

COUNTY OF COLEMAN

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019



RICHARD A. BOWMAN

Certified Public Accountant

**COUNTY OF COLEMAN
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the County Judge and County Commissioners
County of Coleman
Coleman, Texas

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the general fund of the County of Coleman, as of September 30, 2019, and the respective changes in financial position; and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 3 to 5 and 37 to 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 7, 2020, on my consideration of the County of Coleman's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Coleman's internal control over financial reporting and compliance.

Richard Bowman

Sweetwater, Texas
August 7, 2020

COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

In this section of the Annual Financial and Compliance Report, the management of County of Coleman, discuss and analyze the County's financial performance for the fiscal year ended September 30, 2019. Please read it in conjunction with the independent auditor's report on page 1, and the County's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The County's Net Position increased by \$315,036 as a result of this year's operations.
- The General Fund ended the year with a fund balance of \$1,265,510.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 11). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the County's operations in a more short-term manner, as well as what resources remain for future spending.

The notes to the financial statements (starting on page 23) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the County as a whole.

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

COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

THE COUNTY AS A WHOLE

The County's combined net position increased from a year ago – from \$3,657,692 to \$3,972,729 a total increase of \$315,036, compared to last year's increase of \$250,351. Looking at the net position and net expenses of governmental and business-type activities separately can give valuable information. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities.

Table 1 – Net Position

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 3,001,377	\$ 5,369,546
Capital Assets	10,130,869	8,373,535
Net Pension Asset	-	408,324
Deferred Outflows	949,760	470,578
Total assets and deferred outflows	<u>14,082,006</u>	<u>14,621,983</u>
Long Term Liabilities	8,592,758	9,017,668
Other Liabilities	723,121	1,060,993
Net Pension Liability	223,015	-
Deferred Inflows	570,383	442,815
Total liabilities and deferred inflows	<u>10,109,277</u>	<u>10,521,476</u>
Net position:		
Invested in capital assets, net of debt	1,084,803	1,658,614
Restricted	1,058,884	589,699
Unrestricted	1,829,042	1,409,379
Total net position	<u>\$ 3,972,729</u>	<u>\$ 3,657,692</u>

Table 2 – Changes in Net Position

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Revenues		
Charges for services	\$ 903,115	\$ 803,145
Operating grants and contributions	440,801	426,235
General Revenues:		
Property taxes – Maintenance and Operations	2,800,187	2,356,583
Property taxes – Roads and Bridges	1,129,108	1,010,547
Property taxes – Debt Service	587,136	579,079
Investment earnings	34,772	106,066
Miscellaneous	-	138,867
Total Revenues	<u>5,895,119</u>	<u>5,420,522</u>
Expenses:		
General Governmental	2,247,355	817,858
Roads and Bridges	1,091,845	1,689,239
Corrections	727,419	657,789
Judicial	445,942	465,211
Public Safety	521,463	827,070
Public Health and Welfare	228,883	241,975
Interest	317,176	471,029
Total Expenses	<u>5,580,083</u>	<u>5,170,171</u>
Increase in net position	<u>315,036</u>	<u>250,351</u>
Net position – beginning	3,657,693	3,407,341
Net position – ending	<u>\$ 3,972,729</u>	<u>\$ 3,657,693</u>

COUNTY OF COLEMAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2019, the County had \$12,217,451 invested in land, buildings, equipment, and fixtures. This amount represents a net increase of \$1,757,334 from last year after depreciation.

This year's major additions were:

Jail and Sheriff Office	\$ 2,213,324
Vehicles	37,745
Back Hoe	20,000

These additions were paid for from the general fund and the capital projects fund. The County's fiscal year 2019-20 capital budget does not call for additional expenditures for the completion of the building projects. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

For the year ended September 30, 2019, the County had \$8,530,000 in bonds outstanding versus \$8,785,000 last year. More detailed information about the County's bonded indebtedness is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many economic indicators were taken into account when adopting the General Fund budget for 2019-20. The County will use its revenues to finance programs it currently offers. Budgeted expenditures are expected to remain stable in 2019-20. The County has not added any major new programs or initiatives to the 2019-20 budget. If these estimates are realized the County's budgetary General Fund balance is expected to increase slightly by the close of 2020.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County of Coleman's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the County of Coleman, 100 West Live Oak Street, Coleman, Texas, 76834.

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Financial Section

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COUNTY OF COLEMAN
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash on Hand	\$ 650
Cash on Deposit - First Coleman National Bank	597,219
Cash on Deposit - Coleman Interbank Bond Fund	25,478
Cash on Deposit - Interest and Sinking Fund	90,833
Cash on Deposit - Texstar	524,317
Cash on Deposit - CD	1,305,560
Taxes Receivable, Net	407,170
Accounts Receivable, Net	50,150
Capital Assets:	
Buildings, Equipment and Fixtures Net	10,130,869
Total Assets	13,132,246
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	949,760
Total Deferred Outflows of Resources	949,760
LIABILITIES	
Accounts Payable	153,514
Payroll Taxes Payable	311
Deferred Compensation	84,000
Accrued Interest Payable	31,988
Bonds Payable - Current	260,000
Capital Leases Payable - Current	193,308
Noncurrent Liabilities:	
Bonds Payable - Noncurrent	8,592,758
Net Pension Liability	223,015
Total Liabilities	9,538,894
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	570,383
Total Deferred Inflows of Resources	570,383
NET POSITION	
Net Investment in Capital Assets	1,084,803
Restricted for:	
Restricted for Special Revenue Funds	448,285
Restricted for Capital Acquisition	549,795
Restricted for Debt Service	60,804
Unrestricted	1,829,042
Total Net Position	\$ 3,972,729

