ - | \$ 1,118,000 | \$ 13,587,000 | \$ 1,138,000 |
| Notes payable | 216,579 | - | 216,579 | - | - |
| Bond premium | 544,383 | - | 54,438 | 489,945 | - |
| Total bonds and notes payable | \$ 15,465,962 | \$ - | \$ 1,389,017 | \$ 14,076,945 | \$ 1,138,000 |
| Other Long-term Liabilities | | | | | |
| Net pension liability | 2,388,469 | - | 1,067,403 | 1,321,066 | - |
| Compensated absences | 86,688 | 4,817 | - | 91,505 | - |
| Total long-term obligations | \$ <u>17,941,119</u> | \$ <u>4,817</u> | \$ <u>2,456,420</u> | \$ <u>15,489,516</u> | \$ <u>1,138,000</u> |

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 6: RETIREMENT PLAN

Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 738 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of employment but must leave their accumulated contributions in the plan to receive any employer-financed benefits.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLA's. Ad hoc post-employment benefit changes, including ad hoc COLA's, can be granted by the County Commissioners within certain guidelines.

Membership

County membership in the TCDRS plan at December 31, 2017 consisted of the following:

| | |
|---|-----------|
| Inactive Employees Receiving Benefits | 79 |
| Inactive Employees Not Yet Receiving Benefits | <u>47</u> |
| Current Employee's Accounts | 126 |
| Active Employee Accounts | 117 |

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the county is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

The rate the County contributed for the months of the accounting year in 2016 and 2017 were:

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 6: RETIREMENT PLAN - continued

| Contribution Rates and Amounts | | |
|--------------------------------|------------|---------|
| | 2016 | 2017 |
| Member | 7.0% | 7.0% |
| Employer | 10.12% | 10.19% |
| Member Contributions | \$ 326,416 | 330,051 |
| Employer Contributions | \$ 515,270 | 477,157 |

Actuarial Assumptions

The total pension liability at December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-------------------------------|--|
| Valuation Timing | Actuarially determined contributions 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: | Straight line amortization over Expected Working Life |
| Remaining Amortization Period | 12.5 years |
| Asset Valuation Method | 5 year smoothed market |
| Discount Rate | 8.10% |
| Inflation | 2.75% |
| Salary Increases | 4.90% average |
| Investment Rate of Return | 8.10% |
| Payroll Growth Rate | 3.25% |

Except for the mortality assumptions, the actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2009-2012. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2013 and the first December 31, 2013 actuarial valuation. The mortality assumptions were developed by Milliman, Inc. and adopted by the TCDRS Board of Trustees in 2015, and first used in the December 31, 2015 actuarial valuation.

There were no changes in assumptions reflected in the December 31, 2017 actuarial valuation, but there were changes in methods.

The asset valuation method for the December 31, 2016 actuarial valuation is to smooth each year's actuarial investment gains and losses. First, to the extent that there is a loss for the year and there are unrecognized gains from previous years, or to the extent that there is a gain for the year and there are unrecognized losses from previous years, the gain or loss for the year shall be used to offset unrecognized gains or losses from previous years in order of the oldest to most recent. Any remaining gain or loss for the year is recognized over a five-year period. For the prior valuation, there was no offsetting of unrecognized gains and unrecognized losses, and all asset gains and losses for a year were recognized over a five-year period.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 6: RETIREMENT PLAN - continued

There was also a change in how extra plan contributions are treated effective with December 31, 2016 actuarial valuation. For the current valuation, if extra lump-sum contributions are made to a plan during the year, the extra contributions are used to offset the unfunded actuarial accrued liability increase, if any, related to plan changes elected during the current year. Extra contributions over the required amount due to an elected rate and any remaining lump-sum contribution amounts are then used to pay down existing loss bases, in the order of the oldest to the most recent. For the prior valuation, extra contributions were first used to offset increases to the unfunded actuarial accrued liability, if any, related to plan changes elected during the year. Any remaining extra contributions were then incorporated into the actuarial gains or losses for the current year.

Discount Rate

The discount rate used to measure the total pension asset was 8.10%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our 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 TCRDS 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 cost-of-living adjustment 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 year, the discount rate for purposes of calculating the total pension liability and net pension liability 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. 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 8.0%, net of all expenses, increased by .10% to be gross of administrative expenses.

