

KARNES COUNTY, TEXAS

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018

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FINANCIAL SECTION

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Independent Auditor's Report

To the Commissioner's Court
Karnes County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the major fund budget to actual statements of Karnes County, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Karnes County, Texas' 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, the aggregate remaining fund information, and major fund budget to actual statements of Karnes 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.

Emphasis of Matter

As described in Note 1 D-11 to the financial statements, in 2018, the County adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required Texas County and District Retirement System (TCDRS) pension schedules, and the required other postemployment benefits (OPEB) statement 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 Karnes County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and nonmajor fund budget to actual schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements and nonmajor fund budget to actual 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 combining and individual non-major fund financial statements and nonmajor fund budget to actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

ABIP, PC

San Antonio, Texas
May 14, 2019

KARNES COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Financial Highlights

- The assets of Karnes County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$80,202,475 (net position). Of this amount, \$43,038,701 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$3,848,066 before the restatement. This increase is attributable to a decrease in road and bridge street maintenance and construction expenditures as well as an increase in revenue from the state for Courthouse reimbursable expenses.
- As of the close of the current fiscal year, Karnes County, Texas' governmental funds reported combined ending fund balances of \$49,433,597, an increase of \$1,479,459 in comparison with the prior year. Approximately 66% of this total amount, \$32,713,154, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$32,862,397 or 255 percent of total general fund expenditures.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of Karnes County, Texas include the governmental activities. The governmental activities of Karnes County, Texas include general administration, public safety, public transportation, health and welfare, public facilities, legal, judicial, financial administration, conservation, interest and fiscal charges and culture and recreation.

The government-wide financial statements include only Karnes County, Texas itself (known as the primary government). The government-wide financial statements can be found on pages 8-9 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Karnes County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Karnes County, Texas are governmental 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 of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Karnes County, Texas maintains twenty-five (25) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and the road and bridge funds which are considered to be major funds. Data from the other twenty-one (23) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Budgets for all budgeted general, debt service, and special revenue funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2018 fiscal year were adopted for the general fund, the road and bridge funds, the county and district clerk fund, the general records management fund, jury fund, the county library fund, the permanent improvement fund, courthouse security fund, the LEPC fund, the justice of the peace court fees fund, the rural fire fund, the KCGF Fund, the interest and sinking fund, the sheriff's contribution fund, the law library fund, the court reporter fund, the contract election fund, and the EMS donation fund.

The basic governmental fund financial statements can be found on pages 12-21 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 24-48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Karnes County, Texas' net pension liability and total other postemployment benefit liability to its employees. Required supplementary information can be found on pages 52-55 of this report.

The combining statements referred to earlier in connection with major road and bridge funds, agency funds, and non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 59-69 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 72-87 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 Karnes County, Texas, assets exceeded liabilities by \$80,202,475 as of September 30, 2018.

Thirty-eight (38%) percent of Karnes County, Texas' net position reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. Karnes County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Karnes County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

	GOVERNMENTAL ACTIVITIES	
	2018	2017
Current and Other Assets	\$ 55,812,035	\$ 51,228,834
Capital Assets	<u>34,447,516</u>	<u>33,180,707</u>
 TOTAL ASSETS	 <u>90,259,551</u>	 <u>84,409,541</u>
 Deferred Outflow of Resources - Pension	 <u>778,720</u>	 <u>1,607,356</u>
Long-Term Liabilities	4,472,548	6,172,598
Other Liabilities	<u>5,674,091</u>	<u>2,913,319</u>
 TOTAL LIABILITIES	 <u>10,146,639</u>	 <u>9,085,917</u>
 Deferred Inflow of Resources - Pension	 <u>689,157</u>	 <u>431,579</u>
Net Position		
Net Investment in Capital Assets	30,129,982	28,073,666
Restricted	7,033,792	6,953,838
Unrestricted	<u>43,038,701</u>	<u>41,471,897</u>
 TOTAL NET POSITION	 <u>\$ 80,202,475</u>	 <u>\$ 76,499,401</u>

An additional portion of Karnes County, Texas' net position (\$7,033,792 or 9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$43,038,701) may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Activities

	GOVERNMENTAL ACTIVITIES	
	2018	2017
<u>REVENUES</u>		
Program Revenues		
Charges for Services	\$ 4,070,198	\$ 3,321,894
Operating Grants and Contributions	402,072	2,442,236
Capital Grants and Contributions	-	4,498,559
General Revenues		
Property Taxes	18,119,500	16,588,684
Sales Tax	5,608,186	4,218,866
Sales Tax Refund	(3,121,915)	-
Unrestricted Investment Earnings	747,400	305,453
Gain (Loss) on Sale of Assets	(52,684)	(18,297)
Royalties	1,010,087	209,813
Miscellaneous	380,506	283,888
Total Revenues	27,163,350	31,851,096
<u>EXPENSES</u>		
General Administration	3,252,379	2,532,539
Legal	398,743	330,304
Judicial	1,555,227	1,414,226
Financial Administration	745,305	748,975
Public Facilities	260,262	280,377
Public Safety	6,867,662	6,949,044
Public Transportation	9,541,435	8,290,845
Culture and Recreation	458,124	500,181
Health and Welfare	89,689	83,144
Conservation - Agriculture	146,458	140,603
Interest and Fiscal Charges	-	224,776
Total Expenses	23,315,284	21,495,014
Change in Net Position	3,848,066	10,356,082
<u>NET POSITION AT OCTOBER 1,</u>	76,499,401	66,143,319
<u>RESTATEMENT OF BEGINNING NET POSITION</u>	(144,992)	-
NET POSITION AT SEPTEMBER 30,	\$ 80,202,475	\$ 76,499,401

The increase in net position for 2018 was \$3,848,066, and was \$6,508,016 less than the prior year increase in net position of \$10,356,082. This decrease of the change in net position from 2017 to 2018 was mainly attributable to a \$3.1 million sales tax refund, an increase in general administration depreciation from the courthouse restoration project, an increase in road construction and repairs expense.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$ 4,070,198	13.42
Operating Grants and Contributions	402,072	1.33
Property Taxes	18,119,500	59.73
Sales Tax	5,608,186	18.48
Unrestricted Investment Earnings	747,400	2.46
Royalties	1,010,087	3.33
Miscellaneous	<u>380,506</u>	<u>1.25</u>
 Total Revenues	 <u>\$ 30,337,949</u>	 <u>100.00%</u>

Financial Analysis of the Governmental Funds

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

Governmental Funds

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

As of the end of the current fiscal year, Karnes County, Texas' governmental funds reported combined ending fund balances of \$49,433,597, an increase of \$1,479,459 in comparison with the prior year. Approximately 66 percent of this total amount, \$32,713,154, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining amount of \$16,720,443 is to be used for 1) debt service of \$201,633 and 2) \$16,518,810 for special revenue funds and prepaid expenses.

The general fund is the chief operating fund of Karnes County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$32,862,397. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

The fund balance of Karnes County, Texas' general fund increased by \$13,572 during the current fiscal year. General fund revenues exceeded expenditures by \$3,124,360, however a refund of sales tax to the State of Texas of \$3.1 million resulted in the change of fund balance of \$13,572.

The fund balance of Karnes County, Texas' road and bridge fund increased by \$1,306,372 during the current fiscal year.

Budgetary Highlights

The amended budgeted expenditures in the general fund were \$14,659,437 and actual expenditures were \$1,755,176 less than budget; the largest savings was in the sheriff's department budget.

The road and bridge fund expended \$2,393,422 less than budgeted expenditures. This was caused by spending less on road maintenance and construction than what was budgeted.

Capital Asset and Debt Administration

Capital Assets

Karnes County, Texas' investment in capital assets for its governmental activities as of September 30, 2018, amounts to \$34,447,516 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, and infrastructure items such as roads and bridges. The total increase in Karnes County, Texas' investment in capital assets for the current fiscal year was 3.8 percent.

The major capital asset events during the current fiscal year were the restoration of the courthouse, construction of a new jail, and construction of a new emergency medical services building. These new jail construction project was ongoing at years end while the courthouse and emergency medical services building projects were completed during the year.

CAPITAL ASSETS
(Net of Depreciation)

	GOVERNMENTAL ACTIVITIES	
	2018	2017
Land	\$ 175,432	\$ 175,432
Construction in Progress	10,739,655	22,393,351
Building and Improvements	18,168,209	4,839,011
Machinery, Vehicles, and Equipment	1,851,523	2,185,355
Infrastructure	3,512,697	3,587,558
TOTALS	\$ 34,447,516	\$ 33,180,707

Additional information on Karnes County, Texas' capital assets can be found in Note 3C on pages 35-36 of this report.

Long-Term Debt

At the end of the current fiscal year, Karnes County, Texas had total bonded debt outstanding of \$4,317,534, all of which comprises debt backed by the full faith and credit of Karnes County, Texas.

	BALANCE 10/1/2017	ADDITIONS	REDUCTIONS	BALANCE 9/30/2018	DUE WITHIN ONE YEAR
<u>Governmental Activities</u>					
Total Bonds Payable	\$ 5,107,041	\$ -	\$ (789,507)	\$ 4,317,534	\$ 814,507

Karnes County, Texas' total bonded debt decreased by \$789,507 (15 percent) during the current fiscal year.