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

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

EXHIBIT B-1

Net (Expense)
Revenue and
Changes in Net
Position

Primary Gov.
Governmental
Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

	Expenses	Charges for Services	Operating Grants and Contributions	
General Government	\$ 2,084,704	\$ 725,606	\$ 291,040	\$ (1,068,058)
Judicial	445,942	-	149,761	(296,181)
Elections	81,553	-	-	(81,553)
Public Safety	521,463	125,027	-	(396,436)
Fire Department	12,927	-	-	(12,927)
Corrections	727,419	21,963	-	(705,456)
Protective Inspections	10,050	7,045	-	(3,005)
Highways and Streets	182,755	-	-	(182,755)
Health and Welfare	228,883	2,984	-	(225,899)
Culture and Recreation	16,000	-	-	(16,000)
Precinct 1	256,997	-	-	(256,997)
Precinct 2	221,843	10,245	-	(211,598)
Precinct 3	226,253	-	-	(226,253)
Precinct 4	203,997	10,245	-	(193,752)
Interest on Debt	317,176	-	-	(317,176)
Capital Outlay	42,121	-	-	(42,121)
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,580,083</u>	<u>\$ 903,115</u>	<u>\$ 440,801</u>	<u>(4,236,167)</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	2,800,187
Property Taxes, Levied for Debt Service	587,136
Property Tax Levied for Road and Bridge	1,129,108
Interest Income	34,772
Total General Revenues	<u>4,551,203</u>

Change in Net Position 315,036

Net Position-- Beginning 3,657,693

Net Position - Ending \$ 3,972,729

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

COUNTY OF COLEMAN
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Road and Bridge Fund	Debt Service Fund
ASSETS			
Cash on Hand	\$ 650	\$ -	\$ -
Cash on Deposit - First Coleman National Bank	147,575	294,698	1
Cash on Deposit - Coleman Interbank Bond Fund	-	-	-
Cash on Deposit - Interest and Sinking Fund	-	-	90,833
Cash on Deposit - Texstar	-	-	-
Cash on Deposit - CD	1,235,605	69,955	-
Taxes Receivable	313,804	113,724	24,882
Allowance for Uncollectible Taxes (credit)	(31,380)	(11,372)	(2,488)
Accounts Receivable, Net	32,547	10,816	1,958
Total Assets	<u>\$ 1,698,801</u>	<u>\$ 477,821</u>	<u>\$ 115,186</u>
LIABILITIES			
Accounts Payable	\$ 66,556	\$ 86,958	\$ -
Payroll Taxes Payable	311	-	-
Deferred Compensation	84,000	-	-
Accrued Interest Payable	-	-	31,988
Total Liabilities	<u>150,867</u>	<u>86,958</u>	<u>31,988</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	282,424	102,352	22,394
Total Deferred Inflows of Resources	<u>282,424</u>	<u>102,352</u>	<u>22,394</u>
FUND BALANCES			
Restricted for Special Revenue Funds	-	-	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	60,804
Committed for Special Revenue Funds	-	288,511	-
Fund Balance	1,265,510	-	-
Total Fund Balances	<u>1,265,510</u>	<u>288,511</u>	<u>60,804</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,698,801</u>	<u>\$ 477,821</u>	<u>\$ 115,186</u>

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

Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 650
-	154,945	597,219
25,478	-	25,478
-	-	90,833
524,317	-	524,317
-	-	1,305,560
-	-	452,410
-	-	(45,240)
-	4,829	50,150
<u>\$ 549,795</u>	<u>\$ 159,774</u>	<u>\$ 3,001,377</u>
\$ -	\$ -	\$ 153,514
-	-	311
-	-	84,000
-	-	31,988
<u>-</u>	<u>-</u>	<u>269,813</u>
-	-	407,170
<u>-</u>	<u>-</u>	<u>407,170</u>
-	74,004	74,004
549,795	-	549,795
-	-	60,804
-	85,770	374,281
-	-	1,265,510
<u>549,795</u>	<u>159,774</u>	<u>2,324,394</u>
<u>\$ 549,795</u>	<u>\$ 159,774</u>	<u>\$ 3,001,377</u>

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

Total Fund Balances - Governmental Funds	\$	2,324,394
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.		(1,021,156)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.		2,619,695
Entries to record TCDRS Pension plan liability, deferred Outflow and Deferred Inflow this fiscal year required that the County report these items in the Government Wide Statement of Net Position. The items reported as a result of this included a net pension liability of \$223,015, a Deferred Resource Inflow of \$570,383 and a Deferred Resource Outflow of \$949,760. The net effect of these was to increase the ending net position by \$156,362.		156,362
The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(476,307)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenue as revenue. The net effect of these reclassifications and recognitions is to increase net position.		407,170
The entry to remove equipment that has been disposed of reduces the net assets		(37,429)
Net Position of Governmental Activities	\$	<u>3,972,729</u>

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

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

	General Fund	Road and Bridge Fund	Debt Service Fund
REVENUES:			
Taxes	\$ 2,673,009	\$ 1,125,047	\$ 572,444
Fees	206,424	438,153	-
Fines	64,826	-	-
Intergovernmental	152,510	25,570	-
Investment Earnings	6,497	768	-
Other Revenue	289,320	80,654	-
Total Revenues	3,392,586	1,670,192	572,444
EXPENDITURES:			
Current:			
General Government	1,371,533	570,809	40
Judicial	402,846	-	-
Elections	81,553	-	-
Public Safety	455,164	-	-
Fire Department	12,927	-	-
Corrections	441,195	-	-
Protective Inspections	10,050	-	-
Health and Welfare	208,091	10,000	-
Culture and Recreation	16,000	-	-
Precinct 1	-	223,707	-
Precinct 2	-	207,021	-
Precinct 3	-	211,448	-
Precinct 4	-	173,566	-
Debt Service:			
Principal on Debt	-	92,086	255,000
Interest on Debt	-	21,565	297,150
Capital Outlay:			
Capital Outlay	52,289	20,000	-
Total Expenditures	3,051,648	1,530,202	552,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	340,938	139,990	20,254
OTHER FINANCING SOURCES (USES):			
Transfers In	11,151	38,854	-
Transfers Out	(50,842)	(10,502)	-
Total Other Financing Sources (Uses)	(39,691)	28,352	-
Net Change in Fund Balances	301,247	168,342	20,254
Fund Balance - October 1 (Beginning)	964,263	120,169	40,550
Fund Balance - September 30 (Ending)	\$ 1,265,510	\$ 288,511	\$ 60,804

