



Financial Statements
December 31, 2018
Hale County, Texas

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Independent Auditor's Report

To the Honorable Judge and Members of the Commissioners' Court
Hale County, Texas
Plainview, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hale County, Texas (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hale County, Texas, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement of Prior Period Net Position

As discussed in Note 14 to the financial statements, certain errors resulting in understatement of amounts previously reported for receivables and capital assets, as of December 31, 2018 were discovered during the year. Accordingly, amounts reported for beginning net position of the internal service fund and governmental activities have been restated. Our opinions are 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, budgetary comparison information, and pension schedules on pages 4 through 10 and 50 through 58 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 or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019 on our consideration of Hale County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Abilene, Texas
June 18, 2019

This section of Hale County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2018. Please read it in conjunction with the County's financial statements, which follow this section.

Financial Highlights

- The County's total net position was \$29,769,102 at December 31, 2018.
- During the year, the County's expenses were \$69,839 less than the \$16,889,168 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$8,466,425.

Overview of the Financial Statements

This annual report consists of three parts-management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the County's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses.
- Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The Management's Discussion and Analysis, Basic Financial Statements, and Required Supplementary Information are the three main components of Hale County's financial statements. The basic financial statements include the government-wide financial statements, fund financial statements and the notes to the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how they have changed. Net position - the difference between the County's assets, liabilities, and deferred inflows of resources - is one way to measure the County's financial health or position.

Over time, increases or decreases in the County's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the Governmental activities. Most of the County's basic services are included here, such as general administration, financial administration, judicial, public safety and correctional, public facilities, health and welfare, conservation, culture and recreation, environmental protection, elections and public transportation. Property taxes and intergovernmental revenues finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's most significant funds- not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond covenants.
- The Commissioners' Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

- Governmental funds – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- Proprietary funds – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

We use internal service funds to report activities that provide supplies and services for the County's other programs and activities.

- **Fiduciary funds** – The County is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operation.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

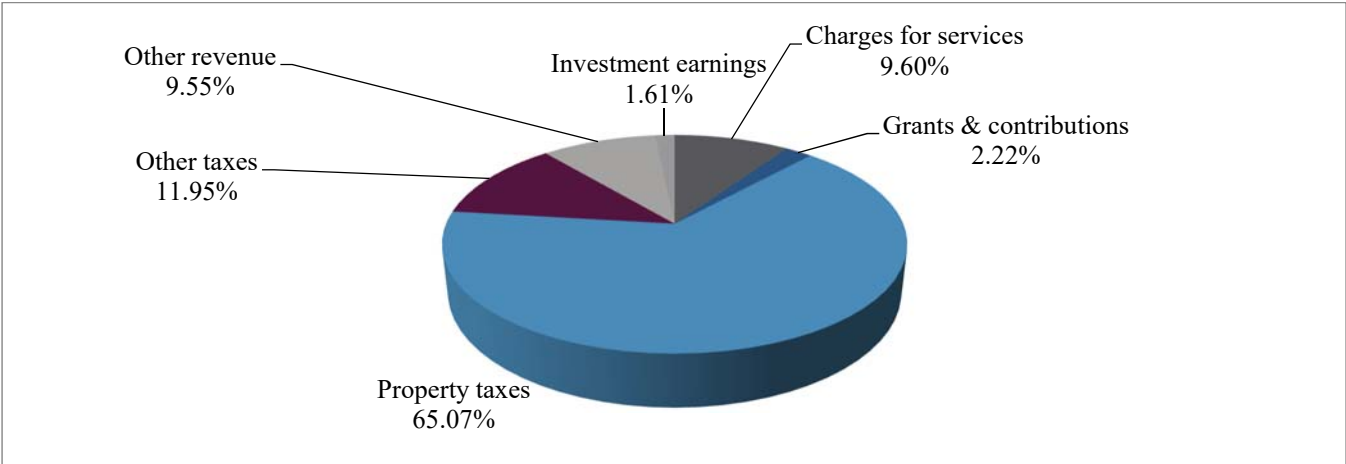
The County's net position was \$29,769,102 at December 31, 2018, as shown below.

	Governmental Activities	
	2018	2017
Current and other assets	\$ 29,820,939	\$ 28,219,749
Capital assets (net of depreciation)	19,913,932	19,775,669
Total assets	\$ 49,734,871	\$ 47,995,418
Deferred outflows - pension	\$ 1,409,368	\$ 3,036,657
Total deferred outflows of resources	\$ 1,409,368	\$ 3,036,657
Current and other liabilities	\$ 1,941,602	\$ 1,456,194
Noncurrent liabilities		
Due within one year	428,623	409,491
Due in more than one year	1,825,657	2,223,766
Net pension liability	4,034,739	6,590,769
Total noncurrent liabilities	6,289,019	9,224,026
Total liabilities	8,230,621	10,680,220
Deferred inflows - unearned revenue - property taxes	11,793,244	10,910,039
Deferred inflows - pension	1,351,272	591,849
Total deferred inflows of resources	13,144,516	11,501,888
Net position		
Net investment in capital assets	18,254,664	18,897,092
Restricted	2,034,180	693,199
Unrestricted	9,480,258	9,259,676
Total net position	29,769,102	28,849,967
Total liabilities, deferred inflows of resources, and net position	\$ 51,144,239	\$ 51,032,075

The \$9,480,258 of unrestricted net position represents resources available to fund the programs of the County in future periods.