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’s investment consultant, Cliffwater LLC. The numbers shown are based on January 2017 information for a 7-10 year time horizon.

Note that the valuation assumptions for long-term expected return is re-assessed at a minimum of every four years, and is based on a 30-year time horizon; the most recent analysis was performed in 2013. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

NOLAN COUNTY, TEXAS
Notes to Financial Statements
September 30, 2018

NOTE 6: RETIREMENT PLAN - continued

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

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

At September 30, 2018, the County reported a net pension liability of \$1,321,066 measured at December 31, 2017. For the year ended September 30, 2018 the County recognized pension expense of \$619,631.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There changes in plan provisions that are reflected in the December 31, 2016 actuarial valuation. State legislation passed in 2015 and effective January 1, 2017, alters fund accounting related to annuitants. Note that these changes do not impact benefit amounts but do affect the actuarial valuation.

Prior to the 2015 legislation, when a member retired, the member's account balance in the ESF plus an equal amount from the employer's subdivision accumulations fund (SAF) account was transferred to the current service annuity reserve fund (CSARF), a system-wide fund. This transfer funded a portion of the retiree's monthly benefit being paid from the employer's SAF account.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 6: RETIREMENT PLAN - continued

The 2015 legislation changed this structure. Effective with 2017 retirements, there is no transfer of funds to the CSARF at retirement. Instead the member's account balance in the employees saving fund (ESF) is transferred to employer's SAF at retirement. Also effective January 1, 2017, each employer received a percentage of the total January 2, 2017 CSARF balance. This percentage was equal to the CSARF liabilities related to retirements from each employer divided by the total CSARF liabilities for the system as a whole, determined using the assumptions and methods previously described. Subsequently, all monthly benefit payments for each employer's retirees are paid from that employer's SAF account. These changes were reflected in the December 31, 2016 actuarial valuation.

Changes in the net pension liability for the County year ended December 31, 2017 are as follows:

| Changes in Net Pension Liability/(Asset) | Increase (Decrease) | | |
|--|-----------------------------|----------------------------|---|
| | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability/(Asset) (a) – (b) |
| Balance at December 31, 2016 | 19,107,719 | 16,719,250 | 2,388,469 |
| Changes for the year: | | | |
| Service Cost | 607,981 | | 607,981 |
| Interest on total pension liability | 1,552,529 | | 1,552,529 |
| Effect of plan changes | | | |
| Effect of economic/demographic gains or losses | (137,976) | | (137,976) |
| Effect of assumptions changes or inputs | 135,863 | | 135,863 |
| Refund of contributions | (72,186) | (72,186) | |
| Benefit payments | (1,046,974) | (1,046,974) | |
| Administrative expenses | | (12,520) | 12,520 |
| Member contributions | | 330,051 | (330,051) |
| Net investment income | | 2,435,409 | (2,435,409) |
| Employer contributions | | 477,157 | (477,157) |
| Other | | (4,297) | 4,297 |
| Balances as of December 31, 2017 | \$ 20,146,956 | \$ 18,825,890 | \$ 1,321,066 |

Discount Rate Sensitivity Analysis

The following presents the net pension liability/(asset) of the County calculated using the discount rate of 8.10%, as well as what the County's combined 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 in Discount Rate (7.10%) | Discount Rate (8.10%) | 1% Increase in Discount Rate (9.100%) |
|-------------------------------|--------------------------------------|-----------------------|---------------------------------------|
| Total Pension Liability | \$ 22,468,369 | \$ 20,146,956 | \$ 18,161,315 |
| Fiduciary Net Position | 18,825,890 | 18,825,890 | 18,825,890 |
| Net Pension Liability/(Asset) | \$ 3,642,479 | \$ 1,321,066 | \$ (664,575) |

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 6: RETIREMENT PLAN - continued

At December 31, 2017, the County reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual economic experience | \$ 4,607 | \$ 140,270 |
| Changes in actuarial assumptions | \$ 157,382 | |
| Difference between projected and actual investment earnings | 564,432 | 875,365 |
| Contributions subsequent to the measurement date | 308,426 | |
| Total | \$ 1,034,847 | \$ 1,015,635 |

\$308,426 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31: | |
|-------------------------|---------------------|
| 2018 | \$ 91,708 |
| 2019 | 36,781 |
| 2020 | (198,861) |
| 2021 | (218,842) |
| Thereafter | 0 |
| | \$ (289,214) |

NOTE 7: RISK MANAGEMENT

The County is exposed to various risks of loss related to group health coverage and torts (theft of, damage of assets; errors and omission; injuries to employee; and natural disasters).