Additional information on Karnes County, Texas' long-term debt can be found in Note 3D on pages 36-37 of this report.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact the Karnes County Auditor's Office, 200 East Calvert, Karnes City, Texas 78118, or (830) 780-2721.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 50,000,569
Receivables - Net of Allowance for Uncollectibles	5,743,242
Prepaid Expenses	68,224
Capital Assets not being Depreciated	
Land	175,432
Construction in Progress	10,739,655
Total Capital Assets being Depreciated - Net	
Building and Improvements	18,168,209
Machinery and Equipment	1,851,523
Infrastructure	<u>3,512,697</u>
Total Assets	<u>90,259,551</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Pension Charges	<u>778,720</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 91,038,271</u>
<u>LIABILITIES AND NET POSITION</u>	
Current Liabilities	
Accounts Payable	\$ 1,337,840
Accrued Wages	293,019
Other Liabilities	9,526
Accrued Interest Payable	17,044
Due to the State	3,121,915
Noncurrent Liabilities	
Due Within One Year	894,747
Due in More than One Year	3,583,267
OPEB Liability	153,521
Net Pension Liability	<u>735,760</u>
Total Liabilities	<u>10,146,639</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Pension Charges	<u>689,157</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	30,129,982
Restricted for Special Revenues	6,812,253
Restricted for Debt Service	201,633
Restricted for Law Enforcement	19,906
Unrestricted	<u>43,038,701</u>
Total Net Position	<u>80,202,475</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 91,038,271</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<u>Primary Government</u>				
Governmental Activities				
General Administration	\$ 3,252,379	\$ 458,064	\$ -	\$ -
Legal	398,743	6,785	-	-
Judicial	1,555,227	826,193	-	-
Financial Administration	745,305	672,295	-	-
Public Facilities	260,262	20,637	-	-
Public Safety	6,867,662	929,310	382,844	-
Public Transportation	9,541,435	1,156,914	19,228	-
Culture and Recreation	458,124	-	-	-
Health and Welfare	89,689	-	-	-
Conservation - Agriculture	146,458	-	-	-
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 23,315,284</u>	 <u>\$ 4,070,198</u>	 <u>\$ 402,072</u>	 <u>\$ -</u>
<u>General Revenues</u>				
Taxes:				
Property Taxes, Levies for General Purposes				18,119,500
Sales Tax				5,608,186
Sales Tax Refund				(3,121,915)
Unrestricted Investment Earnings				747,400
Gain (Loss) on Sale of Assets				(52,684)
Royalties				1,010,087
Miscellaneous				380,506
Total General Revenues				<u>22,691,080</u>
Change in Net Position				3,848,066
NET POSITION - BEGINNING				<u>76,499,401</u>
RESTATEMENT OF BEGINNING NET POSITION				<u>(144,992)</u>
NET POSITION - ENDING				<u>\$ 80,202,475</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

FUND FINANCIAL STATEMENTS

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

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 32,654,585	\$ 14,872,676	\$ 2,473,308	\$ 50,000,569
Receivables - Net of Allowance for Uncollectibles	991,609	167,475	61,778	1,220,862
Other Receivables	4,108,841	-	59,400	4,168,241
Due From Others	7,713	12,020	3,368	23,101
Prepaid Expenses	<u>57,847</u>	<u>10,377</u>	<u>-</u>	<u>68,224</u>
 TOTAL ASSETS	 <u>\$ 37,820,595</u>	 <u>\$ 15,062,548</u>	 <u>\$ 2,597,854</u>	 <u>\$ 55,480,997</u>
<u>LIABILITIES</u>				
Accounts Payable	537,078	475,080	325,682	1,337,840
Accrued Wages	226,942	51,489	14,588	293,019
Other Liabilities	2,901	-	6,625	9,526
Due to the State	<u>3,121,915</u>	<u>-</u>	<u>-</u>	<u>3,121,915</u>
Total Liabilities	<u>3,888,836</u>	<u>526,569</u>	<u>346,895</u>	<u>4,762,300</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenues - Taxes	<u>991,609</u>	<u>231,713</u>	<u>61,778</u>	<u>1,285,100</u>
<u>FUND BALANCES</u>				
Nonspendable				
Prepays	57,847	10,377	-	68,224
Restricted				
Debt Service	-	-	201,633	201,633
Special Revenue Funds	-	5,588,870	1,223,383	6,812,253
Law Enforcement	19,906	-	-	19,906
Committed				
Special Revenue Funds	-	8,705,019	913,408	9,618,427
Unassigned	<u>32,862,397</u>	<u>-</u>	<u>(149,243)</u>	<u>32,713,154</u>
Total Fund Balances	<u>32,940,150</u>	<u>14,304,266</u>	<u>2,189,181</u>	<u>49,433,597</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	 <u>\$ 37,820,595</u>	 <u>\$ 15,062,548</u>	 <u>\$ 2,597,854</u>	 <u>\$ 55,480,997</u>

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

<u>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</u>		\$ 49,433,597
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported in the funds.		34,447,516
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.		331,038
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles in the amount of \$94,993).		1,285,100
Recognition of the County's net pension liability and the changes in deferred outflows of resources related to the TCDRS liability is not reported in the funds.		
Net Pension Liability	\$ (735,760)	
Deferred Inflows of Resources - Pension	(689,157)	
Deferred Outflows of Resources - Pension	<u>778,720</u>	(646,197)
Recognition of the County's OPEB liability related to the TCDRS liability is not reported in the funds.		(153,521)
Long-term liabilities, are not due and payable in the current period and therefore, are not reported in the funds.		
Bonds Payable	\$ (4,120,000)	
Unamortized Premium	(197,534)	
Compensated Absences	(160,480)	
Accrued Interest on Bonds	<u>(17,044)</u>	<u>(4,495,058)</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES		 <u>\$ 80,202,475</u>

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

	GENERAL FUND	ROAD AND BRIDGE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Taxes				
Property	\$ 6,018,997	\$ 9,351,972	\$ 2,473,713	\$ 17,844,682
Sales	5,608,186	-	-	5,608,186
Intergovernmental	164,860	19,228	104,400	288,488
Donations	-	-	52,825	52,825
Licenses and Permits	28,290	669,864	-	698,154
Charges for Services	1,878,904	-	35,025	1,913,929
Charges for Fees	-	-	127,599	127,599
Fines and Forfeitures	587,520	-	-	587,520
Interest	458,227	242,585	46,588	747,400
Royalties	1,010,087	-	-	1,010,087
Estray Funds	-	-	2,403	2,403
Miscellaneous	<u>273,550</u>	<u>528,414</u>	<u>291,211</u>	<u>1,093,175</u>
Total Revenues	<u>16,028,621</u>	<u>10,812,063</u>	<u>3,133,764</u>	<u>29,974,448</u>
<u>EXPENDITURES</u>				
Current				
General Administration	2,285,994	-	13,453	2,299,447
Legal	396,961	-	-	396,961
Judicial	1,506,361	-	46,210	1,552,571
Financial Administration	740,965	-	-	740,965
Public Facilities	256,802	-	-	256,802
Public Safety	4,955,134	-	1,506,514	6,461,648
Public Transportation	-	9,304,125	-	9,304,125
Culture and Recreation	-	-	461,839	461,839
Health and Welfare	88,915	-	-	88,915
Conservation - Agriculture	145,125	-	-	145,125
Capital Projects				
Capital Outlay	2,528,004	201,566	43,901	2,773,471
Debt Service				
Principal Retirement	-	-	750,000	750,000
Interest Retirement	-	-	159,250	159,250
Total Expenditures	<u>12,904,261</u>	<u>9,505,691</u>	<u>2,981,167</u>	<u>25,391,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,124,360	1,306,372	152,597	4,583,329
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	-	-	6,918	6,918
Proceeds from Sale of Assets	18,045	-	-	18,045
Transfer Out	<u>(6,918)</u>	<u>-</u>	<u>-</u>	<u>(6,918)</u>
Total Other Financing Sources	<u>11,127</u>	<u>-</u>	<u>6,918</u>	<u>18,045</u>
Sales Tax Refund	<u>(3,121,915)</u>	<u>-</u>	<u>-</u>	<u>(3,121,915)</u>
Net Change in Fund Balances	13,572	1,306,372	159,515	1,479,459
<u>FUND BALANCES - BEGINNING</u>	<u>32,926,578</u>	<u>12,997,894</u>	<u>2,029,666</u>	<u>47,954,138</u>
FUND BALANCES - ENDING	<u>\$ 32,940,150</u>	<u>\$ 14,304,266</u>	<u>\$ 2,189,181</u>	<u>\$ 49,433,597</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

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

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,479,459

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

Governmental funds report capital outlays as expenditures (\$2,773,471). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,435,933) as well as the disposals of assets with remaining costs of (\$70,729). This is the amount by which capital outlays exceeded depreciation expense in the current period. 1,266,809

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.

Increase in Warrants Receivable	\$20,335	
Increase in EMS Receivable	<u>68,348</u>	88,683

Certain property tax revenues are deferred in the funds. This is the change in these amounts this year. 274,818

(Increase) decrease in compensated absences from beginning of period to end of period. -

Amortization of gain on refunding is a revenue in the statement of activities funds but not a revenue in the funds.

Bond payments in the fund level are recorded as expenditures and reported as reductions to bonds payable in the statement of net position. 750,000

Amortization of Bond Premiums	\$39,507	
Accrued Interest	2,540	
Compensated Absences	<u>3,858</u>	45,905

The change in net pension liability and deferred outflows related to the County's net pension liability is not expensed in the funds. (49,079)

The change in OPEB liability related to the County's OPEB liability that is not expensed in the funds. (8,529)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES \$ 3,848,066

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

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Property	\$ 6,330,320	\$ 6,330,320	\$ 6,018,997	\$ (311,323)
Sales	3,500,340	3,500,340	5,608,186	2,107,846
Intergovernmental	4,182,092	4,142,092	164,860	(3,977,232)
Licenses and Permits	20,000	20,000	28,290	8,290
Charges for Services	2,052,932	2,052,932	1,878,904	(174,028)
Fines and Forfeitures	486,700	486,700	587,520	100,820
Interest	150,000	150,000	458,227	308,227
Royalties	-	-	1,010,087	1,010,087
Miscellaneous	130,500	130,500	273,550	143,050
Total Revenues	<u>16,852,884</u>	<u>16,812,884</u>	<u>16,028,621</u>	<u>(784,263)</u>
<u>EXPENDITURES</u>				
Current				
General Administration				
County Judge	145,219	145,219	127,999	17,220
County Commissioners	260,236	260,236	244,778	15,458
County Clerk	319,279	319,279	319,502	(223)
Elections Office	136,855	136,855	138,456	(1,601)
Information Technology	159,500	159,500	128,329	31,171
Non-Departmental	1,610,838	1,609,338	1,326,930	282,408
Legal				
County Attorney	304,077	342,536	330,304	12,232
Victim Services Coordinator	57,755	52,947	66,657	(13,710)
Judicial				
District Clerk	252,411	252,411	268,884	(16,473)
Justices of the Peace	469,375	469,375	444,834	24,541
Judicial Court	763,629	763,629	792,643	(29,014)
Financial Administration				
County Auditor	222,399	222,399	220,214	2,185
County Treasurer	182,664	179,164	182,221	(3,057)
Tax Assessor-Collector	346,786	340,036	338,530	1,506
Public Facilities				
Courthouse and Buildings	273,498	273,498	256,802	16,696
Public Safety				
EMS	1,834,169	1,834,169	1,447,320	386,849
Constables	180,869	180,869	178,883	1,986
DPS	15,450	15,450	14,156	1,294
Sheriff	3,926,415	3,926,415	3,314,775	611,640