Changes in Net Position

The County's total revenues were \$16,889,168. A significant portion, 65.07%, of the County's revenue comes from property taxes, 9.60% comes from the charges for services, 1.61% comes from investment earnings, 2.22% comes from grants and contributions, 11.95% comes from other taxes and 9.55% comes from other revenues.



The total cost of all programs and services was \$16,819,329; 31.97% of these costs are for public safety and correctional services.

Governmental Activities

Property assessed values increased, thus causing an increase of property tax revenue.

	Governmental Activities	
	2018	2017
Revenues		
Taxes - property	\$ 10,989,401	\$ 9,099,924
Taxes - sales	1,702,433	1,544,198
Taxes - other	316,479	299,262
Intergovernmental	374,766	119,321
Fees of office	932,166	2,456,992
Fines and forfeitures	48,999	64,226
Licenses and permits	640,002	653,368
Interest and other	1,884,922	1,282,947
Total revenues	16,889,168	15,520,238
Expenses		
General administration	1,810,582	1,519,286
Financial administration	1,140,955	1,110,606
Judicial	2,975,591	3,101,144
Public safety and correctional	5,377,197	5,888,690
Public facilities	399,384	398,580
Health and welfare	558,225	584,605
Conservation	338,921	370,212
Culture and recreation	1,211,996	327,292
Environmental protection	9,576	11,498
Elections	527,439	29,442
Public transportation	2,391,406	2,548,163
Interest	78,057	61,247
Total expenses	16,819,329	15,950,765
Change in net position	69,839	(430,527)
Beginning balance, net position	28,849,967	29,280,494
Restatement of beginning balance, net position	849,296	-
Ending balance, net position	\$ 29,769,102	\$ 28,849,967

The cost of each of the County's largest functions includes:

- The cost of all governmental activities this year was \$16,819,329; property taxes were \$10,989,401.
- Some of the cost was paid by those who directly benefited from the programs, \$1,621,167, or by operating and capital grants and contributions, \$374,766.

Revenues from the general fund totaled \$16,889,168, an increase of 8.82% over the preceding year.

General Fund Budgetary Highlights

Over the course of the year, the County revised its budget several times. Even with these adjustments, actual expenditures were \$1,338,718 under final budget amounts. The most significant positive variances resulted from judicial, public safety and health and welfare.

Resources available were \$559,332 below the final budgeted amount.

- Property taxes, Intergovernmental revenues, charges for services, fines and forfeitures, and miscellaneous income were lower than expected.

CAPITAL ASSETS ADMINISTRATION

Capital assets. At the end of 2018, the County had invested \$19,913,932 in a broad range of capital assets, including land, equipment, buildings and vehicles.

	Governmental Activities	
	2018	2017
Land	\$ 229,352	\$ 229,352
Buildings and improvements	4,484,880	4,484,880
Other improvements	4,928,537	4,554,224
Infrastructure	16,107,114	16,107,114
Equipment	9,798,121	8,929,498
Total at historical cost	35,548,004	34,305,068
Total accumulated depreciation	(15,634,072)	(14,529,399)
Net capital assets	\$ 19,913,932	\$ 19,775,669

More detailed information about the County's capital assets is presented in the notes to the financial statements.

Debt. At year end, the County's has \$2,070,000 in Limited Tax Notes, Series 2016. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the year 2018, Plainview/Hale County Industrial Park continued to be developed with promising prospects coming to Hale County.

Hale County purchased new election equipment.

Wind turbines began being constructed in the south east part of Hale County.

The 2019 proposed budget includes:

1. A decrease in employer contribution rate to Texas County District Retirement System from 16.14% to 15.74%.
2. Salary increase of 5% for elected and appointed officials.
3. Cost of living of 2.5% for all employees.
4. An additional salary step increase of 2.5% for employees that were employed for one full year on December 31, 2018.
5. County Court Bailiff hours increased from 20 to 24 hours per week.
6. Career Level pay approved for Intermediate, Advanced and Master Peace Officer License.
7. New deputy position in the Sheriff's Office to be stationed at JJAEP during the school year; reimbursed by Juvenile Probation to the Sheriff's Office.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office at 500 Broadway, Plainview, Texas 79072-8030.