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

Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,370,500
-	59,915	704,492
-	-	64,826
-	2,990	181,070
27,507	-	34,772
-	23,554	393,528
<u>27,507</u>	<u>86,459</u>	<u>5,749,188</u>
-	24,463	1,966,845
-	5,836	408,682
-	-	81,553
-	-	455,164
-	-	12,927
-	-	441,195
-	-	10,050
-	1,076	219,167
-	-	16,000
-	-	223,707
-	-	207,021
-	-	211,448
-	-	173,566
-	-	347,086
-	-	318,715
<u>2,225,424</u>	<u>15,478</u>	<u>2,313,191</u>
<u>2,225,424</u>	<u>46,853</u>	<u>7,406,317</u>
<u>(2,197,917)</u>	<u>39,606</u>	<u>(1,657,129)</u>
-	11,988	61,993
-	(649)	(61,993)
-	11,339	-
<u>(2,197,917)</u>	<u>50,945</u>	<u>(1,657,129)</u>
<u>2,747,712</u>	<u>108,829</u>	<u>3,981,523</u>
<u>\$ 549,795</u>	<u>\$ 159,774</u>	<u>\$ 2,324,394</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$	(1,657,129)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays and debt principal payments is to increase the change in net position.		2,619,695
The entries to record the pension liability, deferred inflows and deferred outflows of GASB 68 for this fiscal year did require that some expenses on B-1 be adjusted. The adjustment to the pension liability of \$631,339, the deferred outflows of \$479,182 and deferred inflows of \$127,568 resulted in the net effect on the change in net position on Exhibit B-1 is a decrease of \$279,725.		(279,725)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(476,307)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and recording the cost of equipment disposed of. The net effect of these reclassifications and recognitions is to decrease the change in net position.		108,502
Change in Net Position of Governmental Activities	\$	315,036

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

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COUNTY OF COLEMAN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	Agency Funds
<hr/>	
ASSETS	
Cash on Deposit - First Coleman National Bank	\$ 512,493
Total Assets	<u>\$ 512,493</u>
LIABILITIES	
Due to Others	\$ 512,493
Total Liabilities	<u>\$ 512,493</u>

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

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COUNTY OF COLEMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

The County of Coleman (the “County”) operates under a commissioner-judge form of government and provides the following services: public safety, road and bridge corrections, health and welfare, and general administrative services.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units except for establishing an allowance for uncollectible receivables. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the governments accounting policies are described below.

B. Financial Reporting Entity

The County’s basic financial statements include the accounts of all the County departments.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the County. The effect of inter-fund activity, within the government, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the County’s funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

1. **General Fund** – The general fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Special Revenue Fund – Road and Bridge Fund** – The County accounts for the Road and Bridge accounts as a special revenue fund. Revenues and taxes collected for roads and bridge maintenance are restricted for those projects.
3. **Debt Service Fund** – The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
4. **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.

Additionally, the County reports the following fund type(s):

Governmental Funds:

Special Revenue Funds – The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund. Most federal and some state financial assistance are accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

COUNTY OF COLEMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Fiduciary Funds:

Agency Funds – These funds are used to report student activity funds held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation for the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are 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 judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County recorded deferred outflow of resources related to contributions made to the pension plan in the 2019 fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

E. Budgetary Control

As set forth in the County charter, the County Commissioners adopt an annual budget for the General Fund and the Road and Bridge Fund. The annual budget for these funds are prepared in accordance with the basis of accounting utilized by that fund. Amendments are made to these budgets as needed throughout the year.

F. Cash and Cash Equivalents

COUNTY OF COLEMAN, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
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The County’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition.

G. Restricted Assets

The unexpended bond proceeds of the Capital Projects Fund bonds issued by the County are classified as restricted assets for the Capital Projects Fund because their use is completely restricted to the purpose for which the bonds were originally issued. Debt Service and Road and Bridge Funds tax proceeds are classified as restricted because their use is completely restricted to the payment of bond debt and road and bridge maintenance.

County of Coleman Restricted Cash	
Governmental Activities	
Debt Service Fund	\$ 90,833
Capital Improvements Fund	524,317
Total Restricted Cash	<u>\$ 615,150</u>

H. Receivables

All receivables are reported at their gross value. Where appropriate, an allowance for uncollectible receivables is provided to reduce the receivable by the estimated portion that is expected to be uncollectible.

I. Capital Assets

Capital assets, which include property, plant equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$250,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 years
Water and Sewer System	30-50 years
Infrastructure	20-35 years
Machinery, Equipment & Vehicles	5-15 years
Improvements	10-40 years

J. Long-Term Obligations

In the government-wide financial statements, proprietary outstanding debts are reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period. Issuance costs are reported as expenditures.

K. Compensated Absences

The County allows permanent employees to accumulate vacation at a rate of 6.67 hours per month for employment during 3 months through 9 years employment, 10 hours per month for employment during 10 years through 19 years employment, and 13.33 hours per month for employment during 20 years or more. The maximum amount of unused vacation an employee shall be allowed to carryover at the end of the calendar year is the amount the employee would earn on one year at their current accrual rate (80 hours, 120 hours or 160 hours).

The County allows permanent employees to accumulate sick leave at a rate of 3.08 hours per pay period. Leave time is capped at 720 hours accumulation. Over three consecutive days may require a doctor’s statement. Termination or resignation will result in the forfeiture of accumulated leave. Therefore, there is no liability recorded for unpaid accumulated sick leave or vacation.

COUNTY OF COLEMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

L. Nature and Purpose of Reservations and Designations of Fund Equity

Proceeds of the certificates of obligation, as well as resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Restricted assets are also reported by the governmental fund for cash deposited in the bank account but restricted for specific uses of purchasing correctional facilities.

Net position flow assumption:

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

Fund balance flow assumptions:

Sometimes the County will fund outlays for a particular purpose from both the restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

M. Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

N. Property Tax Revenue Recognition

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they are imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the calendar year.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF COLEMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2. DEPOSITS AND INVESTMENTS:

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The County’s deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2019. At year-end the carrying amount of the County’s deposits was a balance of \$2,543,407 and the respective bank balances totaled \$2,574,740. Of the total bank balance, the Federal Depository Insurance Corporations (FDIC) covered \$500,000. The remainder was covered by collateral consisting of a FHLB Letter of Credit of \$3,750,000.

Investments – At September 30, 2019, the County held no investments.