KARNES COUNTY, TEXAS
GENERAL FUND (CONTINUED)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>EXPENDITURES (CONTINUED)</u>				
Health and Welfare				
County Welfare	\$ 58,170	\$ 58,170	\$ 47,750	\$ 10,420
Health	31,925	31,925	31,964	(39)
Veterans Office	11,224	11,224	9,201	2,023
Conservation - Agriculture				
Agriculture Extension Service	159,207	159,207	145,125	14,082
Capital Outlay	<u>2,915,586</u>	<u>2,915,586</u>	<u>2,528,004</u>	<u>387,582</u>
Total Expenditures	<u>14,637,536</u>	<u>14,659,437</u>	<u>12,904,261</u>	<u>1,755,176</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,215,348</u>	<u>2,153,447</u>	<u>3,124,360</u>	<u>970,913</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Assets	-	-	18,045	18,045
Transfer Out	<u>-</u>	<u>(6,918)</u>	<u>(6,918)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,918)</u>	<u>11,127</u>	<u>18,045</u>
Sales Tax Refund	<u>-</u>	<u>-</u>	<u>(3,121,915)</u>	<u>(3,121,915)</u>
Change in Fund Balance	<u>\$ 2,215,348</u>	<u>\$ 2,146,529</u>	13,572	<u>\$ (2,132,957)</u>
<u>FUND BALANCE - BEGINNING</u>			<u>32,926,578</u>	
FUND BALANCE - ENDING			<u>\$ 32,940,150</u>	

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

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Property	\$ 6,662,852	\$ 6,662,852	\$ 6,528,545	\$ (134,307)
Licenses and Permits	830,000	830,000	669,864	(160,136)
Interest	25,000	25,000	145,812	120,812
Miscellaneous	502,000	502,000	528,414	26,414
Total Revenues	<u>8,019,852</u>	<u>8,019,852</u>	<u>7,872,635</u>	<u>(147,217)</u>
<u>EXPENDITURES</u>				
Public Transportation				
Road and Bridge	7,757,619	7,757,619	6,395,286	1,362,333
Capital Outlay	201,566	201,566	201,566	-
Total Expenditures	<u>7,959,185</u>	<u>7,959,185</u>	<u>6,596,852</u>	<u>1,362,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 60,667</u>	<u>\$ 60,667</u>	1,275,783	<u>\$ 1,215,116</u>
<u>FUND BALANCE - BEGINNING</u>			<u>7,429,236</u>	
FUND BALANCE - ENDING			<u>\$ 8,705,019</u>	

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

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Property	\$ 2,895,848	\$ 2,895,848	\$ 2,823,427	\$ (72,421)
Interest	<u>20,000</u>	<u>20,000</u>	<u>95,720</u>	<u>75,720</u>
Total Revenues	<u>2,915,848</u>	<u>2,915,848</u>	<u>2,919,147</u>	<u>3,299</u>
<u>EXPENDITURES</u>				
Public Transportation				
Road and Bridge	<u>3,920,700</u>	<u>3,920,700</u>	<u>2,889,390</u>	<u>1,031,310</u>
Total Expenditures	<u>3,920,700</u>	<u>3,920,700</u>	<u>2,889,390</u>	<u>1,031,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,004,852)</u>	<u>\$ (1,004,852)</u>	29,757	<u>\$ 1,034,609</u>
<u>FUND BALANCE - BEGINNING</u>			<u>5,512,733</u>	
FUND BALANCE - ENDING			<u>\$ 5,542,490</u>	

KARNES COUNTY, TEXAS
LATERAL ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 19,228	\$ 19,228	\$ 19,228	\$ -
Interest	<u>-</u>	<u>-</u>	<u>1,053</u>	<u>1,053</u>
Total Revenues	<u>19,228</u>	<u>19,228</u>	<u>20,281</u>	<u>1,053</u>
<u>EXPENDITURES</u>				
Public Transportation				
Road and Bridge	<u>19,228</u>	<u>19,228</u>	<u>19,449</u>	<u>(221)</u>
Total Expenditures	<u>19,228</u>	<u>19,228</u>	<u>19,449</u>	<u>(221)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	832	<u>\$ 832</u>
<u>FUND BALANCE - BEGINNING</u>			<u>55,925</u>	
FUND BALANCE - ENDING			<u>\$ 56,757</u>	

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

ASSETS

Cash and Cash Equivalents

\$ 8,615,567

LIABILITIES

Due to Others

\$ 8,615,567

NOTES TO THE FINANCIAL STATEMENTS

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KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Karnes County operates under a county judge - commissioner's court type of government and provides the following services throughout the county: public safety (ambulance and law enforcement), environmental protection (sanitation), public transportation (roads and bridges), health and welfare, culture and recreation, public facilities, judicial and legal, election functions, and general and financial administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Government-Wide 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 at the time liabilities are incurred, regardless of when the related cash flows take place. 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.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental Fund Financial Statements: Governmental funds 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. 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, sales tax, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

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

Road and Bridge Fund: The road and bridge fund accounts for the activities of the government's road and bridge operations.

In addition, the County reports the following fund types:

Special Revenue Funds: These funds are used to account for funds related to grants and contracts and other general government resources that are restricted by law or contractual agreement to specific purposes other than debt service or capital projects.

Fiduciary Funds: These 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. The County uses agency funds to account for assets held in the agent capacity. These funds are used to report other resources 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The method used to value investments for financial reporting purposes is dependent upon the type of investment and the time remaining to maturity. Investments are valued at amortized cost if they have a remaining maturity at the time of purchase of one (1) year or less and the fair value of the investments is not affected by the impairment or the credit standing of the issuer or by other factors. All other investments are valued at fair value.

Local government investment pools in Texas are established under the government of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition, to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the County has the ability to access.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the asset.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the County believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2018 and 10 percent of the delinquent outstanding property taxes at September 30, 2018.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review, and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The prepaid items at September 30, 2018 are reflected in the accompanying financial statements.

4. Restricted Assets

There were no restricted assets at September 30, 2018.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government 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 historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

5. Capital Assets (Continued)

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

ASSET	YEARS
Buildings	15-50 Years
Building Improvements	20 Years
Infrastructure	30 Years
Large Equipment	7-10 Years
Vehicles	5 Years
Office Equipment	5 Years
Computer Equipment	5 Years

6. Compensated Absences

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

7. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, and gain/loss on refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium, bond discount, and gain/loss on refunding.

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

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

8. Fund Balances

The County implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation; an example includes grants.

Committed fund balance - amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance - amounts intended to be used by the government for specific purposes; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed; this indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance - amounts in the residual classification of the general fund and includes all amounts not contained in other classifications; unassigned amounts are technically available for any purpose.

The County's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

9. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

9. Deferred Inflows/Outflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes as deferred inflows of resources. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

10. 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/deduction from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Postemployment Benefits

During the fiscal year 2018, the County changed accounting policies related to the other postemployment benefit (OPEB) liabilities, deferred outflows of resources, and deferred inflows of resources in the statement of net position by adopting GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Accordingly, the effect of the accounting change is reported in the statement of net position and statement of activities for the current year. The OPEB liabilities have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the OPEB liabilities, deferred outflows of resources, and deferred inflows of resources related to the OPEB liabilities and OPEB expenses.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The original budget is adopted by the commissioner's court and filed with the county clerk. Amendments are made during the year on approval by the commissioner's court.

Both the original and final amended budget are presented in this report.

The budget should not be exceeded in any expenditure category under state law. Unused appropriations lapse at the end of each year.

The county judge is, by statute, the budget officer of the County. The county judge usually requests and relies on the assistance of the county auditor to prepare the annual budget. After being furnished budget guidelines by commissioner's court, the county auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the commissioner's court.

The commissioner's court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the commissioner's court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the county auditor's estimate of revenues and available cash.

When the budget has been adopted by commissioner's court, the county auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of commissioner's court advised of the condition of the various funds and accounts.

Budgets for all budgeted general, debt service, and special revenue funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP).

During the year the general fund's overall budgeted expenditures exceeded the actual expenditures by \$1,755,176. There were six segments of the general fund's budget whose actual expenditures exceeded the budgeted expenditures. Actual expenses for the county clerk exceeded the budget by \$223, elections office exceeded the budget by \$1,601, victims services coordinator exceeded the budget by \$13,710, district clerk exceeded the budget by \$16,473, judicial court exceed the budget by \$29,014, county treasurer exceeded the budget by \$3,057, and the health department exceeded the budget by \$39.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments

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

Policies Governing Deposits and Investments:

The County has adopted a deposit and investment policy and the County does address the following risks:

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County has a deposit policy for custodial credit risk. As of September 30, 2018, the County's bank balance of \$10,045,555 with Falls City National Bank was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the pledging financial institution's trust department or agent, in the County's name. The fair market value of the securities pledged is \$21,478,679 and the FDIC coverage equals the amount held on deposit for all non-interest bearing accounts. The County's bank balance at Karnes County National Bank of \$109,585 was fully insured by FDIC coverage. The County also has cash equivalent balances equal to \$34,619,962 that are held at a cash management institution which are fully covered by FDIC coverage.

KARNES COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

As of September 30, 2018, the investments are comprised of the following:

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)	PERCENT OF TOTAL INVESTMENTS
Investments measured at net asset value:			
Money Market Mutual Fund - DWS Government Cash Inst Shares	\$ 15,620,039	0.06	98.9%
External investment pools - Texas CLASS	<u>167,958</u>	0.06	1.1%
Total investments at net asset value	<u>15,787,997</u>		
Cash deposits and cash on hand	<u>34,212,572</u>		
Total cash and cash equivalents	<u>\$ 50,000,569</u>		
Portfolio weighted average maturity		0.06	

Interest Rate Risk - The County manages its exposure to declines in fair values by limiting the weighted average maturity of its operating investment portfolio to no more than 6 months.