Commercial insurance is purchased to cover liabilities associated with risks associated with torts whenever possible. There were no significant changes in coverage, retention, or limits during the year.

NOTE 8: FINANCIAL INSTRUMENTS

The County has estimated that the fair value of all financial instruments (none of which is held for trading purposes) at September 30, 2018, does not differ materially from their aggregate carrying values recorded in the accompanying statement of financial position. The estimate is based on the assumption that fair value approximates carrying values due to short initial maturities. Financial instruments consist of cash, accounts receivables, prepaid expenses, accounts payable, and payroll liabilities.

NOLAN COUNTY, TEXAS

Notes to Financial Statements

September 30, 2018

NOTE 9: COMMITMENTS AND CONTINGENCIES

Contingencies. The County participates in numerous grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds and any money received may be required and collectability of any related receivable at September 30, 2018 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Litigation. The County Attorney has indicated that there are various lawsuits filed and pending against the County, but in the County's opinion, none will result in a material effect on the County's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

NOLAN COUNTY, TEXAS
General Fund
Budgetary Comparison Schedule
For the year ended September 30, 2018

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------|----------------------|----------------------|---|
| | <u>Original</u> | <u>Amended</u> | | |
| REVENUES: | | | | |
| Property taxes | \$ 7,681,967 | \$ 7,681,967 | \$ 7,794,990 | \$ 113,023 |
| Other taxes | 88,000 | 88,000 | 104,608 | 16,608 |
| Licenses and permits | 52,000 | 52,000 | 61,065 | 9,065 |
| Intergovernmental | 259,533 | 242,533 | 277,003 | 34,470 |
| Fines and fees | 689,500 | 689,500 | 850,702 | 161,202 |
| Investment earnings | 60,000 | 60,000 | 239,706 | 179,706 |
| Rent and royalties | 14,420 | 14,420 | 15,186 | 766 |
| Other revenue | <u>114,500</u> | <u>131,500</u> | <u>295,982</u> | <u>164,482</u> |
| Total Revenues | <u>8,959,920</u> | <u>8,959,920</u> | <u>9,639,242</u> | <u>679,322</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,882,789 | 1,620,960 | 1,493,696 | 127,264 |
| Judicial | 1,306,418 | 1,471,139 | 1,352,315 | 118,824 |
| Legal | 438,445 | 438,445 | 409,695 | 28,750 |
| Financial administration | 586,109 | 587,009 | 539,170 | 47,839 |
| Public facilities | 675,943 | 690,943 | 626,879 | 64,064 |
| Public safety | 2,827,926 | 2,801,789 | 2,789,236 | 12,553 |
| Health and welfare | 671,000 | 812,374 | 800,874 | 11,500 |
| Extension service | 139,227 | 139,227 | 107,890 | 31,337 |
| Capital outlay | 340,000 | 641,569 | 809,419 | (167,850) |
| Intergovernmental | <u>206,972</u> | <u>206,972</u> | <u>197,610</u> | <u>9,362</u> |
| Total Expenditures | <u>9,074,829</u> | <u>9,410,427</u> | <u>9,126,784</u> | <u>283,643</u> |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES | (114,909) | (450,507) | 512,458 | 962,965 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in (out) | (10,000) | (10,000) | (10,000) | |
| Proceeds from sale of property | | | 8,095 | 8,095 |
| Total Other Financing Sources (Uses) | <u>(10,000)</u> | <u>(10,000)</u> | <u>(1,905)</u> | <u>8,095</u> |
| CHANGE IN FUND BALANCE | (124,909) | (460,507) | 510,553 | 971,060 |
| FUND BALANCE - BEGINNING OF YEAR | <u>10,848,435</u> | <u>10,848,435</u> | <u>10,848,435</u> | |
| FUND BALANCE - END OF YEAR | <u>\$ 10,723,526</u> | <u>\$ 10,387,928</u> | <u>\$ 11,358,988</u> | <u>\$ 971,060</u> |