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (“Act”), to adopt, implement, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity, the quality and capability of investment management, include a list of the types of authorized investments in which the investing entity’s funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the general purposes financial statements disclosed that in the areas of investment practices, management reports, and establish appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local policies.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. In compliance with the County’s Investment Policy, as of September 30, 2019, the County was not exposed to custodial credit risk because its deposits were all covered by depository insurance and collateralized by Coleman Interbank with government securities.

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2019, all of the County’s investments in certificates of deposits were with its depository bank. The certificates of deposit were completely covered by pledged securities as described in the preceding paragraph. The County also has funds in an investment pool account with Tex Star. These funds have their own security pledge.

Interest Rate Risk

The County’s investment policy limits its investment portfolio to maturities of one year or less as a means of limiting its exposure to fair value losses arising from fluctuating interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligations to the holder of the investment. This is measured by assignment of a rating by a nationally-recognized rating organization. The County’s investment in the Tex Star Investment Pool was rated AAA by Standard & Poor.

NOTE 3. RECEIVABLES:

Road and Bridge Fund accounts receivable at September 30, 2019, consisted of \$10,816 for fees from county departments and \$113,724 property taxes collections receivable with related allowance for doubtful accounts of \$11,372 for a total of \$113,168.

General Fund receivables at September 30, 2019, consisted of \$22,739 for services from the county departments and \$574 property tax collections receivable and \$313,804 property tax receivable, net of allowance for doubtful accounts, of \$31,380 for a total of \$305,737.

Debt Service Fund receivables at September 30, 2019, consisted of \$1,958 property taxes collections receivable and \$24,882 property tax receivable, net of allowance for doubtful accounts of \$2,488 for a total of \$24,352.

COUNTY OF COLEMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 4. PAYABLES:

Road and Bridge Fund accounts payable at September 30, 2019, consisted of \$86,957 payable to vendors.

General Fund payables at September 30, 2019, consisted of accounts payable to vendors of \$46,856, payable to other government entities of \$19,702, and state salary supplements paid in advance of \$84,000.

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2019, was as follows:

Governmental-type activities:

	<u>Balance</u> 10/01/2018	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 9/30/2019
Capital assets not being depreciated				
Land	\$ 56,105	\$ -	\$ -	\$ 56,105
Work in Progress				
Law Enforcement Center	6,397,794	2,213,325	8,611,119	-
Capital assets being depreciated				
General Road and Bridge	140,179	-	-	140,179
Precinct One	675,448	-	42,000	633,448
Precinct Two	649,799	20,000	8,000	661,799
Precinct Three	869,135	1,500	-	870,635
Precinct Four	764,868	-	129,048	635,820
Sheriff	215,445	36,245	-	251,690
Courthouse	336,329	-	53,310	283,019
911 Equipment	73,638	-	-	73,638
Law Enforcement Center	-	8,611,119	-	8,611,119
Totals capital assets being depreciated	<u>\$ 3,724,841</u>	<u>\$ 8,668,864</u>	<u>\$ 232,358</u>	<u>\$ 12,161,347</u>
Less: Accumulated Depreciation for:				
General Road and Bridge	\$ 83,510	\$ 7,622	\$ -	\$ 91,132
Precinct One	243,169	38,582	23,712	258,039
Precinct Two	386,963	37,843	8,000	416,806
Precinct Three	504,897	49,172	-	554,069
Precinct Four	236,205	49,536	111,999	173,742
Sheriff	144,655	33,552	-	178,207
Courthouse	158,601	16,184	51,218	123,567
911 Equipment	47,205	4,909	-	52,114
Law Enforcement Center	-	238,908	-	238,908
Total Accumulated Dep.	<u>\$ 1,805,205</u>	<u>\$ 476,307</u>	<u>\$ 194,929</u>	<u>\$ 2,086,585</u>
Capital Assets, Net	<u>\$ 8,373,535</u>			<u>\$ 10,130,867</u>

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

Governmental-type activities	
General Government	\$ 16,184
Road and Bridges	182,755
Law Enforcement Center	242,558
Public Health & Welfare	4,909
Public Safety	29,902
Total depreciation expense – governmental activities	<u>\$ 476,307</u>

COUNTY OF COLEMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 6. LONG-TERM DEBT:

At September 30, 2019, bonds payable consisted of the following issue:

Governmental-type:

\$9,055,000 General Obligation Bonds – series 2017, with interest rates from 3.0% to 3.25% were issued August 7, 2017 with a final maturity date of February 15, 2042. The outstanding balance at September 30, 2019 is \$8,530,000.

Capital leases payable with interest rates from 2.90% to 3.60% have an outstanding balance as of September 30, 2019 of 516,067. Final maturity of these leases is November 16, 2022.

Changes in Outstanding Debt –

Transactions for the year ended September 30, 2019, are summarized as follows:

Governmental-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Description</u>					
Series 2017 Bonds	\$ 8,785,000	\$ -	\$ 255,000	\$ 8,530,000	\$ 260,000
Capital Leases	609,691	-	93,625	516,067	193,308
Total Long Term Debt	<u>\$ 9,394,691</u>	<u>\$ -</u>	<u>\$ 348,625</u>	<u>\$ 9,046,067</u>	<u>\$ 453,308</u>

***Annual Requirements to Retire Debt Obligations-
Bonds Payable***

Year Ended September 30	Bond Obligations		Capital Lease Obligations		Total Requirements
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 260,000	\$ 257,438	\$ 193,308	\$ 16,298	\$ 727,044
2021	270,000	249,488	53,804	10,613	583,905
2022	275,000	241,313	159,508	6,980	682,801
2023	285,000	232,913	109,447	653	628,013
2024	295,000	224,213			519,213
2025-2029	1,610,000	980,738			2,590,738
2030-2034	1,870,000	720,488			2,590,488
2035-2039	2,180,000	416,213			2,596,213
2040-2042	1,485,000	152,369			1,637,369
Totals	8,530,000	3,475,173	516,067	34,544	12,555,784
Less Current Maturity	260,000		193,308		
Non-Current Portion	<u>\$ 8,270,000</u>		322,759		

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Capital Leases	Governmental	General
Bonds	Governmental	Debt Service

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the County is in compliance with all significant limitations and restrictions at September 30, 2019.