Hale County, Texas
Statement of Net Position (Exhibit A-1)
December 31, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 6,198,423
Investments	10,056,843
Taxes receivable (net)	8,804,238
Other receivables (net)	544,540
Investment in joint ventures	2,513,042
Prepaid expenses	202,327
Restricted assets:	
Cash and cash equivalents	1,501,526
Capital assets not being depreciated	229,352
Capital assets (net of accumulated depreciation)	19,684,580
Total assets	49,734,871
Deferred Outflows of Resources	
Deferred outflows - pension	1,409,368
Total deferred outflows of resources	1,409,368
Liabilities	
Accounts payable and other current liabilities	1,853,267
Accrued interest	23,805
Escheat accounts	64,530
Noncurrent liabilities:	
Due within one year	
Compensated absences	33,623
Note payable	395,000
Due in more than one year	
Compensated absences	122,532
Note payable	1,675,000
Unamortized premium	28,125
Net pension liability	4,034,739
Total liabilities	8,230,621
Deferred Inflows of Resources	
Deferred inflows - property taxes	11,793,244
Deferred inflows - pension	1,351,272
Total deferred inflows of resources	13,144,516
Net Position	
Net investment in capital assets	18,254,664
Restricted for insurance claims	1,236,350
Restricted by enabling legislation	779,630
Restricted for debt service	18,200
Unrestricted	9,480,258
Total net position	\$ 29,769,102

Hale County, Texas
Statement of Activities (Exhibit A-2)
Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government						
Governmental activities						
General administration	\$ 1,810,582	\$ 220,033	\$ 116,970	\$ -	\$ (1,473,579)	\$ (1,473,579)
Financial administration	1,140,955	-	-	-	(1,140,955)	(1,140,955)
Judicial	2,975,591	570,493	-	-	(2,405,098)	(2,405,098)
Public safety and correctional	5,377,197	354,621	-	-	(5,022,576)	(5,022,576)
Public facilities	399,384	-	-	-	(399,384)	(399,384)
Health and welfare	558,225	-	-	-	(558,225)	(558,225)
Conservation	338,921	-	-	-	(338,921)	(338,921)
Culture and recreation	1,211,996	-	-	-	(1,211,996)	(1,211,996)
Environmental protection	9,576	-	-	-	(9,576)	(9,576)
Elections	527,439	8,391	-	-	(519,048)	(519,048)
Public transportation	2,391,406	467,629	257,796	-	(1,665,981)	(1,665,981)
Interest on long-term debt	78,057	-	-	-	(78,057)	(78,057)
Total governmental activities	<u>16,819,329</u>	<u>1,621,167</u>	<u>374,766</u>	<u>-</u>	<u>(14,823,396)</u>	<u>(14,823,396)</u>
Total primary government	<u>\$ 16,819,329</u>	<u>\$ 1,621,167</u>	<u>\$ 374,766</u>	<u>\$ -</u>	<u>(14,823,396)</u>	<u>(14,823,396)</u>
General revenues						
Property taxes, levied for general purposes					10,989,401	10,989,401
Sales tax					1,702,433	1,702,433
Liquor tax					30,936	30,936
Motor vehicle sales tax					247,499	247,499
State of Texas gasoline tax					38,044	38,044
Unrestricted investment earnings					272,464	272,464
Gain from disposition of assets					32,784	32,784
Miscellaneous					1,579,674	1,579,674
Total general revenues					<u>14,893,235</u>	<u>14,893,235</u>
Change in net position					69,839	69,839
Net position, beginning - as restated					29,699,263	29,699,263
Net position, ending					<u>\$ 29,769,102</u>	<u>\$ 29,769,102</u>

See Notes to Financial Statements

Hale County, Texas
Balance Sheet – Governmental Funds (Exhibit A-3)
December 31, 2018

	General Fund	Road and Bridge Fund	Construction Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 1,952,315	\$ 841,196	\$ -
Investments	10,056,843	-	-
Taxes receivable (net)	7,544,575	1,235,552	-
Other receivable (net)	518,265	6,870	-
Prepaid expenses	194,469	-	-
Total current assets	<u>20,266,467</u>	<u>2,083,618</u>	<u>-</u>
Noncurrent assets			
Restricted cash and cash equivalents	-	-	742,682
Total noncurrent assets	-	-	<u>742,682</u>
Total assets	<u>\$ 20,266,467</u>	<u>\$ 2,083,618</u>	<u>\$ 742,682</u>
Liabilities			
Accounts payable and other current liabilities	\$ 1,084,549	\$ -	\$ 303,825
Due to other funds	320,990	-	-
Escheat accounts	64,530	-	-
Total liabilities	<u>1,470,069</u>	<u>-</u>	<u>303,825</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	10,128,694	1,752,744	-
Unavailable revenue - fines and fees	201,279	-	-
Total deferred inflows of resources	<u>10,329,973</u>	<u>1,752,744</u>	<u>-</u>
Fund Balances			
Nonspendable fund balances			
Prepaid items	194,469	-	-
Restricted fund balances			
Special revenue funds restricted for specific purposes	-	-	-
Restricted for capital projects	-	-	438,857
Restricted for retirement of long term debt	-	-	-
Assigned fund balances			
Road and bridge fund assigned for specific purposes	-	330,874	-
Special revenue funds assigned for specific purposes	-	-	-
Capital projects fund assigned for specific purposes	-	-	-
Unassigned fund balance	8,271,956	-	-
Total fund balances	<u>8,466,425</u>	<u>330,874</u>	<u>438,857</u>
	<u>\$ 20,266,467</u>	<u>\$ 2,083,618</u>	<u>\$ 742,682</u>