NOLAN COUNTY, TEXAS
Farm to Market Fund
Budgetary Comparison Schedule
For the year ended September 30, 2018

| | <u>Budget</u> | | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--------------------------------------|---------------------|---------------------|---------------------|--|
| | <u>Original</u> | <u>Amended</u> | | |
| REVENUES: | | | | |
| Property taxes | \$ 1,832,806 | \$ 1,832,806 | \$ 1,857,236 | \$ 24,430 |
| Licenses and permits | 350,000 | 350,000 | 350,900 | 900 |
| Intergovernmental revenue and grants | 55,000 | 232,000 | 66,316 | (165,684) |
| Fines and fees | 137,000 | 137,000 | 130,375 | (6,625) |
| Investment earnings | 7,500 | 7,500 | 41,319 | 33,819 |
| Other revenue | <u>1,000</u> | <u>1,000</u> | <u>9,452</u> | <u>8,452</u> |
| Total Revenues | <u>2,383,306</u> | <u>2,560,306</u> | <u>2,455,598</u> | <u>(104,708)</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| Farm to market | 2,031,903 | 2,207,836 | 1,764,054 | 443,782 |
| Debt service | | | | |
| Debt principal | 216,579 | 216,579 | 216,579 | |
| Interest expense | 5,798 | 5,798 | 5,798 | |
| Capital outlay | <u>127,623</u> | <u>127,790</u> | <u>122,748</u> | <u>5,042</u> |
| Total Expenditures | <u>2,381,903</u> | <u>2,558,003</u> | <u>2,109,179</u> | <u>448,824</u> |
| CHANGE IN FUND BALANCE | 1,403 | 2,303 | 346,419 | 344,116 |
| FUND BALANCE - BEGINNING OF YEAR | <u>1,508,153</u> | <u>1,508,153</u> | <u>1,508,153</u> | |
| FUND BALANCE - END OF YEAR | <u>\$ 1,509,556</u> | <u>\$ 1,510,456</u> | <u>\$ 1,854,572</u> | <u>\$ 344,116</u> |

NOLAN COUNTY, TEXAS
Schedule of Employer Contributions
Texas County & District Retirement System
For Fiscal Year 2018

| Year Ending December 31, | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Pensionable Covered Payroll (1) | Actual Contribution as a Percentage of Covered Payroll |
|-------------------------------------|--|---|---|--|---|
| 2008 | \$ 263,499 | \$ 263,499 | \$ - | \$ 3,078,259 | 8.6% |
| 2009 | 298,627 | 298,627 | - | 3,484,560 | 8.6% |
| 2010 | 352,185 | 352,185 | - | 3,687,800 | 9.6% |
| 2011 | 357,874 | 357,874 | - | 3,827,515 | 9.4% |
| 2012 | 367,182 | 367,182 | - | 3,765,970 | 9.7% |
| 2013 | 396,873 | 396,873 | - | 3,883,264 | 10.2% |
| 2014 | 440,451 | 440,451 | - | 4,059,437 | 10.9% |
| 2015 | 481,086 | 481,147 | (61) | 4,401,516 | 10.9% |
| 2016 | 515,270 | 515,270 | - | 4,663,081 | 11.0% |
| 2017 | 477,157 | 477,157 | - | 4,715,021 | 10.1% |

NOLAN COUNTY, TEXAS
Notes to Schedule of Pension Contributions
For the Year Ended September 30, 2018

Net Pension Liability - Texas County & District Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

| | |
|---|---|
| Valuation date | Actuarially determined contributions rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported. |
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 12.5 years (based on contribution rate calculated in 12/31/2017 valuation) |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.75% |
| Salary increases | Varies by age and service. 4.9%, average over career, including inflation |
| Investment rate of return | 8.00%, net of administrative and investment expenses, including inflation |
| Retirement Age | Members who are eligible for service retirement age 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. |

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

NOLAN COUNTY, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
Texas County & District Retirement System
Years Ended December 31