COUNTY OF COLEMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 7. PROPERTY TAX:

The County's property tax is levied and becomes a lien each October 1, on 100 percent of assessed value listed for all real and personal property located in the County as of the prior January 1. Assessed values are established by the Coleman County Central Appraisal District and certified by the Board of Review.

The County levied taxes at .5351 for the General Fund, .2366 for the Road and Bridge Fund and .1166 for the Debt Service Fund per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. Taxes are due on the levy date and are delinquent on January 31, following the October 1, levy date. Current tax collections for the year ended September 30, 2019 were 97.0% of the tax levy.

Property tax revenues are recognized when they become available. Available means collected within the current period and the amount expected to be collected soon after year-end to pay liabilities of the current period not to exceed 60 days. The amount of taxes collected in the balance of taxes receivable, net of allowance, is recorded as deferred revenue.

NOTE 8. EMPLOYEE RETIREMENT SYSTEM:

A. Plan Description

The County of Coleman participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the State of Texas and administered in accordance with the TCDRS Act, Subtitle G, Title 8, Texas Government Code (the TCDRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TCDRS Act places the general administration and management of the System with a six-member Board of trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TCDRS is not fiscally dependent on the State of Texas. TCDRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that may be obtained from TCDRS's website at www.TCDRS.com.

B. Benefits Provided

All full-and part-time non temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

TCDRS provides retirement, disability, and survivor benefits.

TCDRS is a savings-based plan. For the County's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 125%) and is then converted to an annuity.

Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	32
Active employees	<u>54</u>
Total	122

C. Contributions

The contribution rates for employees in TCDRS are 7% of employee gross earnings. Under the state law governing TCDRS, the contribution rate for each County is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

COUNTY OF COLEMAN, TEXAS
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The County of Coleman contributed 7% of employees annual gross earnings during the fiscal year. The contribution rates for the County of Coleman were 6.14% and 5.52% in calendar years 2018 and 2019, respectively. The County's contributions to TCDRS for the year ended September 30, 2019, were \$236,619, and were equal to the required contributions.

D. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	1.5%
Investment Rate of Return	8.10%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the RP-2014 Active Employee Mortality Table, with male rates multiplied by 90% and female rates multiplied by 90%. For disabled annuitants, the RP 2014 Disable Annuitant Mortality Tables are used with males rates multiplied by 130% and female rates multiplied by 115%.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TCDRS over a five year period of time to better reflect the system's long-term investment horizons and to keep employer contribution rates more stable. In addition, the board has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by the board. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels during a low point in a market cycle.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
U.S Equity	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equity	2.50%	5.70%
Int'l Equity- Developed Markets	10.00%	5.40%
Int'l Equity- Emerging Markets	7.00%	5.90%
Investment Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equity	2.00%	4.15%
Master Limited Partnerships	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	13.00%	3.90%

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF COLEMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2017	\$ 7,629,590	\$ 8,037,914	\$ (408,324)
Changes for the year:			
Service Cost	201,159		201,159
Interest on total pension liability	617,171		617,171
Effect of plan changes			
Effect of economic/demographic gains or losses	(117,988)		(117,988)
Effect of assumptions changes or inputs			
Refund of contributions	(16,861)	(16,861)	
Benefit payment	(414,243)	(414,243)	
Contributions - employer		112,560	(112,560)
Contributions - employee		128,324	(128,324)
Net investment income		(151,966)	151,966
Administrative expense		(6,165)	6,165
Other changes		(13,749)	13,749
Balance at 12/31/2018	<u>\$ 7,898,828</u>	<u>\$ 7,675,814</u>	<u>\$ 223,014</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's 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%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 8,692,217	\$ 7,898,829	\$ 7,208,529
Fiduciary net position	7,675,814	7,675,814	7,675,814
County's net pension liability/(asset)	<u>\$ 1,016,403</u>	<u>\$ 223,015</u>	<u>\$ (467,285)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the internet at www.TCDRS.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended September 30, 2019, the County recognized pension expense of \$236,619. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total Net Amounts per end of prior year measurement period	\$ 470,578	\$ 442,815
Less reversal of outflow from contributions made during prior year	(184,020)	127,568
Differences between expected and actual experience		-
Changes of assumptions	21,024	-
Net difference between projected and actual earnings	462,281	
County contributions made subsequent to the measurement date	179,897	-
Total	<u>\$ 949,760</u>	<u>\$ 570,383</u>

The \$179,897 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

COUNTY OF COLEMAN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Year ended September 30:	
2019	\$ 124,240
2020	38,087
2021	34,470
2022	158,940
2023	-
Thereafter	-

NOTE 9. TRANSFERS AND PAYMENTS:

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisition, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

NOTE 10. FUND BALANCE:

As of these financial statements, the County has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable from or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the County Charter, County Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by County Commissioners ordinance or resolution. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation

Assigned—Amounts that are designated by the County Judge for a specific purpose but are not spendable until a budget ordinance is passed by County Commissioners.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 12). Assigned funds are reduced to the extent that expenditure authority has been budgeted by council or the assignment has been changed by the Mayor. Decreases to fund balance first reduce unassigned fund balance, in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

General Fund

The General Fund has unassigned fund balance of \$1,265,510 at September 30, 2019.

Road and Bridge Fund

The Debt Service Fund has a committed fund balance of \$288,511 at September 30, 2019.

Debt Service Fund

The Debt Service Fund has a restricted fund balance of \$60,804 at September 30, 2019.