Hale County, Texas
Balance Sheet – Governmental Funds (Exhibit A-3) – Continued
December 31, 2018

	Other Governmental Funds	Total Governmental Funds
Assets		
Current assets		
Cash and cash equivalents	\$ 3,404,912	\$ 6,198,423
Investments	-	10,056,843
Taxes receivable (net)	24,111	8,804,238
Other receivable (net)	19,405	544,540
Prepaid expenses	7,858	202,327
Total current assets	3,456,286	25,806,371
Noncurrent assets		
Restricted cash and cash equivalents	-	742,682
Total noncurrent assets	-	742,682
Total assets	\$ 3,456,286	\$ 26,549,053
Liabilities		
Accounts payable and other current liabilities	\$ 441,211	\$ 1,829,585
Due to other funds	180,198	501,188
Escheat accounts	-	64,530
Total liabilities	621,409	2,395,303
Deferred Inflows of Resources		
Unavailable revenue - property taxes	172,854	12,054,292
Unavailable revenue - fines and fees	9,028	210,307
Total deferred inflows of resources	181,882	12,264,599
Fund Balances		
Nonspendable fund balances		
Prepaid items	7,858	202,327
Restricted fund balances		
Special revenue funds restricted for specific purposes	779,630	779,630
Restricted for capital projects	-	438,857
Restricted for retirement of long term debt	18,200	18,200
Assigned fund balances		
Road and bridge fund assigned for specific purposes	-	330,874
Special revenue funds assigned for specific purposes	1,373,141	1,373,141
Capital projects fund assigned for specific purposes	474,166	474,166
Unassigned fund balance	-	8,271,956
Total fund balances	2,652,995	11,889,151
	\$ 3,456,286	\$ 26,549,053

Total Fund Balances - Governmental Fund Balance Sheet	\$ 11,889,151
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.	19,913,932
Bond premiums are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is a decrease to net position.	(28,125)
Internal service funds are used by management to account for the self-insurance fund of the government. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect is an increase to net position.	1,236,350
Interest payable on bonds is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due.	(23,805)
The County's investment in joint venture is not reported in the governmental funds but is included in the statement of net position. This results in an increase in net position.	2,513,042
Certain assets, such as property taxes receivable and fees, are not available to pay for current-period expenditures and are therefore deferred inflows in the governmental funds. Deferred inflows of resources recognized in the government-wide financial statements results in a net increase to net position.	471,355
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.	(2,226,155)
Included in the items related to debt is the recognition of the County's net pension liability in the amount of \$4,034,739, a deferred outflow of resources of \$1,409,368 and a deferred inflow of resources of \$1,351,272. The net effect is a decrease to net position.	<u>(3,976,643)</u>
Net Position of Governmental Activities- Statement of net position	<u><u>\$ 29,769,102</u></u>

Hale County, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5) Year Ended December 31, 2018

	General Fund	Road and Bridge Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 8,971,006	\$ 1,519,300	\$ -	\$ 472,901	\$ 10,963,207
Sales taxes	1,702,433	-	-	-	1,702,433
Intergovernmental	712,597	-	-	309,272	1,021,869
Charges for services	1,038,461	-	-	314,374	1,352,835
Fines and forfeitures	48,999	-	-	-	48,999
Licenses and permits	-	640,002	-	-	640,002
Investment earnings	259,520	1,921	1,180	7,677	270,298
Miscellaneous	92,659	58,839	-	129,977	281,475
Total revenues	12,825,675	2,220,062	1,180	1,234,201	16,281,118
Expenditures					
Current					
General administration	1,489,533	-	-	278,599	1,768,132
Financial administration	1,079,576	-	-	-	1,079,576
Judicial	2,818,779	-	-	129,250	2,948,029
Public safety and correctional	4,671,160	-	-	170,226	4,841,386
Public facilities	265,527	-	-	-	265,527
Health and welfare	541,885	-	-	-	541,885
Conservation	290,623	-	-	-	290,623
Culture and recreation	39,500	-	1,172,496	-	1,211,996
Environmental protection	9,576	-	-	-	9,576
Elections	493,157	-	-	34,395	527,552
Public transportation	-	76,324	-	1,516,479	1,592,803
Capital outlay	558,067	-	-	1,087,197	1,645,264
Debt service					
Principal	-	-	-	385,000	385,000
Interest	-	-	-	68,175	68,175
Total expenditures	12,257,383	76,324	1,172,496	3,669,321	17,175,524
Excess of revenue over (under) expenditures	568,292	2,143,738	(1,171,316)	(2,435,120)	(894,406)
Other financing sources (uses)					
Proceeds from the sale and trade in of fixed assets	74,353	-	-	447,450	521,803
Transfers in	-	-	-	2,509,165	2,509,165
Transfers out	(600,246)	(2,229,909)	-	(180,198)	(3,010,353)
Total other financing sources	(525,893)	(2,229,909)	-	2,776,417	20,615
Net change in fund balances	42,399	(86,171)	(1,171,316)	341,297	(873,791)
Fund balances, beginning	8,424,026	417,045	1,610,173	2,311,698	12,762,942
Fund balances, ending	\$ 8,466,425	\$ 330,874	\$ 438,857	\$ 2,652,995	\$ 11,889,151