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | |
| Service cost | \$ 481,148 | \$ 501,502 | \$ 591,084 | \$ 607,981 |
| Interest (on the Total Pension Liability) | 1,299,143 | 1,379,775 | 1,447,414 | 1,552,529 |
| Effect of plan changes | - | (75,868) | - | - |
| Effect of assumption changes or inputs | - | 221,937 | 9,215 | 135,863 |
| Effect of economic/demographic (gains)losses | 87,402 | (147,149) | (36,740) | (137,976) |
| Benefit payments, including refunds of employee contributions | <u>(894,249)</u> | <u>(1,015,794)</u> | <u>(982,435)</u> | <u>(1,119,160)</u> |
| Net Change in Total Pension Liability | 973,444 | 864,403 | 1,028,538 | 1,039,237 |
| Total Pension Liability - Beginning | <u>16,241,334</u> | <u>17,214,778</u> | <u>18,079,181</u> | <u>19,107,719</u> |
| Total Pension Liability - Ending (a) | <u>\$ 17,214,778</u> | <u>\$ 18,079,181</u> | <u>\$ 19,107,719</u> | <u>\$ 20,146,956</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - Employer | \$ 440,451 | \$ 481,147 | \$ 515,270 | \$ 477,157 |
| Contributions - Employee | 284,161 | 308,106 | 326,416 | 330,051 |
| Net Investment Income | 1,034,882 | 119,480 | 1,166,505 | 2,435,409 |
| Benefit payments, including refunds of employee contributions | (894,249) | (1,015,794) | (1,019,175) | (1,119,160) |
| Administrative Expense | (11,850) | (11,365) | (12,687) | (12,520) |
| Other | <u>13,866</u> | <u>79,880</u> | <u>(34,395)</u> | <u>(4,297)</u> |
| Net Change in Plan Fiduciary Net Position | 867,261 | (38,546) | 941,934 | 2,106,640 |
| Plan Fiduciary Net Position - Beginning | <u>14,948,601</u> | <u>15,815,862</u> | <u>15,777,316</u> | <u>16,719,250</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 15,815,862</u> | <u>\$ 15,777,316</u> | <u>\$ 16,719,250</u> | <u>\$ 18,825,890</u> |
| Net Pension Liability - Ending (a)-(b) | <u>\$ 1,398,916</u> | <u>\$ 2,301,865</u> | <u>\$ 2,388,469</u> | <u>\$ 1,321,066</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 91.87% | 87.27% | 87.50% | 93.44% |
| Covered Employee Payroll | \$ 4,059,437 | \$ 4,401,516 | \$ 4,663,081 | \$ 4,715,021 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 34.46% | 52.30% | 51.22% | 28.02% |

OTHER SUPPLEMENTARY INFORMATION

NOLAN COUNTY, TEXAS
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2018

| | <u>Jury Fund</u> | <u>Law Library Fund</u> | <u>Hot Check Fund</u> | <u>D.A.R.E Fund</u> |
|------------------------------------|----------------------|---------------------------------|-------------------------------|-------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 13,064 | \$ 11,412 | \$ 12,542 | \$ 79 |
| Other receivables (net) | | 20 | | |
| Restricted assets | | | | |
| Cash and equivalents | | | | |
| Total Assets | <u>\$ 13,064</u> | <u>\$ 11,432</u> | <u>\$ 12,542</u> | <u>\$ 79</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ _____ | \$ 877 | \$ _____ | \$ _____ |
| Total Liabilities | | <u>877</u> | | |
| FUND BALANCES | | | | |
| Restricted fund balances | | | | |
| Assigned fund balance | <u>13,064</u> | <u>10,555</u> | <u>12,542</u> | <u>79</u> |
| Total Fund Balance | <u>13,064</u> | <u>10,555</u> | <u>12,542</u> | <u>79</u> |
| Total Liabilities and Fund Balance | <u>\$ 13,064</u> | <u>\$ 11,432</u> | <u>\$ 12,542</u> | <u>\$ 79</u> |