NOTE 11. SUBSEQUENT EVENTS:

The County has evaluated subsequent events through August 7, 2020, the date which the financial statements were available to be issued.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,767,489	\$ 2,767,489	\$ 2,673,009	\$ (94,480)
Fees	203,858	203,858	206,424	2,566
Fines	75,154	75,154	64,826	(10,328)
Intergovernmental	116,212	116,212	152,510	36,298
Investment Earnings	4,091	4,091	6,497	2,406
Other Revenue	321,902	321,902	289,320	(32,582)
Total Revenues	3,488,706	3,488,705	3,392,586	(96,119)
EXPENDITURES:				
Current:				
General Government	1,467,008	1,518,808	1,371,533	147,275
Judicial	444,759	462,959	402,846	60,113
Elections	86,500	92,500	81,553	10,947
Public Safety	503,064	675,689	455,164	220,525
Fire Department	15,000	15,000	12,927	2,073
Corrections	533,458	533,458	441,195	92,263
Protective Inspections	10,001	10,001	10,050	(49)
Health and Welfare	213,611	218,611	208,091	10,520
Culture and Recreation	21,000	21,000	16,000	5,000
Capital Outlay:				
Capital Outlay	349,005	349,005	52,289	296,716
Total Expenditures	3,643,406	3,897,031	3,051,648	845,383
Excess (Deficiency) of Revenues Over (Under) Expenditures	(154,700)	(408,326)	340,938	749,264
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	11,151	11,151
Transfers Out	-	-	(50,842)	(50,842)
Total Other Financing Sources (Uses)	-	-	(39,691)	(39,691)
Net Change	(154,700)	(408,326)	301,247	709,573
Fund Balance - October 1 (Beginning)	964,263	964,263	964,263	-
Fund Balance - September 30 (Ending)	\$ 809,563	\$ 555,937	\$ 1,265,510	\$ 709,573

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

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

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
A. Total Pension Liability		
Service Cost	\$ 201,159	\$ 194,268
Interest (on the Total Pension Liability)	617,171	590,860
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	(117,988)	(60,899)
Changes of Assumptions	-	42,048
Benefit Payments, Including Refunds of Employee Contributions	(431,103)	(464,916)
Net Change in Total Pension Liability	\$ 269,239	\$ 301,361
Total Pension Liability - Beginning	7,629,590	7,328,229
Total Pension Liability - Ending	\$ 7,898,829	\$ 7,629,590
B. Total Fiduciary Net Position		
Contributions - Employer	\$ 112,560	\$ 112,043
Contributions - Employee	128,324	126,705
Net Investment Income	(151,966)	1,050,520
Benefit Payments, Including Refunds of Employee Contributions	(431,103)	(464,916)
Administrative Expense	(6,165)	(5,345)
Other	(13,749)	(3,081)
Net Change in Plan Fiduciary Net Position	\$ (362,099)	\$ 815,926
Plan Fiduciary Net Position - Beginning	8,037,914	7,221,988
Plan Fiduciary Net Position - Ending	\$ 7,675,815	\$ 8,037,914
C. Net Pension Liability (Asset)	\$ 223,014	\$ (408,324)
--		
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.18%	105.35%
--		
E. Covered Payroll	\$ 1,833,205	\$ 1,810,071
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	12.17%	(22.56%)

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

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

	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$	196,164	\$ 184,668	\$ 178,211
	558,319	527,300	501,048
	-	(16,507)	-
	(34,514)	23,912	21,713
	-	74,527	-
	(369,585)	(405,990)	(410,883)
\$	350,384	\$ 387,910	\$ 290,089
	6,977,845	6,589,935	6,299,846
\$	7,328,229	\$ 6,977,845	\$ 6,589,935
\$	119,933	\$ 119,064	\$ 115,502
	121,848	115,757	111,212
	509,392	86,710	454,984
	(369,585)	(405,990)	(410,883)
	(5,524)	(4,954)	(5,195)
	(43,785)	64,079	48,089
\$	332,279	\$ (25,334)	\$ 313,709
	6,889,709	6,915,043	6,601,334
\$	7,221,988	\$ 6,889,709	\$ 6,915,043
\$	106,241	\$ 88,136	\$ (325,108)
	98.55%	98.74%	104.93%
\$	1,740,686	\$ 1,653,666	\$ 1,589,749
	6.10%	5.33%	(20.46%)

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

	2019	2018	2017
Actuarially Determined Contribution	\$ 112,560	\$ 112,043	\$ 119,933
Contributions in Relation to the Actuarially Determined Contributions	112,560	112,043	119,933
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,833,205	\$ 1,810,071	\$ 1,740,686
Contributions as a Percentage of Covered Payroll	6.10%	6.20%	6.90%

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

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

	2016	2015	2014	2013	2012	2011	2010
\$	119,064	\$ 115,502	\$ 103,019	\$ 95,391	\$ 88,382	\$ 94,658	\$ 71,569
	119,064	115,502	103,019	95,391	88,382	94,658	71,569
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	1,653,666	\$ 1,588,749	\$ 1,542,202	\$ 1,490,489	\$ 1,456,273	\$ 1,456,273	\$ 1,440,013
	7.20%	7.30%	6.70%	6.40%	6.00%	6.50%	5.00%

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COUNTY OF COLEMAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019

NOTE I BUDGETS AND BUDGETARY ACCOUNTING

The County Commissioners adopt an Annual Budget no later than the second meeting of September of each year for the fiscal year commencing the following October 1. The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. During August of each year, the County Commissioners submit a proposed operating budget for the next following fiscal year. The operating budget includes proposed revenues and expenditures.
2. After a review by the County Commissioners, a public hearing is conducted and further comment is received from the County Commissioners and the general public.
3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the County Commissioners through passage of an appropriate resolution.
4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the County Commissioners, who adopt it after due review.
5. The Commissioners are authorized to transfer, from time to time, budget amounts of operational expenditure categories within departments as deemed necessary in order to meet the County's needs.
6. County Commissioners' approval is required for all fund to fund transfers, department to department transfers, fund reserve to appropriations transfers, for new revenue sources with offsetting appropriations, and for transfer to/from the capital expenditure category.

NOTE II NOTE TO SCHEDULE OF CONTRIBUTIONS TMRS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	9.5 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method:	5 year smoothed market
Inflation:	2.75%
Salary Increases:	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return:	8.00% net of administrative and investment expenses, including inflation
Retirement Age:	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality:	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

Other Information:

Notes There were no benefit changes during the year.