Hale County, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6) Year Ended December 31, 2018

Net Change in Fund Balances -Total Government Funds	\$ (873,791)
Amounts reported for governmental activities in the statement of activities (A-5) are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net position.	1,689,746
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of recording current year depreciation expense is to decrease net position.	(1,393,479)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds. The current year revenue recognized in the government-wide financial statements results in an decrease in net position.	(768,236)
Proceeds from the sale and trade in of capital assets are recorded in the fund financial statements, whereas in the government-wide financial statements the proceeds are reduced by the net book value of the assets sold and traded in.	(489,019)
The net increase in the investment in joint ventures is a increase to net position.	1,341,335
The net increase in compensated absences payable is a decrease to net position.	(11,648)
Bond premiums are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is current year amortization.	5,625
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due.	(9,882)
Principal payments are expenditures in the fund financial statements, but they are shown as reductions in long - term debt in the government-wide financial statements.	385,000
Internal service funds are used by management to charge the costs of self-insurance in individual funds. The change in net position of the internal service funds are included in governmental activities in the statement of activities. This results in a net decrease to net position.	24,870
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$93,207. The County's share of the unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's proportionate share of the pension expense must be recognized. These cause the change in net position to increase in the amount of \$76,111. The net effect is a decrease in net position.	<u>169,318</u>
Change in Net Position of Governmental Activities - Statement of Activities	<u><u>\$ 69,839</u></u>

Hale County, Texas
Statement of Net Position – Proprietary Funds (Exhibit A-7)
December 31, 2018

	Governmental Activities
	<u>Internal Service Fund</u>
Assets	
Cash and cash equivalents	\$ 758,844
Due from other funds	<u>501,188</u>
Total assets	1,260,032
Liabilities	
Claims payable from restricted assets	<u>23,682</u>
Total liabilities	23,682
Net Position	
Restricted for insurance claims	<u>1,236,350</u>
Total net position	<u><u>\$ 1,236,350</u></u>

Hale County, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds (Exhibit A-8)
Year Ended December 31, 2018

	Governmental Activities <u>Internal Service Fund</u>
Operating revenues	
Employee deductions	\$ 1,001,748
Dependent deductions	<u>156,257</u>
Total operating revenues	1,158,005
Operating expenses	
Insurance administration and premiums	1,008,199
Insurance claims	<u>628,290</u>
Total operating expenses	<u>1,636,489</u>
Operating loss	(478,484)
Nonoperating revenues	
Interest on investments	2,166
Transfers in	<u>501,188</u>
Total nonoperating revenues	<u>503,354</u>
Change in net position	24,870
Net position, beginning - as restated	<u>1,211,480</u>
Net position, ending	<u><u>\$ 1,236,350</u></u>

Hale County, Texas
Statement of Cash Flows – Proprietary Funds (Exhibit A-9)
Year Ended December 31, 2018

	Governmental Activities <u>Internal Service Fund</u>
Operating activities	
Cash received from participants	\$ 1,230,659
Cash payments for claims	(754,750)
Cash payments for administrative fees and insurance premiums	<u>(1,008,199)</u>
Net cash used in operation activities	<u>(532,290)</u>
Noncapital financing activities	
Transfer from other funds	<u>518,281</u>
Net cash provided by noncapital financing activities	<u>518,281</u>
Investing activities	
Interest and dividends	<u>2,166</u>
Net cash from investing activities	<u>2,166</u>
Net change in cash and cash equivalents	(11,843)
Cash and cash equivalents, beginning of year	<u>770,687</u>
Cash and cash equivalents, end of year	<u><u>\$ 758,844</u></u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (478,484)
Net change in	
Accounts receivable	72,654
Claims payable	<u>(126,460)</u>
Net cash used in operating activities	<u><u>\$ (532,290)</u></u>

Hale County, Texas
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-10)
December 31, 2018

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,926,152
Investments	429,463
Accounts receivable	27,454
Other assets	<u>5,713</u>
Total assets	<u><u>\$ 2,388,782</u></u>
Liabilities	
Accounts payable and other current liabilities	\$ 476,601
Due to trust beneficiaries	73,214
Funds held for others	1,409,504
Deferred compensation payable	<u>429,463</u>
Total liabilities	<u><u>\$ 2,388,782</u></u>

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

Hale County, Texas is a state mandated governmental unit of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, judicial (courts, juries, etc), legal (district attorney, county attorney, etc), public safety (sheriff, jail, etc), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, The Financial Reporting Entity, include whether:

1. the organization is legally separate (can sue and be sued in its name)
2. the County holds the corporate powers of the organization
3. the County appoints a voting majority of the organization's board
4. the County is able to impose its will on the organization
5. the organization has the potential to impose a financial benefit/burden on the County
6. there is fiscal dependency by the organization on the County
7. the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; 2) The County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

Basis of Presentation

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

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

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

The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. The County applies only those Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989 in the accounting and reporting of its proprietary funds.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

Road and Bridge Fund. The County's activities for which revenues and assessments, relative to vehicles' licenses, permits and an allocated portion of property tax revenues for the purposes of supporting and maintaining the County's public transportation system, are accounted for in this fund.