| <u>County Records Management</u> | <u>County Clerk Records Management</u> | <u>District Clerk Records Management</u> | <u>Courthouse Security Fund</u> | <u>County Technology Fund</u> | <u>District Attorney Forfeiture Fund</u> |
|--|--|--|---|---------------------------------------|--|
| \$ 5 | \$ 10 | \$ | \$ 100 | \$ 95 | \$ |
| <u>16,258</u> | <u>206,453</u> | <u>25,017</u> | <u>100,823</u> | <u>85,609</u> | <u>83,966</u> |
| <u>\$ 16,263</u> | <u>\$ 206,463</u> | <u>\$ 25,017</u> | <u>\$ 100,923</u> | <u>\$ 85,704</u> | <u>\$ 83,966</u> |
| \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| <u>16,263</u> | <u>206,463</u> | <u>25,017</u> | <u>100,923</u> | <u>85,704</u> | <u>83,966</u> |
| <u>16,263</u> | <u>206,463</u> | <u>25,017</u> | <u>100,923</u> | <u>85,704</u> | <u>83,966</u> |
| <u>\$ 16,263</u> | <u>\$ 206,463</u> | <u>\$ 25,017</u> | <u>\$ 100,923</u> | <u>\$ 85,704</u> | <u>\$ 83,966</u> |

NOLAN COUNTY, TEXAS
Nonmajor Governmental Funds
 Combining Balance Sheet
 September 30, 2018

| | <u>District Attorney Federal Forfeiture fund</u> | <u>Sheriff Forfeiture Fund</u> | <u>Sheriff Federal Forfeiture Fund</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|------------------------------------|--|--|--|---|
| ASSETS | | | | |
| Cash and cash investments | \$ | \$ | \$ | \$ 37,097 |
| Other receivables (net) | | | | 230 |
| Restricted assets | | | | |
| Cash and equivalents | <u>28,930</u> | <u>2,715</u> | <u>20</u> | <u>549,791</u> |
| Total Assets | <u>\$ 28,930</u> | <u>\$ 2,715</u> | <u>\$ 20</u> | <u>\$ 587,118</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ _____ | \$ _____ | \$ _____ | \$ _____ 877 |
| Total Liabilities | _____ | _____ | _____ | _____ 877 |
| FUND BALANCES | | | | |
| Restricted fund balances | 28,930 | 2,715 | 20 | 550,001 |
| Assigned fund balance | _____ | _____ | _____ | _____ 36,240 |
| Total Fund Balance | <u>28,930</u> | <u>2,715</u> | <u>20</u> | <u>586,241</u> |
| Total Liabilities and Fund Balance | <u>\$ 28,930</u> | <u>\$ 2,715</u> | <u>\$ 20</u> | <u>\$ 587,118</u> |

NOLAN COUNTY, TEXAS
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the year ended September 30, 2018

| | Jury Fund | Law Library Fund | Hot Check Fund | D.A.R.E Fund |
|---|--------------|------------------------|----------------------|-----------------|
| REVENUES: | | | | |
| Fines and Fees | \$ 1,040 | \$ 4,960 | \$ 8,396 | \$ |
| Investment earnings | 184 | | | |
| Other revenue | 5,712 | | | |
| Total Revenues | 6,936 | 4,960 | 8,396 | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | | | | |
| Judicial | 13,890 | 7,513 | | |
| Legal | | | 8,203 | |
| Public safety | | | | |
| Public facilities | | | | |
| Capital outlay | | | | |
| Total Expenditures | 13,890 | 7,513 | 8,203 | |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES | (6,954) | (2,553) | 193 | |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in (out) | 10,000 | | | |
| Total Other Financing Sources (Uses) | 10,000 | | | |
| NET CHANGE IN FUND BALANCE | 3,046 | (2,553) | 193 | |
| FUND BALANCE - BEGINNING | 10,018 | 13,108 | 12,349 | 79 |
| FUND BALANCE - ENDING | \$ 13,064 | \$ 10,555 | \$ 12,542 | \$ 79 |

| <u>County Records Management</u> | <u>County Clerk Records Management</u> | <u>District Clerk Records Management</u> | <u>Courthouse Security Fund</u> | <u>County Technology Fund</u> | <u>District Attorney Forfeiture Fund</u> |
|--|--|--|---|---------------------------------------|--|
| \$ 6,806 | \$ 58,428 3,186 | \$ 5,654 | \$ 18,215 | \$ 13,577 | \$ 15,795 1,453 |
| <u>6,806</u> | <u>61,614</u> | <u>5,654</u> | <u>18,215</u> | <u>13,577</u> | <u>17,248</u> |
| | 17,451 | 2,562 | 25,436 | | 16,391 |
| | | | 27,923 | 12,095 | |
| | <u>17,451</u> | <u>2,562</u> | <u>53,359</u> | <u>12,095</u> | <u>16,391</u> |
| 6,806 | 44,163 | 3,092 | (35,144) | 1,482 | 857 |
| <u>6,806</u> | <u>44,163</u> | <u>3,092</u> | <u>(35,144)</u> | <u>1,482</u> | <u>857</u> |
| <u>9,457</u> | <u>162,300</u> | <u>21,925</u> | <u>136,067</u> | <u>84,222</u> | <u>83,109</u> |
| <u>\$ 16,263</u> | <u>\$ 206,463</u> | <u>\$ 25,017</u> | <u>\$ 100,923</u> | <u>\$ 85,704</u> | <u>\$ 83,966</u> |