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Standard & Poor's has designated Texas Class with a credit rating of AAAM and DWS Government Cash Inst Shares with a credit rating of AAAM.

Concentration of Credit Risk - Disclosure is required for investments in any one issuer that represent 5% or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The County's investments in external investment pools and mutual funds exceeding 5% are excluded from this requirement.

Investment Valuation - The County categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The County's investments for all funds at fiscal year-end are listed below at fair value, net of accruals. The government has the following recurring fair value measurements as of September 30, 2018:

INVESTMENT TYPE	FAIR VALUE
Investments measured at net asset value:	
Money Market Mutual Fund - DWS Government Cash Inst Shares	\$ 15,620,039
External investment pools - Texas CLASS	<u>167,958</u>
Total investments at net asset value	<u>\$ 15,787,997</u>

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

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

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
<u>RECEIVABLES</u>				
Ad Valorem Taxes	\$ 1,069,668	\$ 179,715	\$ 66,472	\$ 1,315,855
Courthouse Reimbursement	4,093,559	-	-	4,093,559
Other	<u>15,282</u>	<u>-</u>	<u>59,400</u>	<u>74,682</u>
Gross Receivables	5,178,509	179,715	125,872	5,484,096
Less: Allowance for Uncollectibles	<u>(78,059)</u>	<u>(12,240)</u>	<u>(4,694)</u>	<u>(94,993)</u>
 NET TOTAL RECEIVABLES	 <u>\$ 5,100,450</u>	 <u>\$ 167,475</u>	 <u>\$ 121,178</u>	 <u>\$ 5,389,103</u>

C. Capital Assets

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

	<u>BALANCE 10/1/2017</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE 9/30/2018</u>
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 175,432	\$ -	\$ -	\$ 175,432
Construction in Progress	<u>22,393,351</u>	<u>2,262,821</u>	<u>(13,916,517)</u>	<u>10,739,655</u>
Total Capital Assets not being Depreciated	<u>22,568,783</u>	<u>2,262,821</u>	<u>(13,916,517)</u>	<u>10,915,087</u>
Capital Assets being Depreciated				
Building and Improvements	5,496,402	13,933,962	(20,000)	19,410,364
Machinery, Equipment, and Vehicles	8,639,195	493,205	(797,644)	8,334,756
Infrastructure	<u>4,805,431</u>	<u>-</u>	<u>-</u>	<u>4,805,431</u>
Total Capital Assets being Depreciated	<u>18,941,028</u>	<u>14,427,167</u>	<u>(817,644)</u>	<u>32,550,551</u>
Less Accumulated Depreciation for:				
Building and Improvements	(657,391)	(602,764)	18,000	(1,242,155)
Machinery, Equipment, and Vehicles	(6,453,840)	(758,308)	728,915	(6,483,233)
Infrastructure	<u>(1,217,873)</u>	<u>(74,861)</u>	<u>-</u>	<u>(1,292,734)</u>
Total Accumulated Depreciation	<u>(8,329,104)</u>	<u>(1,435,933)</u>	<u>746,915</u>	<u>(9,018,122)</u>
Total Capital Assets being Depreciated - Net	<u>10,611,924</u>	<u>12,991,234</u>	<u>(70,729)</u>	<u>23,532,429</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 33,180,707</u>	 <u>\$ 15,254,055</u>	 <u>\$(13,987,246)</u>	 <u>\$ 34,447,516</u>

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

The major capital asset events during the current fiscal year were restoration of the Courthouse, construction of a new jail, and the construction of a new EMS building.

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

<u>Governmental Activities</u>	
General Administration	\$ 829,672
Financial Administration	2,294
Public Safety	366,496
Public Transportation	236,697
Health and Welfare	<u>774</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,435,933</u></u>

D. Long-Term Debt

General Obligation Bonds

The County issued General Obligation Bonds, Series 2013 in the amount of \$7,750,000 which provided funds for the construction of the jail and road repairs. The Bonds have an interest rate between 2-3.5% and mature on September 30, 2023. The Bonds are serviced by the debt service fund. The balance at September 30, 2018 is \$4,120,000.

The bonds are direct obligations and pledge the full faith and credit of the government.

Annual debt service requirements to maturity for the certificates of obligation and general obligations bonds are as follows:

<u>YEAR ENDING</u> <u>SEPTEMBER 30,</u>	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 775,000	\$ 136,350
2020	795,000	113,100
2021	820,000	89,250
2022	850,000	60,550
2023	<u>880,000</u>	<u>30,800</u>
TOTALS	<u><u>\$ 4,120,000</u></u>	<u><u>\$ 430,050</u></u>

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Debt (Continued)

Changes in long-term liabilities:

	<u>BALANCE</u> <u>10/1/2017</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>9/30/2018</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>	<u>DUE AFTER</u> <u>ONE YEAR</u>
<u>Governmental Activities</u>						
General Obligation Bonds, Series 2013	\$ 4,870,000	\$ -	\$ (750,000)	\$ 4,120,000	\$ 775,000	\$ 3,345,000
Bond Premium	<u>237,041</u>	<u>-</u>	<u>(39,507)</u>	<u>197,534</u>	<u>39,507</u>	<u>158,027</u>
Total Bonds Payable	<u>5,107,041</u>	<u>-</u>	<u>(789,507)</u>	<u>4,317,534</u>	<u>814,507</u>	<u>3,503,027</u>
Compensated Absences	<u>164,338</u>	<u>78,311</u>	<u>(82,169)</u>	<u>160,480</u>	<u>80,240</u>	<u>80,240</u>
	<u>342,264</u>	<u>78,311</u>	<u>(82,169)</u>	<u>160,480</u>	<u>80,240</u>	<u>80,240</u>
GRAND TOTALS	<u>\$ 10,332,826</u>	<u>\$ 78,311</u>	<u>\$ (871,676)</u>	<u>\$ 4,478,014</u>	<u>\$ 894,747</u>	<u>\$ 3,583,267</u>

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2018-19 year is \$80,240.

The government-wide statement of activities includes \$894,747 as “noncurrent liabilities, due within one year”.

The general fund and the road and bridge fund are used to service the warrants.

The interest incurred on the above debt for the current year was not capitalized.

NOTE 4: OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County contracts with the Texas Association of Counties Risk Management Pool (TACRMP) that provides insurance for all such risks. Contributions are set annually by TACRMP. Liability by the County is generally limited to the contributed amounts. During the year ended September 30, 2018, settled claims resulting from these risks did not exceed commercial insurance coverage.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 4: OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities

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

NOTE 5: PENSION PLAN

A. Plan Description

The County's pension plan is a non-traditional, joint contributory, defined benefit plan. The County, as an employer, provides retirement, disability, and death benefits for all its full-time employees through a nontraditional defined-benefit pension plan in the statewide Texas County and District Retirement System. The plan is a statewide, multi-employer, public employee retirement system consisting of over 700 participants. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar basis. The CAFR is available upon written request from the Board of Trustees at Post Office Box 2034, Austin, Texas 78768-2034.

B. Benefits Provided

The plan provisions for the County are adopted by the County Commissioners within the options available in the Texas state statutes governing TCDRS. Members can retire with 30 years of service regardless of age; or when the sum of their ages and years of service equals 75 or more. Members are vested after 8 years of service but their accumulated deposits and allocated interest must remain in the plan to receive any employer financed benefit. Members who withdraw their personal account balance in a lump sum prior to retirement are not entitled to any amounts contributed by the County.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 5: PENSION PLAN (CONTINUED)

B. Benefits Provided (Continued)

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 governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the restricting 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.

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	91
Inactive Employees Entitled To But Not Yet Receiving Benefits	234
Active Employees	<u>193</u>
Total	<u>518</u>

C. Contributions

The contributions rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employees gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available to the TCDRS Act.

The County has elected the variable rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer, based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 10.35% and 10.24% for the year ending December 31, 2018 and 2017, respectfully, of annual covered payroll. Plan members are required to contribute 7% of their annual covered salary.

For the employer's accounting year ending September 30, 2018, the annual actuarially determined required contribution for the TCDRS Plan for its employees was \$745,412 and the actual contributions were \$745,412.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 5: PENSION PLAN (CONTINUED)

D. Net Pension Liability

The annual required contributions were actuarially determined as a percent of covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2015 and December 31, 2016, the basis for determining the contribution rates for calendar years 2017 and 2018, respectively.

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

Actuarial Valuation Information:

The Total Pension Liability in the December 31, 2017 actuarial valuations was determined using the following actuarial assumptions:

Actuarial Valuation Date	12/31/2017
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	11.6 Years
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Investment Return*	8.00%
Projected Salary Increase*	4.90%
Inflation	2.75%

*Include inflation at the stated rate.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 5: PENSION PLAN (CONTINUED)

D. Net Pension Liability (Continued)

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee. Mortality rates for active members were based on gender-distinct RP2000 Active Employee Mortality Table, with a two year set-forward for males, and a four-year setback for females, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. Mortality rates for retirees, beneficiaries, and non-active members were based on the gender-distinct RP2000 Combined Mortality Table, with a one year set-forward for males and no age adjustment for females, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is calculated 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 consultants and are based on January 2018 information for a 10 year time horizon.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected Minus Infla)</u>
U.S. Equities	11.5%	4.55%
Private Equity	16.0%	7.55%
Global Equities	1.5%	4.85%
International Equities - Developed	11.0%	4.55%
International Equities - Emerging	8.0%	5.55%
Investment-Grade Bonds	3.0%	0.75%
Strategic Credit	8.0%	4.12%
Direct Lending	10.0%	8.06%
Distressed Debt	2.0%	6.30%
REIT Equities	2.0%	4.05%
Master Limited Partnerships (MLPs)	3.0%	6.00%
Private Real Estate Partnerships	6.0%	6.25%
Hedge Funds	18.0%	4.10%
Total	100.0%	

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE 5: PENSION PLAN (CONTINUED)

D. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. 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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at December 31, 2016	\$ 17,757,774	\$ 15,984,880	\$ 1,772,894
Changes for the year:			
Service Cost	1,038,576	-	1,038,576
Interest on Total Pension Liability (1)	1,482,025	-	1,482,025
Effect of Plan Changes (2)	-	-	-
Effect of Economic/Demographic Gains or Losses	(193,880)	-	(193,880)
Effect of Assumptions Changes or Inputs	159,391	-	159,391
Refund of Contributions	(124,049)	(124,049)	-
Benefit Payments	(895,298)	(895,298)	-
Administrative Expense	-	(12,296)	12,296
Member Contributions	-	486,092	(486,092)
Net Investment Income	-	2,336,095	(2,336,095)
Employer Contributions	-	711,087	(711,087)
Other (3)	-	2,268	(2,268)
Net Changes	<u>1,466,765</u>	<u>2,503,899</u>	<u>(1,037,134)</u>
Balance at December 31, 2017	<u>\$ 19,224,539</u>	<u>\$ 18,488,779</u>	<u>\$ 735,760</u>

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

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 5: PENSION PLAN (CONTINUED)

D. Net Pension Liability (Continued)

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 8.1%, 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 (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

	<u>1% Decrease in Discount Rate (7.1%)</u>	<u>Discount Rate (8.1%)</u>	<u>1% Increase in Discount Rate (9.1%)</u>
Total Pension Liability	\$ 21,682,932	\$ 19,224,539	\$ 17,161,822
Fiduciary Net Position	<u>18,488,779</u>	<u>18,488,779</u>	<u>18,488,779</u>
County's Net Pension Liability (Asset)	<u>\$ 3,194,153</u>	<u>\$ 735,760</u>	<u>\$ (1,326,957)</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.org.

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

For the year ended September 30, 2018, the County recognized pension expense of \$794,493. The breakdown of the components of pension expense follows:

<u>Pension Expense / (Income)</u>	<u>January 1, 2017 through December 31, 2017</u>
Service cost	\$ 1,038,576
Interest on total pension liability ¹	1,482,025
Effect of plan changes	-
Administrative expenses	12,296
Member contributions	(486,092)
Expected investment return net of investment expenses	(1,301,439)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(121,506)
Recognition of assumption changes or inputs	83,541
Recognition of investment gains or losses	89,361
Other ²	<u>(2,269)</u>
Pension expense / (income)	<u>\$ 794,493</u>

(1) Reflects the change in the liability due to the time value of money.

TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE 5: PENSION PLAN (CONTINUED)

E. Pension Expense and Deferred Outflows of Resources Related to Pensions (Continued)

At September 30, 2018, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Outflows Of Resources
Difference Between Expected and Actual Economic Experience	\$ 442,823	\$ 50,887
Changes in Actuarial Assumptions	-	179,175
Difference Between Projected and Actual Investment Earnings	246,334	-
Contributions Subsequent to the Measurement Date	-	548,658
Total	\$ 689,157	\$ 778,720

The County reported \$548,658 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 ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 41,152
2020	(98,141)
2021	(188,277)
2022	(213,829)
Total	\$ (459,095)

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS

Postemployment Health Care Coverage

A. Plan Description and Benefits Provided

The County provides medical insurance benefits to eligible retirees on a fully contributory basis. The same level of benefit is provided for eligible retirees as to active employees. Retirees pay 100% of the monthly premium for elected coverage. All active employees who retire directly from the County and meet the eligibility criterion may participate.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Plan Description and Benefits Provided (Continued)

The eligibility requirements to participate in this plan require the retiree to have the earlier of a) 30 years of service without regard to age, and b) the sum of age plus service equals 75. In addition, the retiree must have at least 8 years of continuous service at retirement.

Retirees are eligible for medical benefits as provided in the plan until age 65. Medical coverage for Medicare eligible retirees is provided through the Silver Choice plan. Since this plan is based on retiree rates and is 100% paid for by the retiree, there is no cost to the County.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Contributions

Contributions for postemployment benefits were recognized on a pay-as-you-go basis in the past. Contributions paid by retirees during the fiscal year ended September 30, 2018, were \$20,477.

C. Employees Covered by Benefit Terms

At the September 30, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	3
Inactive, nonretired members	0
Active members and beneficiaries	<u>164</u>
	167

D. OPEB Liability

The County's total OPEB liability of \$153,521 was measured as of September 30, 2018, and was determined by an actuarial valuation as of September 30, 2018.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Actuarial Valuation Information:

Actuarial assumptions and other inputs - The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary
Inflation	3.00%
Salary Scale	3.50%
Discount rate	4.06% as of September 30, 2018
Mortality	RPH-2014 Total Table with Projection MP-2018
Healthcare Cost Trend Rates	Level trend rate of 5.00%
Participants Rates	It was assumed that 25% of all actives who currently have healthcare coverage will continue with coverage upon retirement. For those with family coverage 5% will elect to continue with coverage including the spouse and the remainder will elect individual coverage.

F. Changes in the Total OPEB Liability

Balance at October 1, 2017	\$ 144,992
Changes for the year:	
Service cost	9,799
Interest on the total OPEB liability	6,134
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments	(7,404)
Net changes	<u>8,529</u>
Balance at September 30, 2018	<u>\$ 153,521</u>

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.06%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current rate.

<u>1% Decrease in Discount Rate (3.06%)</u>	<u>Discount Rate (4.06%)</u>	<u>1% Increase in Discount Rate (5.06%)</u>
\$ 165,495	\$ 153,521	\$ 142,645

The following presents the total OPEB liability of the County, calculated using the current healthcare cost trend rates of 5.0% as well as what the County's total OPEB liability would be if it were calculated using the trend rates that are 1 percentage point lower (4.0%) or 1 percentage point higher(6.0%) than the current trend rates.

<u>1% decrease in Health Trend Rate (4.0%)</u>	<u>Current Health Trend Rate (5.0%)</u>	<u>1% increase in Health Trend Rate (6.0%)</u>
\$140,026	\$153,521	\$169,479

For the year ended September 30, 2018, the County recognized an OPEB expense of \$15,933.

NOTE 7: SALES TAX REFUND

During the fiscal year ended September 30, 2018 the County was notified by the State of Texas that a sales tax paying organization within the County's jurisdiction had overpaid sales tax by \$3,121,915. At September 30, 2018 the County recognized a liability for the amount owed back to the State.

NOTE 8: RESTATEMENT OF NET POSITION

The County's implementation of GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", requires a restatement of beginning net position. The restatement has been made to record the County's total other postemployment benefit liabilities as of September 30, 2017. The effect of this prior year restatement is a reduction to beginning net position of \$144,992.

KARNES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 9: SUBSEQUENT EVENTS

In December 2018 the County funded the calling of the General Obligation Series 2013 bonds with an outstanding principal balance of \$4,120,000 using \$3,959,950 of general fund reserves and the remaining portion from the interest and sinking reserves in the debt service fund.

The County will refund the general fund from delinquent interest and sinking tax collections.

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REQUIRED SUPPLEMENTARY INFORMATION

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KARNES COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
*LAST 10 FISCAL YEARS

For the measurement year ended December, 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$ 1,038,576	\$ 1,143,857	\$ 865,719	\$ 685,309
Interest on the Total Pension Liability	1,482,025	1,367,975	1,247,626	1,161,338
Effect of Plan Changes	-	-	(172,224)	-
Effect of Assumption Changes	159,391	-	206,651	-
Effect of Economic/Demographic (Gains) or Losses	(193,880)	(575,439)	203,545	40,974
Benefit Payments/Refunds of Contributions	<u>(1,019,347)</u>	<u>(993,459)</u>	<u>(976,905)</u>	<u>(880,293)</u>
Net Change in Total Pension Liability	1,466,765	942,934	1,374,412	1,007,328
Total Pension Liability - Beginning	<u>17,757,774</u>	<u>16,814,840</u>	<u>15,440,428</u>	<u>14,433,100</u>
Total Pension Liability - Ending (a)	<u>\$ 19,224,539</u>	<u>\$ 17,757,774</u>	<u>\$ 16,814,840</u>	<u>\$ 15,440,428</u>
Fiduciary Net Position				
Employer Contributions	\$ 711,087	\$ 784,312	\$ 883,694	\$ 749,548
Member Contributions	486,092	506,474	520,696	378,833
Investment Income, Net of Investment Expenses	2,336,095	1,075,034	14,755	898,729
Benefit Payments/Refunds of Contributions	(1,019,347)	(993,459)	(976,905)	(880,293)
Administrative Expense	(12,296)	(11,911)	(10,450)	(10,539)
Other	<u>2,268</u>	<u>(166,687)</u>	<u>130,457</u>	<u>(47,963)</u>
Net Change in Plan Fiduciary Net Position	2,503,899	1,193,763	562,247	1,088,315
Plan Fiduciary Net Position - Beginning	<u>15,984,880</u>	<u>14,791,117</u>	<u>14,228,870</u>	<u>13,140,555</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,488,779</u>	<u>\$ 15,984,880</u>	<u>\$ 14,791,117</u>	<u>\$ 14,228,870</u>
Net Pension Liability (a) - (b)	<u>\$ 735,760</u>	<u>\$ 1,772,894</u>	<u>\$ 2,023,723</u>	<u>\$ 1,211,558</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.17%	90.02%	87.96%	92.15%
Covered Payroll	\$ 6,944,176	\$ 7,235,338	\$ 7,438,508	\$ 5,411,897
Net Pension Liability as a Percentage of Total Covered Payroll	10.60%	24.50%	27.21%	22.39%

*GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. This is the fourth year of implementation of GASB Statement No. 68. The County will develop and present the schedule prospectively.

KARNES COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - NET PENSION LIABILITY
*LAST 10 FISCAL YEARS

Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 836,094	\$ 836,094	\$ -	\$ 6,799,850	12.3%
2016	825,105	825,105	-	7,412,004	11.1%
2017	720,776	720,776	-	6,927,236	10.4%
2018	745,412	745,412	-	7,222,469	10.3%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the fourth year of implementation of GASB 68. The County will develop the schedule prospectively.