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Combining Statements as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

COUNTY OF COLEMAN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	210 Workers Comp Fund	220 Records Management Fund	230 Historical Society Fund	240 Law Enforcement Fund
ASSETS				
Cash on Deposit - First Coleman National Bank	\$ -	\$ 5,328	\$ 857	\$ 1,966
Accounts Receivable, Net	-	125	-	-
Total Assets	<u>\$ -</u>	<u>\$ 5,453</u>	<u>\$ 857</u>	<u>\$ 1,966</u>
FUND BALANCES				
Restricted for Special Revenue Funds	-	5,453	-	1,966
Committed for Special Revenue Funds	-	-	857	-
Total Fund Balances	<u>-</u>	<u>5,453</u>	<u>857</u>	<u>1,966</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 5,453</u>	<u>\$ 857</u>	<u>\$ 1,966</u>

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

250 Courthouse Security Fund	260 Justice Court Technology Fund	270 District Clerk Records Mngmt Fund	280 Hot Checks Fund	290 Preservation of Vital Stat Fund	300 County Clerk Archive Fund	310 Distric Clerk Crime Tech Fund	320 County Clerk Crime Tech Fund
\$ 82,941	\$ 5,387	\$ 6,778	\$ (8,811)	\$ 3,213	\$ (22,712)	\$ 167	\$ 947
281	-	85	75	67	1,880	-	4
<u>\$ 83,222</u>	<u>\$ 5,387</u>	<u>\$ 6,863</u>	<u>\$ (8,736)</u>	<u>\$ 3,280</u>	<u>\$ (20,832)</u>	<u>\$ 167</u>	<u>\$ 951</u>
-	5,387	6,863	-	3,280	(20,832)	167	951
83,222	-	-	(8,736)	-	-	-	-
<u>83,222</u>	<u>5,387</u>	<u>6,863</u>	<u>(8,736)</u>	<u>3,280</u>	<u>(20,832)</u>	<u>167</u>	<u>951</u>
<u>\$ 83,222</u>	<u>\$ 5,387</u>	<u>\$ 6,863</u>	<u>\$ (8,736)</u>	<u>\$ 3,280</u>	<u>\$ (20,832)</u>	<u>\$ 167</u>	<u>\$ 951</u>

COUNTY OF COLEMAN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	330 District Clerk Civil Pres Fund	340 County Clerk Civil Pres Fund	350 District Clerk Archive Fund	360 County Clerk Records Fund
ASSETS				
Cash on Deposit - First Coleman National Bank	\$ 9,090	\$ 4,860	\$ 11,977	\$ 35,206
Accounts Receivable, Net	162	40	162	1,888
Total Assets	<u>\$ 9,252</u>	<u>\$ 4,900</u>	<u>\$ 12,139</u>	<u>\$ 37,094</u>
FUND BALANCES				
Restricted for Special Revenue Funds	9,252	4,900	12,139	37,094
Committed for Special Revenue Funds	-	-	-	-
Total Fund Balances	<u>9,252</u>	<u>4,900</u>	<u>12,139</u>	<u>37,094</u>
Total Liabilities and Fund Balances	<u>\$ 9,252</u>	<u>\$ 4,900</u>	<u>\$ 12,139</u>	<u>\$ 37,094</u>

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

370 Supplement Guardian Fees Fund	380 Forfeiture and Seiz Fund	390 Healthy County Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 7,324	\$ 8,647	\$ 1,780	\$ 154,945	\$ 154,945
60	-	-	4,829	4,829
<u>\$ 7,384</u>	<u>\$ 8,647</u>	<u>\$ 1,780</u>	<u>\$ 159,774</u>	<u>\$ 159,774</u>
7,384	-	-	74,004	74,004
-	8,647	1,780	85,770	85,770
<u>7,384</u>	<u>8,647</u>	<u>1,780</u>	<u>159,774</u>	<u>159,774</u>
<u>\$ 7,384</u>	<u>\$ 8,647</u>	<u>\$ 1,780</u>	<u>\$ 159,774</u>	<u>\$ 159,774</u>

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

	210 Workers Comp Fund	220 Records Management Fund	230 Historical Society Fund	240 Law Enforcement Fund
REVENUES:				
Fees	\$ -	\$ 1,880	\$ -	\$ 1,916
Intergovernmental	-	-	-	-
Other Revenue	23,554	-	-	-
Total Revenues	<u>23,554</u>	<u>1,880</u>	<u>-</u>	<u>1,916</u>
EXPENDITURES:				
Current:				
General Government	23,554	-	-	-
Judicial	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>23,554</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>1,880</u>	<u>-</u>	<u>1,916</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(50)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50)</u>
Net Change in Fund Balance	-	1,880	-	1,866
Fund Balance - October 1 (Beginning)	<u>-</u>	<u>3,573</u>	<u>857</u>	<u>100</u>
Fund Balance - September 30 (Ending)	<u>\$ -</u>	<u>\$ 5,453</u>	<u>\$ 857</u>	<u>\$ 1,966</u>

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

250 Courthouse Security Fund	260 Justice Court Technology Fund	270 District Clerk Records Mngmt Fund	280 Hot Checks Fund	290 Preservation of Vital Stat Fund	300 County Clerk Archive Fund	310 Distric Clerk Crime Tech Fund	320 County Clerk Crime Tech Fund
\$ 5,254	\$ 1,992	\$ 948	\$ 1,255	\$ -	\$ 20,760	\$ 124	\$ 56
-	-	-	-	552	-	-	-
-	-	-	-	-	-	-	-
<u>5,254</u>	<u>1,992</u>	<u>948</u>	<u>1,255</u>	<u>552</u>	<u>20,760</u>	<u>124</u>	<u>56</u>
-	-	-	766	143	-	-	-
-	300	1,770	3,766	-	-	-	-
-	-	-	-	-	-	-	-
-	2,610	-	-	-	-	-	-
-	<u>2,910</u>	<u>1,770</u>	<u>4,532</u>	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,254</u>	<u>(918)</u>	<u>(822)</u>	<u>(3,277)</u>	<u>409</u>	<u>20,760</u>	<u>124</u>	<u>56</u>
-	-	1,770	-	-	-	-	-
-	-	-	-	-	-	(599)	-
-	-	<u>1,770</u>	-	-	-	<u>(599)</u>	-
5,254	(918)	948	(3,277)	409	20,760	(475)	56
<u>77,968</u>	<u>6,305</u>	<u>5,915</u>	<u>(5,459)</u>	<u>2,871</u>	<u>(41,592)</u>	<u>642</u>	<u>895</u>
<u>\$ 83,222</u>	<u>\$ 5,387</u>	<u>\$ 6,863</u>	<u>\$ (8,736)</u>	<u>\$ 3,280</u>	<u>\$ (20,832)</u>	<u>\$ 167</u>	<u>\$ 951</u>