NOLAN COUNTY, TEXAS
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the year ended September 30, 2018

| | District Attorney Federal Forfeiture fund | Sheriff Forfeiture Fund | Sheriff Federal Forfeiture Fund | Total Nonmajor Special Revenue Funds |
|---|--|-------------------------------|---------------------------------------|---|
| REVENUES: | | | | |
| Fines and Fees | \$ | \$ | \$ | \$ 132,871 |
| Investment earnings | 507 | 64 | | 5,394 |
| Other miscellaneous | | | | 5,712 |
| Total Revenues | <u>507</u> | <u>64</u> | | <u>143,977</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | | | | 20,013 |
| Judicial | | | | 46,839 |
| Legal | 2,125 | | | 26,719 |
| Public safety | | 3,665 | | 15,760 |
| Public facilities | | | | |
| Capital outlay | | | | 27,923 |
| Total Expenditures | <u>2,125</u> | <u>3,665</u> | | <u>137,254</u> |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES | (1,618) | (3,601) | | 6,723 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | | | | 10,000 |
| Total Other Financing Sources (Uses) | | | | <u>10,000</u> |
| NET CHANGE IN FUND BALANCE | (1,618) | (3,601) | | 16,723 |
| FUND BALANCE - BEGINNING | <u>30,548</u> | <u>6,316</u> | <u>20</u> | <u>569,518</u> |
| FUND BALANCE - ENDING | <u>\$ 28,930</u> | <u>\$ 2,715</u> | <u>\$ 20</u> | <u>\$ 586,241</u> |

NOLAN COUNTY, TEXAS
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS

SEPTEMBER 30, 2018

| | Balance October 1, 2017 | Additions | Deductions | Balance September 30, 2018 |
|------------------------------------|-------------------------------|-------------------|-------------------|----------------------------------|
| UNCLAIMED MONEY | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 97 | \$ | \$ | \$ 97 |
| Total Assets | <u>\$ 97</u> | <u>\$</u> | <u>\$</u> | <u>\$ 97</u> |
| Liabilities: | | | | |
| Due to others | \$ 97 | \$ | \$ | \$ 97 |
| Total Liabilities | <u>\$ 97</u> | <u>\$</u> | <u>\$</u> | <u>\$ 97</u> |
| TRUST & AGENCY | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 89,450 | \$ 365,061 | \$ 340,903 | \$ 113,608 |
| Total Assets | <u>\$ 89,450</u> | <u>\$ 365,061</u> | <u>\$ 340,903</u> | <u>\$ 113,608</u> |
| Liabilities: | | | | |
| Due to others | \$ 89,450 | \$ 365,061 | \$ 340,903 | \$ 113,608 |
| Total Liabilities | <u>\$ 89,450</u> | <u>\$ 365,061</u> | <u>\$ 340,903</u> | <u>\$ 113,608</u> |
| RESTITUTION FUND | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 270,378 | \$ 83,100 | \$ 52,450 | \$ 301,028 |
| Total Assets | <u>\$ 270,378</u> | <u>\$ 83,100</u> | <u>\$ 52,450</u> | <u>\$ 301,028</u> |
| Liabilities: | | | | |
| Due to others | \$ 270,378 | \$ 83,100 | \$ 52,450 | \$ 301,028 |
| Total Liabilities | <u>\$ 270,378</u> | <u>\$ 83,100</u> | <u>\$ 52,450</u> | <u>\$ 301,028</u> |
| EXTRADITION FUND | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 19,199 | \$ 615 | \$ 2,925 | \$ 16,889 |
| Total Assets | <u>\$ 19,199</u> | <u>\$ 615</u> | <u>\$ 2,925</u> | <u>\$ 16,889</u> |
| Liabilities: | | | | |
| Due to others | \$ 19,199 | \$ 615 | \$ 2,925 | \$ 16,889 |
| Total Liabilities | <u>\$ 19,199</u> | <u>\$ 615</u> | <u>\$ 2,925</u> | <u>\$ 16,889</u> |
| DISTRICT ATTORNEY FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 51,197 | \$ 21,640 | \$ 18,377 | \$ 54,460 |
| Total Assets | <u>\$ 51,197</u> | <u>\$ 21,640</u> | <u>\$ 18,377</u> | <u>\$ 54,460</u> |
| Due to others | \$ 51,197 | \$ 21,640 | \$ 18,377 | \$ 54,460 |
| Total Liabilities | <u>\$ 51,197</u> | <u>\$ 21,640</u> | <u>\$ 18,377</u> | <u>\$ 54,460</u> |