Construction Fund. This fund accounts for financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of major capital facilities.

In addition, the County reports the following fund types:

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

Capital Projects Funds. These funds account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund. This fund is used to account for the accumulation of resources that are legally restricted, committed or assigned to expenditures for the specific purpose of the retirement of long-term debt, including debt principal, interest and related costs.

Proprietary Fund Types:

Internal Service Fund. These funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Fiduciary Fund Types:

Agency Funds. These funds are used to report funds of the County's fee offices and 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. Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

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

Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property taxes revenue and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expenses for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

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

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements, they are offset by a reservation of fund balance which indicates they do not represent "available spendable resources."

Capital Assets

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are capitalized in the government-wide statement of net position.

Donated capital assets are recorded at their estimated fair value at the date of the donation.

The County capitalizes all capital assets, which have a cost of \$5,000 or more, and a useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction is included as part of the capitalized value of the assets constructed. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. There was no capitalized interest during the current fiscal year.

Interest is capitalized on capital project funds assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 to 50 years
Other Improvements	20 to 50 years
Equipment	10 years
Infrastructure	20 to 75 years

Receivables and Payable Balances

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

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

There are no significant receivables which are not scheduled for collection within one year of year end.

Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on specific event (such as illness)

Per GASB Interpretation No. 6 liabilities for compensated absences are recognized in the fund statements to extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued as long-term debt in the government-wide statements.

Upon termination from employment by the County, accrued vacation leave may be paid but not to exceed the maximum vacation leave accrual which is ten days. Compensatory time earned, but not taken, is paid at termination, but cannot accumulate beyond 120 hours for employees whose work involves public safety, emergency response or seasonal work. All other eligible employees may not accrue more than 60 hours of compensatory time. Sick leave accrues at the rate of 6.67 hours per month for full time employees with the maximum accumulation being 30 working days. Unused sick leave is cancelable and will not be paid on termination, thus vacation time and compensatory time are the only accrued compensation liabilities recorded.

Amounts of vested or accumulated vacation that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position. No expenditure is reported for the amounts.

Interfund Activity

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

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. On new bonds, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows and Inflows of Resources

The County reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in current period. Deferred inflows of resources also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

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

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences between expected and actual experience and the difference between projected and actual earnings related to its pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Assets Limited as to Use or Restricted

Resources are set aside for the terms of bond agreements or self-insurance arrangements.

Legally Adopted Budgets

All special revenue funds have legally adopted budgets except for the following:

1. HAVA Grant
2. District Attorney Hot Check Fund
3. District Attorney Seized Currency Fund
4. District Attorney Forfeiture Fund
5. Commissary Fund
6. Veterans' Assistance
7. Homeland Security Grant
8. County Child Abuse Prevention
9. District Clerk Criminal Clearing
10. District Clerk Civil Clearing
11. CC Revolving and Clearing
12. JP 1 Case Manager

Pensions

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

Note 2 - Fair Value Measurements

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

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

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

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

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

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

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

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

Note 3 - Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits

Custodial Credit Risk - At December 31, 2018, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$19,707,685 and the bank balance was \$19,676,833. The County's cash deposits at December 31, 2018 were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name.

Investments

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

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports an establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchasing agreements, bankers acceptance, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

The Hale County Investment Officers shall use any or all of the following authorized investment instruments consistent with governing law (Texas Government Code Chapter 2256).

- A) Except as provided by Texas Government Code Section 2256.009(b) the following are authorized investment instruments consistent with governing law (Texas Government Code Chapter 2256).
1. Obligations of the United States or its agencies and instrumentalities;
 2. Direct obligations of this state or its agencies and instrumentalities;
 3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit, of this state or the United State or their respective agencies and instrumentalities; and
 4. Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent
- B) Certificates of Deposit if issued by a state or national bank domiciled in this state or a savings and loan association domiciled in this state and is:
1. Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;
 2. Secured by obligations that are described by Texas Government Code Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Texas Government Code Section 2256.009(b); or
 3. Secured in any other manner and amount provided by law for deposits of the County of Hale.
- C) Eligible investment pools (as discussed in the Texas Government Code Section 2256.0016-2256.0019) if the Commissioners Court by resolution authorizes investment in the particular pool. An investment pool shall invest the funds it received from entities in authorized investments permitted by the Public Funds Investment Act. Hale County by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

Analysis of Specific Deposit and Investment Risks

- **Interest Rate Risk** - In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days. The maximum allowable stated maturity of any individual investment owned by the County shall not exceed three years.