KARNES COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB)
LIABILITY - RETIREE HEALTH CARE PLAN
*LAST 10 FISCAL YEARS

	2018
Total OPEB Liability	
Service Cost	\$ 9,799
Interest on the Total OPEB Liability	6,134
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Change of Assumptions	-
Benefit Payments	(7,404)
Net Change in Total OPEB Liability	8,529
Total OPEB Liability - beginning	144,992
Total OPEB Liability - ending	\$ 153,521
Covered Payroll	\$ 6,210,472
Total OPEB Liability as a Percentage of Covered Payroll	2.47%

KARNES COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1: SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	11.6 Years
Asset Valuation Method	5 Year Smoothed Value
Inflation	2.75%
Salary Increases	4.9% average over career including inflation
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015/2016: 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 show in the notes to schedule.

OTHER SUPPLEMENTARY INFORMATION

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

KARNES COUNTY, TEXAS
COMBINING BALANCE SHEET - ROAD AND BRIDGE FUNDS
SEPTEMBER 30, 2018

	ROAD AND BRIDGE FUND	LATERAL ROAD FUND	ROAD AND BRIDGE SPECIAL	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 9,049,483	\$ 56,757	\$ 5,766,436	\$ 14,872,676
Receivables - Net of Allowance for Uncollectibles	-	-	167,475	167,475
Due from Others	8,365	-	3,655	12,020
Prepaid Expenses	-	-	10,377	10,377
	<u>\$ 9,057,848</u>	<u>\$ 56,757</u>	<u>\$ 5,947,943</u>	<u>\$ 15,062,548</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 237,102	\$ -	\$ 237,978	\$ 475,080
Accrued Wages	51,489	-	-	51,489
Total Liabilities	288,591	-	237,978	526,569
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenues - Taxes	64,238	-	167,475	231,713
<u>FUND BALANCES</u>				
Nonspendable - Prepaids	-	-	10,377	10,377
Restricted	-	56,757	5,532,113	5,588,870
Committed	8,705,019	-	-	8,705,019
Total Fund Balances	8,705,019	56,757	5,542,490	14,304,266
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 9,057,848</u>	<u>\$ 56,757</u>	<u>\$ 5,947,943</u>	<u>\$ 15,062,548</u>

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

	ROAD AND BRIDGE FUND	LATERAL ROAD FUND	ROAD AND BRIDGE SPECIAL	TOTAL
<u>REVENUES</u>				
Taxes				
Property	\$ 6,528,545	\$ -	\$ 2,823,427	\$ 9,351,972
Intergovernmental	-	19,228	-	19,228
Licenses and Permits	669,864	-	-	669,864
Interest	145,812	1,053	95,720	242,585
Miscellaneous	528,414	-	-	528,414
Total Revenues	<u>7,872,635</u>	<u>20,281</u>	<u>2,919,147</u>	<u>10,812,063</u>
<u>EXPENDITURES</u>				
Current				
Public Transportation				
Road and Bridge	6,395,286	19,449	2,889,390	9,304,125
Capital Outlay	201,566	-	-	201,566
Total Expenditures	<u>6,596,852</u>	<u>19,449</u>	<u>2,889,390</u>	<u>9,505,691</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,275,783</u>	<u>832</u>	<u>29,757</u>	<u>1,306,372</u>
<u>FUND BALANCES - BEGINNING</u>	<u>7,429,236</u>	<u>55,925</u>	<u>5,512,733</u>	<u>12,997,894</u>
FUND BALANCES - ENDING	<u>\$ 8,705,019</u>	<u>\$ 56,757</u>	<u>\$ 5,542,490</u>	<u>\$ 14,304,266</u>

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

							SPECIAL
	COUNTY AND DISTRICT CLERK FEES	GENERAL RECORDS MANAGE- MENT	JURY FUND	PRETRIAL FUND	COUNTY LIBRARY	COURTHOUSE MAINTENANCE FUND	COURT- HOUSE SECURITY FUND
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 579,557	\$ 75,440	\$ 42,209	\$ 42,337	\$ 307,857	\$ 104,069	\$ 214,601
Receivables - Net of Allowance for Uncollectibles	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-
Due From Others	-	-	4	-	603	-	139
TOTAL ASSETS	<u>\$ 579,557</u>	<u>\$ 75,440</u>	<u>\$ 42,213</u>	<u>\$ 42,337</u>	<u>\$ 308,460</u>	<u>\$ 104,069</u>	<u>\$ 214,740</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 9,996	\$ -	\$ 2,920	\$ -	\$ 6,694	\$ -	\$ 7,434
Accrued Wages Payable	-	-	-	-	10,966	-	3,622
Other Liabilities	-	-	-	6,625	-	-	-
Total Liabilities	<u>9,996</u>	<u>-</u>	<u>2,920</u>	<u>6,625</u>	<u>17,660</u>	<u>-</u>	<u>11,056</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Revenues - Taxes	-	-	-	-	-	-	-
<u>FUND BALANCES</u>							
Restricted							
Debt Service	-	-	-	-	-	-	-
Special Revenue Funds	569,561	75,440	39,293	35,712	-	-	203,684
Committed							
Special Revenue Funds	-	-	-	-	290,800	104,069	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>569,561</u>	<u>75,440</u>	<u>39,293</u>	<u>35,712</u>	<u>290,800</u>	<u>104,069</u>	<u>203,684</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 579,557</u>	<u>\$ 75,440</u>	<u>\$ 42,213</u>	<u>\$ 42,337</u>	<u>\$ 308,460</u>	<u>\$ 104,069</u>	<u>\$ 214,740</u>

REVENUE

FEDERAL ASSET FORFEI- TURE	CONTRACT ELECTION FUND	KARNES COUNTY EMS	HOT CHECK ESCROW	HOT CHECK FUND	LEPC	J.P. COURT FEES	KCGF FUND	CONTRIBUTION SHERIFF DEPARTMENT
\$ 598	\$ 36,159	\$ 16,584	\$ 3,274	\$ 1,014	\$ 207,115	\$ 169,912	\$ 250,819	\$ 58,110
-	-	-	-	-	59,400	-	-	-
-	-	-	-	-	46	-	-	-
<u>\$ 598</u>	<u>\$ 36,159</u>	<u>\$ 16,584</u>	<u>\$ 3,274</u>	<u>\$ 1,014</u>	<u>\$ 266,561</u>	<u>\$ 169,912</u>	<u>\$ 250,819</u>	<u>\$ 58,110</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ 45,360
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	35,000	-	-	45,360
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
598	-	16,584	3,274	1,014	-	169,912	-	12,750
-	36,159	-	-	-	231,561	-	250,819	-
-	-	-	-	-	-	-	-	-
<u>598</u>	<u>36,159</u>	<u>16,584</u>	<u>3,274</u>	<u>1,014</u>	<u>231,561</u>	<u>169,912</u>	<u>250,819</u>	<u>12,750</u>
<u>\$ 598</u>	<u>\$ 36,159</u>	<u>\$ 16,584</u>	<u>\$ 3,274</u>	<u>\$ 1,014</u>	<u>\$ 266,561</u>	<u>\$ 169,912</u>	<u>\$ 250,819</u>	<u>\$ 58,110</u>

KARNES COUNTY, TEXAS
COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	SPECIAL REVENUE						DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL
	LAW LIBRARY	COURT GUARDIANSHIP	COURT RECORDS PRESERVATION	COUNTY ATTORNEY SEIZURE	COURT REPORTER FEES	RURAL FIRE FUND	INTEREST AND SINKING	
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 40,021	\$ 2,855	\$ 1,429	51,361	\$ 120	\$ 67,474	\$ 200,393	\$ 2,473,308
Receivables - Net of Allowance for Uncollectibles	-	-	-	-	-	61,778	-	61,778
Other Receivables	-	-	-	-	-	-	-	59,400
Due From Others	-	-	-	-	9	1,327	1,240	3,368
TOTAL ASSETS	\$ 40,021	\$ 2,855	\$ 1,429	\$ 51,361	\$ 129	\$ 130,579	\$ 201,633	\$ 2,597,854
<u>LIABILITIES</u>								
Accounts Payable	\$ 234	\$ -	\$ -	\$ -	\$ -	\$ 218,044	\$ -	\$ 325,682
Accrued Wages Payable	-	-	-	-	-	-	-	14,588
Due to Other Funds	-	-	-	-	-	-	-	6,625
Total Liabilities	234	-	-	-	-	218,044	-	346,895
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Deferred Revenues - Taxes	-	-	-	-	-	61,778	-	61,778
<u>FUND BALANCES</u>								
Restricted	-	-	-	-	-	-	201,633	201,633
Debt Service	-	-	-	-	-	-	-	-
Special Revenue Funds	39,787	2,855	1,429	51,361	129	-	-	1,223,383
Committed	-	-	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-	-	913,408
Unassigned	-	-	-	-	-	(149,243)	-	(149,243)
Total Fund Balances	39,787	2,855	1,429	51,361	129	(149,243)	201,633	2,189,181
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 40,021	\$ 2,855	\$ 1,429	\$ 51,361	\$ 129	\$ 130,579	\$ 201,633	\$ 2,597,854