NOLAN COUNTY, TEXAS
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS

SEPTEMBER 30, 2018

| | Balance October 1, 2017 | Additions | Deductions | Balance September 30, 2018 |
|---|-------------------------------|----------------------------|----------------------------|----------------------------------|
| SHERIFF FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 28,223 | \$ 350,023 | \$ 316,731 | \$ 61,515 |
| Total Assets | <u>\$ 28,223</u> | <u>\$ 350,023</u> | <u>\$ 316,731</u> | <u>\$ 61,515</u> |
| Liabilities: | | | | |
| Due to others | \$ 28,223 | \$ 350,023 | \$ 316,731 | \$ 61,515 |
| Total Liabilities | <u>\$ 28,223</u> | <u>\$ 350,023</u> | <u>\$ 316,731</u> | <u>\$ 61,515</u> |
| TAX ASSESSOR COLLECTOR FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 173,855 | \$ 3,151,491 | \$ 3,325,346 | \$ _____ |
| Total Assets | <u>\$ 173,855</u> | <u>\$ 3,151,491</u> | <u>\$ 3,325,346</u> | <u>\$ _____</u> |
| Liabilities: | | | | |
| Due to others | \$ 173,855 | \$ 3,151,491 | \$ 3,325,346 | \$ _____ |
| Total Liabilities | <u>\$ 173,855</u> | <u>\$ 3,151,491</u> | <u>\$ 3,325,346</u> | <u>\$ _____</u> |
| COUNTY COURT FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 73,855 | \$ 35,663 | \$ 13,449 | \$ 96,069 |
| Total Assets | <u>\$ 73,855</u> | <u>\$ 35,663</u> | <u>\$ 13,449</u> | <u>\$ 96,069</u> |
| Liabilities: | | | | |
| Due to others | \$ 73,855 | \$ 35,663 | \$ 13,449 | \$ 96,069 |
| Total Liabilities | <u>\$ 73,855</u> | <u>\$ 35,663</u> | <u>\$ 13,449</u> | <u>\$ 96,069</u> |
| DISTRICT CLERK FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 85,575 | \$ 125,461 | \$ 8,720 | \$ 202,316 |
| Total Assets | <u>\$ 85,575</u> | <u>\$ 125,461</u> | <u>\$ 8,720</u> | <u>\$ 202,316</u> |
| Liabilities: | | | | |
| Due to others | \$ 85,575 | \$ 125,461 | \$ 8,720 | \$ 202,316 |
| Total Liabilities | <u>\$ 85,575</u> | <u>\$ 125,461</u> | <u>\$ 8,720</u> | <u>\$ 202,316</u> |
| TOTAL ALL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 791,829 | \$ 4,133,054 | \$ 4,078,901 | \$ 845,982 |
| Total Assets | <u><u>\$ 791,829</u></u> | <u><u>\$ 4,133,054</u></u> | <u><u>\$ 4,078,901</u></u> | <u><u>\$ 845,982</u></u> |
| Liabilities: | | | | |
| Due to others | \$ 791,829 | \$ 4,133,054 | \$ 4,078,901 | \$ 845,982 |
| Total Liabilities | <u><u>\$ 791,829</u></u> | <u><u>\$ 4,133,054</u></u> | <u><u>\$ 4,078,901</u></u> | <u><u>\$ 845,982</u></u> |