- **Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.
- **Concentration of Credit Risk** - The County's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.
- **Investment Accounting Policy** - The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The County's investments at December 31, 2018 of \$10,056,843 were invested in various certificates of deposit that were purchased under the Certificate of Deposit Account Registry Service through a commercial banking institution. All certificates of deposit purchased under this program were entirely covered by FDIC insurance.

Note 4 - Receivables

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

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total
Receivables				
Taxes	\$ 7,763,470	\$ 1,273,429	\$ 24,802	\$ 9,061,701
Other	14,283,206	6,870	397,241	14,687,317
Total gross receivables	22,046,676	1,280,299	422,043	23,749,018
Less allowance for uncollectibles				
Taxes	(218,895)	(37,877)	(691)	(257,463)
Other	(13,764,941)	-	(377,836)	(14,142,777)
Net total receivables	<u>\$ 8,062,840</u>	<u>\$ 1,242,422</u>	<u>\$ 43,516</u>	<u>\$ 9,348,778</u>

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balances (as restated)	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 229,352	\$ -	\$ -	\$ 229,352
Total capital assets not being depreciated	229,352	-	-	229,352
Capital assets being depreciated				
Buildings and improvements	4,484,880	-	-	4,484,880
Other improvements	4,554,224	395,039	(20,726)	4,928,537
Infrastructure	16,107,114	-	-	16,107,114
Equipment	9,383,998	1,294,707	(880,584)	9,798,121
Total capital assets being depreciated	34,530,216	1,689,746	(901,310)	35,318,652
Less accumulated depreciation for				
Buildings and improvements	(2,832,008)	(113,978)	-	(2,945,986)
Other improvements	(2,075,518)	(65,827)	17,565	(2,123,780)
Infrastructure	(6,455,392)	(208,614)	-	(6,664,006)
Equipment	(3,289,966)	(1,005,060)	394,726	(3,900,300)
Total accumulated depreciation	(14,652,884)	(1,393,479)	412,291	(15,634,072)
Total capital assets being depreciated, net	19,877,332	296,267	(489,019)	19,684,580
Governmental activities capital assets, net	<u>\$ 20,106,684</u>	<u>\$ 296,267</u>	<u>\$ (489,019)</u>	<u>\$ 19,913,932</u>

Depreciation expense for the year ended December 31, 2018 was \$1,393,479.

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

General administrative	\$ 9,893
Judicial	21,181
Public safety and correctional	373,731
Public facilities	134,471
Conservation	41,108
Public transportation	798,603
Health & Welfare	<u>14,492</u>
	<u><u>\$ 1,393,479</u></u>

Note 6 - Interfund Balances and Activity

Transfers to and from Other Funds

Transfers to and from other funds at December 31, 2018, consisted of the following:

Transfers from	Transfers to	Amount	Purpose
General Fund	Nonmajor governmental funds	279,256	Supplement other funds sources
General Fund	Internal Service Fund	320,990	Supplement other funds sources
Nonmajor governmental funds	Internal Service Fund	180,198	Supplement other funds sources
Road and Bridge Fund	Nonmajor governmental funds	<u>2,229,909</u>	Supplement other funds sources
	Total	<u><u>\$ 3,010,353</u></u>	

Note 7 - Long-Term Obligations

Long-Term Obligation Activity

Long-term obligations include compensated absences and the tax note. Changes in long-term obligations for the period ended December 31, 2018, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 144,507	\$ 11,648	\$ -	\$ 156,155	\$ 33,623
Limited Tax Notes, Series 2016	2,455,000	-	(385,000)	2,070,000	395,000
Bond premium on issuance	33,750	-	(5,625)	28,125	-
Net pension liability	<u>6,590,769</u>	<u>-</u>	<u>(2,556,030)</u>	<u>4,034,739</u>	<u>-</u>
Total governmental activities	<u><u>\$ 9,224,026</u></u>	<u><u>\$ 11,648</u></u>	<u><u>\$ (2,946,655)</u></u>	<u><u>\$ 6,289,019</u></u>	<u><u>\$ 428,623</u></u>

Debt service requirements for Series 2016 limited tax notes as of December 31, 2018 are as follows:

Year Ended	Principal	Interest	Total
2019	\$ 395,000	\$ 56,175	\$ 451,175
2020	405,000	44,175	449,175
2021	410,000	31,950	441,950
2022	425,000	19,025	444,025
2023	435,000	6,325	441,325
	\$ 2,070,000	\$ 157,650	\$ 2,227,650

Note 8 - Risk Management

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

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

The County established the Employee Benefit Fund (an internal service fund) in 1993 in order to account for its health and life insurance program. The purpose of this fund is to pay for and finance the uninsured medical claims of County employees and their covered dependents. It also minimizes the total cost of insurance to the County and its employees. Employees reimburse the County for the cost of covering their dependents.