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

	330 District Clerk Civil Pres Fund	340 County Clerk Civil Pres Fund	350 District Clerk Archive Fund	360 County Clerk Records Fund
REVENUES:				
Fees	\$ 1,742	\$ 540	\$ 1,728	\$ 20,820
Intergovernmental	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>1,742</u>	<u>540</u>	<u>1,728</u>	<u>20,820</u>
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Judicial	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	12,868
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,742</u>	<u>540</u>	<u>1,728</u>	<u>7,952</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	10,218
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,218</u>
Net Change in Fund Balance	1,742	540	1,728	18,170
Fund Balance - October 1 (Beginning)	<u>7,510</u>	<u>4,360</u>	<u>10,411</u>	<u>18,924</u>
Fund Balance - September 30 (Ending)	<u>\$ 9,252</u>	<u>\$ 4,900</u>	<u>\$ 12,139</u>	<u>\$ 37,094</u>

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

370 Supplement Guardian Fees Fund	380 Forfeiture and Seiz Fund	390 Healthy County Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 900	\$ -	\$ -	\$ 59,915	\$ 59,915
-	-	2,438	2,990	2,990
-	-	-	23,554	23,554
<u>900</u>	<u>-</u>	<u>2,438</u>	<u>86,459</u>	<u>86,459</u>
-	-	-	24,463	24,463
-	-	-	5,836	5,836
-	-	1,076	1,076	1,076
-	-	-	15,478	15,478
-	-	1,076	46,853	46,853
<u>900</u>	<u>-</u>	<u>1,362</u>	<u>39,606</u>	<u>39,606</u>
-	-	-	11,988	11,988
-	-	-	(649)	(649)
-	-	-	11,339	11,339
<u>900</u>	<u>-</u>	<u>1,362</u>	<u>50,945</u>	<u>50,945</u>
<u>6,484</u>	<u>8,647</u>	<u>418</u>	<u>108,829</u>	<u>108,829</u>
<u>\$ 7,384</u>	<u>\$ 8,647</u>	<u>\$ 1,780</u>	<u>\$ 159,774</u>	<u>\$ 159,774</u>

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Budget Comparisons as Supplementary Information

This supplementary information includes schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Taxes:				
Taxes	\$ 1,131,041	\$ 1,131,041	\$ 1,125,047	\$ (5,994)
Penalty and Interest on Taxes	17,584	17,584	-	(17,584)
Fees	707,735	707,735	438,153	(269,582)
Intergovernmental	-	-	25,570	25,570
Investment Earnings	290	290	768	478
Other Revenue	250,943	250,943	80,654	(170,289)
Total Revenues	2,107,593	2,107,593	1,670,192	(437,401)
EXPENDITURES:				
Current:				
General Government	634,965	634,965	570,807	64,158
Health and Welfare	-	-	10,000	(10,000)
Precinct 1	290,266	290,266	223,707	66,559
Precinct 2	272,038	272,038	207,021	65,017
Precinct 3	322,043	322,043	211,448	110,595
Precinct 4	233,542	233,542	173,566	59,976
Debt Service:				
Principal on Debt	-	-	92,086	(92,086)
Interest on Debt	-	-	21,565	(21,565)
Capital Outlay:				
Capital Outlay	-	-	20,000	(20,000)
Total Expenditures	1,752,854	1,752,854	1,530,200	222,654
Excess of Revenues Over Expenditures	354,740	354,739	139,992	(214,747)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	38,854	38,854
Transfers Out	-	-	(10,502)	(10,502)
Total Other Financing Sources (Uses)	-	-	28,352	28,352
Change in Fund Balance	354,740	354,739	168,344	(186,395)
Fund Balance - October 1 (Beginning)	120,169	120,169	120,169	-
Fund Balance - September 30 (Ending)	\$ 474,909	\$ 474,908	\$ 288,513	\$ (186,395)

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

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COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Taxes	\$ 558,637	\$ 558,637	\$ 572,444	\$ 13,807
Penalty and Interest on Taxes	5,768	5,768	-	(5,768)
Total Revenues	<u>564,405</u>	<u>564,405</u>	<u>572,444</u>	<u>8,039</u>
EXPENDITURES:				
Current:				
General Government	30	30	40	(10)
Debt Service:				
Principal on Debt	350,000	350,000	255,000	95,000
Interest on Debt	200,000	200,000	297,150	(97,150)
Total Expenditures	<u>550,030</u>	<u>550,030</u>	<u>552,190</u>	<u>(2,160)</u>
Change in Fund Balance	14,375	14,375	20,254	5,879
Fund Balance - October 1 (Beginning)	<u>40,550</u>	<u>40,550</u>	<u>40,550</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 54,925</u>	<u>\$ 54,925</u>	<u>\$ 60,804</u>	<u>\$ 5,879</u>

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

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COUNTY OF COLEMAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 27,507	\$ 27,507
Other Revenue	4,050,000	4,050,000	-	(4,050,000)
Total Revenues	4,050,000	4,050,000	27,507	(4,022,493)
EXPENDITURES:				
Capital Outlay:				
Capital Outlay	3,415,000	3,415,000	2,225,424	1,189,576
Total Expenditures	3,415,000	3,415,000	2,225,424	1,189,576
Change in Fund Balance	635,000	635,000	(2,197,917)	(2,832,917)
Fund Balance - October 1 (Beginning)	2,747,712	2,747,712	2,747,712	-
Fund Balance - September 30 (Ending)	\$ 3,382,712	\$ 3,382,712	\$ 549,795	\$ (2,832,917)

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

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REPORTS RELATED TO FINANCIAL STATEMENTS
REQUIRED BY GAO

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

To the County Judge and County Commissioners
County of Coleman
Coleman, Texas

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining funds of the County of Coleman, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Coleman's basic financial statements, and have issued my report thereon dated August 7, 2020.

Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did identify a deficiency in internal control that I consider to be a material weakness. The accounting system in place is inadequate to correctly account all transactions by fund and department. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Richard Bowman

Sweetwater, Texas
August 7, 2020



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COUNTY OF COLEMAN
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2019

2019 – 1. The accounting system in place is not adequate to correctly report expenditures and revenues by fund and departments.

Management response: A new accounting system is being installed and monthly reports will be monitored for correct reporting and comparison to budget reports.