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

	SPECIAL						
	COUNTY AND DISTRICT CLERK FEES	GENERAL RECORDS MANAGE- MENT	JURY FUND	PRETRIAL FUND	COUNTY LIBRARY	COURTHOUSE MAINTENANCE FUND	COURT- HOUSE SECURITY FUND
REVENUES							
Taxes							
Property	\$ -	\$ -	\$ 2,863	\$ -	\$ 470,656	\$ -	\$ 108,362
Intergovernmental	-	-	-	-	-	45,000	-
Donations	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	16,741
Charges for Fees	102,273	5,073	-	-	-	-	-
Interest	7,449	1,032	592	-	5,857	865	3,197
Estray Funds	-	-	2,403	-	-	-	-
Miscellaneous	-	-	3,434	-	-	6,000	-
Total Revenues	<u>109,722</u>	<u>6,105</u>	<u>9,292</u>	<u>-</u>	<u>476,513</u>	<u>51,865</u>	<u>128,300</u>
EXPENDITURES							
Current							
General Administration							
Records Management	9,995	-	-	-	-	-	-
Elections	-	-	-	-	-	-	-
Law Library	-	-	-	-	-	-	-
Judicial							
Judicial Court	-	-	14,312	-	-	-	-
Public Safety							
Fire	-	-	-	-	-	-	-
Local Emergency Planning	-	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-	102,536
EMS	-	-	-	-	-	-	-
Culture and Recreation							
Library	-	-	-	-	461,839	-	-
Capital Projects							
Capital Outlay	-	-	-	-	-	-	-
Debt Service							
Principal Retirement	-	-	-	-	-	-	-
Interest Retirement	-	-	-	-	-	-	-
Total Expenditures	<u>9,995</u>	<u>-</u>	<u>14,312</u>	<u>-</u>	<u>461,839</u>	<u>-</u>	<u>102,536</u>
OTHER FINANCING SOURCES (USES)							
Transfer In	-	-	-	-	-	-	-
Net Change in Fund Balances	99,727	6,105	(5,020)	-	14,674	51,865	25,764
FUND BALANCES - BEGINNING	<u>469,834</u>	<u>69,335</u>	<u>44,313</u>	<u>35,712</u>	<u>276,126</u>	<u>52,204</u>	<u>177,920</u>
FUND BALANCES - ENDING	<u>\$ 569,561</u>	<u>\$ 75,440</u>	<u>\$ 39,293</u>	<u>\$ 35,712</u>	<u>\$ 290,800</u>	<u>\$ 104,069</u>	<u>\$ 203,684</u>

REVENUE

FEDERAL ASSET FORFEI- TURE	CONTRACT ELECTION FUND	KARNES COUNTY EMS	HOT CHECK ESCROW	HOT CHECK FUND	LEPC	J.P. COURT FEES	KCGF FUND	CONTRIBUTION SHERIFF DEPARTMENT
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,858	\$ -	\$ -	\$ -
-	-	-	-	-	59,400	-	-	-
-	-	15,675	-	-	-	-	-	37,150
-	10,909	-	-	-	-	-	-	-
-	-	-	-	-	-	17,269	-	-
9	436	205	-	-	3,301	2,384	2,856	826
-	-	-	-	-	-	-	-	-
-	-	-	4,625	479	-	-	225,619	-
<u>9</u>	<u>11,345</u>	<u>15,880</u>	<u>4,625</u>	<u>479</u>	<u>98,559</u>	<u>19,653</u>	<u>228,475</u>	<u>37,976</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,317	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	88,254	-	-	-
-	-	-	4,295	-	-	-	23,591	58,454
-	-	2,425	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	11,680	-	-	-	-	32,221	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	<u>14,105</u>	<u>4,295</u>	-	<u>88,254</u>	<u>9,317</u>	<u>55,812</u>	<u>58,454</u>
-	-	-	-	-	-	-	-	-
9	11,345	1,775	330	479	10,305	10,336	172,663	(20,478)
<u>589</u>	<u>24,814</u>	<u>14,809</u>	<u>2,944</u>	<u>535</u>	<u>221,256</u>	<u>159,576</u>	<u>78,156</u>	<u>33,228</u>
<u>\$ 598</u>	<u>\$ 36,159</u>	<u>\$ 16,584</u>	<u>\$ 3,274</u>	<u>\$ 1,014</u>	<u>\$ 231,561</u>	<u>\$ 169,912</u>	<u>\$ 250,819</u>	<u>\$ 12,750</u>

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

	SPECIAL REVENUE						DEBT SERVICE	NON-MAJOR GOVERNMENTAL
	LAW LIBRARY	COURT GUARDIANSHIP	COURT RECORDS PRESERVATION	COUNTY ATTORNEY SEIZURE	COURT REPORTER FEES	RURAL FIRE FUND	INTEREST AND SINKING	
REVENUES								
Taxes								
Property	\$ -	\$ -	\$ -	\$ -	\$ 7,038	\$ 955,086	\$ 893,850	\$ 2,473,713
Intergovernmental	-	-	-	-	-	-	-	104,400
Donations	-	-	-	-	-	-	-	52,825
Charges for Services	5,605	1,180	590	-	-	-	-	35,025
Charges for Fees	-	-	-	-	2,984	-	-	127,599
Interest	568	29	16	307	50	7,124	9,485	46,588
Estray Funds	-	-	-	-	-	-	-	2,403
Miscellaneous	-	-	-	51,054	-	-	-	291,211
Total Revenues	<u>6,173</u>	<u>1,209</u>	<u>606</u>	<u>51,361</u>	<u>10,072</u>	<u>962,210</u>	<u>903,335</u>	<u>3,133,764</u>
EXPENDITURES								
Current								
General Administration								
Records Management	-	-	-	-	-	-	-	9,995
Elections	-	-	-	-	-	-	-	-
Law Library	3,458	-	-	-	-	-	-	3,458
Judicial								
Judicial Court	-	-	-	-	22,581	-	-	46,210
Public Safety								
Fire	-	-	-	-	-	1,226,959	-	1,226,959
Local Emergency Planning	-	-	-	-	-	-	-	88,254
Sheriff	-	-	-	-	-	-	-	188,876
EMS	-	-	-	-	-	-	-	2,425
Culture and Recreation								
Library	-	-	-	-	-	-	-	461,839
Capital Projects								
Capital Outlay	-	-	-	-	-	-	-	43,901
Debt Service								
Principal Retirement	-	-	-	-	-	-	750,000	750,000
Interest Retirement	-	-	-	-	-	-	159,250	159,250
Total Expenditures	<u>3,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,581</u>	<u>1,226,959</u>	<u>909,250</u>	<u>2,981,167</u>
OTHER FINANCING SOURCES (USES)								
Transfer In	-	-	-	-	6,918	-	-	6,918
Net Change in Fund Balances	2,715	1,209	606	51,361	(5,591)	(264,749)	(5,915)	159,515
FUND BALANCES - BEGINNING	<u>37,072</u>	<u>1,646</u>	<u>823</u>	<u>-</u>	<u>5,720</u>	<u>115,506</u>	<u>207,548</u>	<u>2,029,666</u>
FUND BALANCES - ENDING	<u>\$ 39,787</u>	<u>\$ 2,855</u>	<u>\$ 1,429</u>	<u>\$ 51,361</u>	<u>\$ 129</u>	<u>\$ (149,243)</u>	<u>\$ 201,633</u>	<u>\$ 2,189,181</u>

KARNES COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	ACCOUNTS PAYABLE FUND	PAYROLL FUND	COUNTY OFFICER ACCOUNTS	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 20,498	\$ 237,345	\$ 8,357,724	\$ 8,615,567
<u>LIABILITIES</u>				
Due to Others	\$ 20,498	\$ 237,345	\$ 8,357,724	\$ 8,615,567

KARNES COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

<u>ACCOUNTS PAYABLE FUND</u>	<u>BALANCE</u> <u>10/1/2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>9/30/2018</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 18,325,220	\$ (18,304,722)	\$ 20,498
<u>LIABILITIES</u>				
Due to Others	\$ -	\$ 18,325,220	\$ (18,304,722)	\$ 20,498
<u>PAYROLL FUND</u>	<u>BALANCE</u> <u>10/1/2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>9/30/2018</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 18,640	\$ 9,883,719	\$ (9,665,014)	\$ 237,345
<u>LIABILITIES</u>				
Due to Others	\$ 18,640	\$ 9,883,719	\$ (9,665,014)	\$ 237,345
<u>COUNTY OFFICER ACCOUNTS</u>	<u>BALANCE</u> <u>10/1/2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>9/30/2018</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 8,176,006	\$ 67,353,532	\$ (67,171,814)	\$ 8,357,724
<u>LIABILITIES</u>				
Due to Others	\$ 8,176,006	\$ 67,353,532	\$ (67,171,814)	\$ 8,357,724
<u>TOTAL</u>	<u>BALANCE</u> <u>10/1/2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>9/30/2017</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 8,194,646	\$ 95,562,471	\$ (95,141,550)	\$ 8,615,567
<u>LIABILITIES</u>				
Due to Others	\$ 8,194,646	\$ 95,562,471	\$ (95,141,550)	\$ 8,615,567

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

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KARNES COUNTY, TEXAS
 COUNTY AND DISTRICT CLERK FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Charges for Fees	\$ 62,000	\$ 62,000	\$ 102,273	\$ 40,273
Interest	<u>1,500</u>	<u>1,500</u>	<u>7,449</u>	<u>5,949</u>
Total Revenues	63,500	63,500	109,722	46,222
<u>EXPENDITURES</u>				
General Administration				
Records Management	<u>10,000</u>	<u>10,000</u>	<u>9,995</u>	<u>5</u>
Net Change in Fund Balance	<u>\$ 53,500</u>	<u>\$ 53,500</u>	99,727	<u>\$ 46,227</u>
<u>FUND BALANCE - BEGINNING</u>			<u>469,834</u>	
FUND BALANCE - ENDING			<u>\$ 569,561</u>	

KARNES COUNTY, TEXAS
 GENERAL RECORDS MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Charges for Fees	\$ 5,000	\$ 5,000	\$ 5,073	\$ 73
Interest	<u>300</u>	<u>300</u>	<u>1,032</u>	<u>732</u>
Total Revenues	5,300	5,300	6,105	805
<u>EXPENDITURES</u>				
General Administration				
Records Management	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	<u>\$ 300</u>	<u>\$ 300</u>	6,105	<u>\$ 5,805</u>
<u>FUND BALANCE - BEGINNING</u>			<u>69,335</u>	
FUND BALANCE - ENDING			<u>\$ 75,440</u>	

KARNES COUNTY, TEXAS
 JURY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUES</u>				
Taxes				
Property	\$ 2,924	\$ 2,924	\$ 2,863	\$ (61)
Interest	100	100	592	492
Miscellaneous	700	700	3,434	2,734
Total Revenues	3,724	3,724	6,889	3,165
 <u>EXPENDITURES</u>				
Current				
Judicial				
Jury	3,700	3,700	14,312	(10,612)
Net Change in Fund Balance	\$ 24	\$ 24	(7,423)	\$ (7,447)
 <u>FUND BALANCE - BEGINNING</u>			44,313	
 FUND BALANCE - ENDING			\$ 36,890	

KARNES COUNTY, TEXAS
COUNTY LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Property	\$ 480,250	\$ 480,250	\$ 470,656	\$ (9,594)
Interest	<u>1,500</u>	<u>1,500</u>	<u>5,857</u>	<u>4,357</u>
Total Revenues	481,750	481,750	476,513	(5,237)
 <u>EXPENDITURES</u>				
Current				
Culture and Recreation				
Library	<u>475,418</u>	<u>475,418</u>	<u>461,839</u>	<u>13,579</u>
Net Change in Fund Balance	<u>\$ 6,332</u>	<u>\$ 6,332</u>	14,674	<u>\$ 8,342</u>
 <u>FUND BALANCE - BEGINNING</u>			<u>276,126</u>	
 FUND BALANCE - ENDING			 <u>\$ 290,800</u>	

KARNES COUNTY, TEXAS
 PERMANENT IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Interest	\$ 50	\$ 50	\$ 865	\$ 815
Intergovernmental	-	-	45,000	45,000
Miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total Revenues	6,050	6,050	51,865	45,815
 Net Change in Fund Balance	 <u>\$ 6,050</u>	 <u>\$ 6,050</u>	 51,865	 <u>\$ 45,815</u>
 <u>FUND BALANCE - BEGINNING</u>			 <u>52,204</u>	
 FUND BALANCE - ENDING			 <u>\$ 104,069</u>	

KARNES COUNTY, TEXAS
 COURTHOUSE SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Property	\$ 110,647	\$ 110,647	\$ 108,362	\$ (2,285)
Charges for Services	16,000	16,000	16,741	741
Interest	<u>500</u>	<u>500</u>	<u>3,197</u>	<u>2,697</u>
Total Revenues	127,147	127,147	128,300	1,153
<u>EXPENDITURES</u>				
Public Safety				
Sheriff	<u>126,029</u>	<u>126,029</u>	<u>102,536</u>	<u>23,493</u>
Total Expenditures	126,029	126,029	102,536	23,493
Net Change in Fund Balance	<u>\$ 1,118</u>	<u>\$ 1,118</u>	25,764	<u>\$ 24,646</u>
<u>FUND BALANCE - BEGINNING</u>			<u>177,920</u>	
FUND BALANCE - ENDING			<u>\$ 203,684</u>	

KARNES COUNTY, TEXAS
LEPC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET -</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes				
Property	\$ 36,609	\$ 36,609	\$ 35,858	\$ (751)
Intergovernmental	-	-	59,400	59,400
Interest	<u>500</u>	<u>500</u>	<u>3,301</u>	<u>2,801</u>
Total Revenues	37,109	37,109	98,559	61,450
<u>EXPENDITURES</u>				
Public Safety				
Local Emergency Planning Committee	<u>36,745</u>	<u>36,745</u>	<u>88,254</u>	<u>(51,509)</u>
Net Change in Fund Balance	<u>\$ 364</u>	<u>\$ 364</u>	10,305	<u>\$ 9,941</u>
<u>FUND BALANCE - BEGINNING</u>			<u>221,256</u>	
FUND BALANCE - ENDING			<u>\$ 231,561</u>	

KARNES COUNTY, TEXAS
JUSTICE OF THE PEACE COURT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Charges for Fees	\$ 6,000	\$ 6,000	\$ 17,269	\$ 11,269
Interest	<u>300</u>	<u>300</u>	<u>2,384</u>	<u>2,084</u>
Total Revenues	6,300	6,300	19,653	13,353
<u>EXPENDITURES</u>				
Judicial Court	<u>12,420</u>	<u>12,420</u>	<u>9,317</u>	<u>3,103</u>
Net Change in Fund Balance	<u>\$ (6,120)</u>	<u>\$ (6,120)</u>	10,336	<u>\$ 16,456</u>
<u>FUND BALANCE - BEGINNING</u>			<u>159,576</u>	
FUND BALANCE - ENDING			<u>\$ 169,912</u>	

KARNES COUNTY, TEXAS
KCGF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUES</u>				
Interest	\$ 300	\$ 300	\$ 2,856	\$ 2,556
Miscellaneous	-	-	225,619	225,619
Total Revenues	300	300	228,475	228,175
<u>EXPENDITURES</u>				
Public Safety				
Sheriff	17,779	17,779	23,591	(5,812)
Capital Outlay	32,221	32,221	32,221	-
Total Expenditures	50,000	50,000	55,812	(5,812)
Net Change in Fund Balance	<u>\$ (17,479)</u>	<u>\$ (17,479)</u>	172,663	<u>\$ 222,363</u>
<u>FUND BALANCE - BEGINNING</u>			<u>78,156</u>	
FUND BALANCE - ENDING			<u>\$ 250,819</u>	

KARNES COUNTY, TEXAS
INTEREST AND SINKING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Property	\$ 909,211	\$ 909,211	\$ 893,850	\$ (15,361)
Interest	<u>2,000</u>	<u>2,000</u>	<u>9,485</u>	<u>7,485</u>
Total Revenues	<u>911,211</u>	<u>911,211</u>	<u>903,335</u>	<u>(7,876)</u>
<u>EXPENDITURES</u>				
Debt Service				
Principal Retirement	750,000	750,000	750,000	-
Interest Retirement	<u>159,250</u>	<u>159,250</u>	<u>159,250</u>	<u>-</u>
Total Expenditures	<u>909,250</u>	<u>909,250</u>	<u>909,250</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1,961</u>	<u>\$ 1,961</u>	(5,915)	<u>\$ (7,876)</u>
<u>FUND BALANCE - BEGINNING</u>			<u>207,548</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$ 201,633</u>	

KARNES COUNTY, TEXAS
SHERIFF CONTRIBUTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Interest	\$ 35	\$ 35	\$ 826	\$ 791
Donations	<u>-</u>	<u>-</u>	<u>37,150</u>	<u>37,150</u>
Total Revenues	25	25	37,976	37,941
<u>EXPENDITURES</u>				
Public Safety				
Sheriff	<u>8,000</u>	<u>8,000</u>	<u>58,454</u>	<u>(50,454)</u>
Net Change in Fund Balance	<u>\$ (7,975)</u>	<u>\$ (7,975)</u>	(20,478)	<u>\$ (12,513)</u>
<u>FUND BALANCE - BEGINNING</u>			<u>33,228</u>	
FUND BALANCE - ENDING			<u>\$ 78,156</u>	

KARNES COUNTY, TEXAS
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUES</u>				
Charges for Services	\$ 3,600	\$ 3,600	\$ 5,605	\$ 2,005
Interest	150	150	568	418
Total Revenues	3,750	3,750	6,173	2,423
 <u>EXPENDITURES</u>				
Current				
General Administration				
Law Library	8,000	8,000	3,458	4,542
Net Change in Fund Balance	\$ (4,250)	\$ (4,250)	2,715	\$ 6,965
 <u>FUND BALANCE - BEGINNING</u>			37,072	
 FUND BALANCE - ENDING			\$ 39,787	

KARNES COUNTY, TEXAS
 COURT REPORTER FEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Property	\$ 7,544	\$ 7,544	\$ 7,038	\$ (506)
Charges for Fees	3,300	3,300	2,984	(316)
Interest	<u>50</u>	<u>50</u>	<u>50</u>	<u>-</u>
Total Revenues	10,894	10,894	10,072	(822)
<u>EXPENDITURES</u>				
Current				
Judicial				
Judicial Court	<u>10,798</u>	<u>10,798</u>	<u>22,581</u>	<u>(11,783)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	<u>-</u>	<u>-</u>	<u>6,918</u>	<u>6,918</u>
Net Change in Fund Balance	<u>\$ 96</u>	<u>\$ 96</u>	(5,591)	<u>\$ (12,605)</u>
<u>FUND BALANCE - BEGINNING</u>			<u>5,720</u>	
FUND BALANCE - ENDING			<u>\$ 129</u>	

KARNES COUNTY, TEXAS
CONTRACT ELECTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Charges for Services	\$ 1,000	\$ 1,000	\$ 10,909	\$ 9,909
Interest	<u>50</u>	<u>50</u>	<u>436</u>	<u>386</u>
Total Revenues	1,050	1,050	11,345	10,295
<u>EXPENDITURES</u>				
Current				
General Administration				
Elections	<u>23,855</u>	<u>23,855</u>	<u>-</u>	<u>23,855</u>
Net Change in Fund Balance	<u>\$ (22,805)</u>	<u>\$ (22,805)</u>	11,345	<u>\$ 34,150</u>
<u>FUND BALANCE - BEGINNING</u>			<u>24,814</u>	
FUND BALANCE - ENDING			<u>\$ 36,159</u>	

KARNES COUNTY, TEXAS
EMS DONATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET - POSITIVE (NEGATIVE)
<u>REVENUES</u>				
Donations	\$ -	\$ -	\$ 15,675	\$ 15,675
Interest	30	30	205	175
Total Revenues	<u>30</u>	<u>30</u>	<u>15,880</u>	<u>15,850</u>
<u>EXPENDITURES</u>				
Current				
Public Safety				
EMS	3,106	3,106	2,425	681
Capital Outlay	<u>11,680</u>	<u>11,680</u>	<u>11,680</u>	<u>-</u>
Total Expenditures	14,786	14,786	14,105	681
Net Change in Fund Balance	<u><u>\$(11,650)</u></u>	<u><u>\$(11,650)</u></u>	1,775	<u><u>\$ 15,850</u></u>
<u>FUND BALANCE - BEGINNING</u>			<u>14,809</u>	
FUND BALANCE - ENDING			<u><u>\$ 16,584</u></u>	

KARNES COUNTY, TEXAS
RURAL FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUES</u>				
Taxes				
Property	\$ 974,187	\$ 974,187	\$ 955,086	\$ (19,101)
Interest	<u>2,500</u>	<u>2,500</u>	<u>7,124</u>	<u>4,624</u>
Total Revenues	976,687	976,687	962,210	(14,477)
 <u>EXPENDITURES</u>				
Current				
Public Safety				
Fire	<u>976,687</u>	<u>976,687</u>	<u>1,226,959</u>	<u>(250,272)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(264,749)	<u>\$ (264,749)</u>
 <u>FUND BALANCE - BEGINNING</u>			<u>115,506</u>	
 FUND BALANCE - ENDING			<u>\$ (149,243)</u>	