The County's liability is limited to \$40,000 per covered person per year and aggregate limit of \$1,130,730 per year under the present plan. The County has obtained insurance through a private insurance carrier for claims in excess of the above coverage.

The carrier processes all the claims and bills the County every two weeks for processed claims that are within the coverage of the fund. The premium amounts are based on estimates by the various insurance carriers using past experience to estimate future claims and to establish a reserve for losses. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

Changes in the County's claim liability amount were:

For the Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
December 31, 2016	\$ 92,082	\$ 743,084	\$ (756,530)	\$ 78,636
December 31, 2017	78,636	656,704	(585,198)	150,142
December 31, 2018	150,142	628,290	(754,750)	23,682

The risk of loss on the life insurance program is carried by the insurance agency. It is included in this fund for administrative purposes only.

Note 9 - Pension Plan

Plan Description

Hale County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 760 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at Barton Oaks Plaza IV, Ste. 500, 901 S MoPac Expy, Austin, TX 78746 or at <https://www.tcdrs.org>.

Benefits Provided

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

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 resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the District's Board within certain guidelines.

Membership

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

Inactive Employees' Accounts	
Receiving benefits	114
Entitled to but not yet receiving benefits	113
	227
Active Employees	183

Contributions

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

	Contribution Rates	
	2017	2018
Member	7.00%	7.00%
Employers	15.73%	16.40%
Employer Contributions	\$ 1,074,594	\$ 1,092,851
Member Contributions	484,051	479,621

Actuarial Assumptions

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

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.4 years
Asset Valuation Method	5 year smoothed market
Discount Rate	8.10%
Long-term expected Investment Rate of Return*	8.10%
Payroll Growth Rate	3.25%

**Includes Inflation of 2.75%*

The plan does not have an automatic cost-of-living adjustment and one is not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
28-29	-	0.00008
30	-	0.00009
31-32	-	0.00010
33	-	0.00011
34	-	0.00014
35	0.00001	0.00018
36	0.00001	0.00022
37	0.00002	0.00028
38	0.00002	0.00033
39	0.00002	0.00038
40	0.00002	0.00042
41	0.00003	0.00047
42	0.00003	0.00053
43	0.00004	0.00058
44	0.00004	0.00063
45	0.00004	0.00069
46	0.00005	0.00076
47	0.00006	0.00084
48	0.00007	0.00095
49	0.00009	0.00109
50	0.00010	0.00125
51	0.00012	0.00142
52	0.00013	0.00162
53	0.00015	0.00183
54	0.00018	0.00203
55	0.00018	0.00222
56	0.00018	0.00238
57	0.00018	0.00250
58	0.00018	0.00259
59	0.00018	0.00270
60 and above	0.00018	-

Mortality rates for depositing members were based on 90% of the RP-2014 Active Employee Mortality Table for males and females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Service retirees, beneficiaries, and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the MP-2014 Disabled Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Service retirement rates for males and females were as follows:

<u>Age</u>	<u>Male and Female</u>
40-44	0.045
45-49	0.090
50	0.010
51-53	0.009
54-57	0.100
58-61	0.120
62	0.200
63-64	0.150
65-66	0.250
67	0.220
68-69	0.200
70-74	0.220
75 & Over	1.000

The actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2013 - 2016. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2017 and first used in the December 31, 2017 actuarial valuation.

There were no changes in methods reflected in the December 31, 2017 actuarial valuation. The following changes in actuarial assumptions were reflected in the December 31, 2017 actuarial valuation:

- Inflation assumptions decreased from 3.00% per year to 2.75% per year, with a corresponding decrease in the general wage growth assumption from 3.5% to 3.25%.
- Slightly adjusted all mortality rates to better reflect anticipated experience.
- Adjusted retirement rates to reflect people retiring at older ages.
- Lowered disability retirement rates.
- Adjustments made to termination rates.
- Lowered probability of withdrawal of contributions upon termination.
- Adjusted merit salary scale to reflect anticipated future experience.
- Adjusted payroll increase assumption to reflect the changes in the general wage growth assumption and to reflect changes in anticipated experience.

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is based on a 30-year time horizon; the most recent analysis was performed in 2017 based on the period January 1, 2013 – December 31, 2016.

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

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

^a Target asset allocation adopted at the April 2018 TCDRS Board meeting.

^b Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 capital market assumptions.

^c Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

^d Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

^e Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

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

At December 31, 2018, the County reported a net pension liability of \$4,034,739 measured at December 31, 2017. For the year ended December 31, 2018, the County recognized pension expense of \$998,482.

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

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

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

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2016	\$ 37,989,637	\$ 31,398,868	\$ 6,590,769
Changes for the year			
Service Cost	950,440	-	950,440
Interest on total pension liability (1)	3,063,997	-	3,063,997
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(658,862)	-	(658,862)
Effect of assumptions changes or inputs	185,555	-	185,555
Refund of contributions	(116,798)	(116,798)	-
Benefit payments	(2,153,295)	(2,153,295)	-
Administrative expense	-	(23,426)	23,426
Member contributions	-	484,051	(484,051)
Net investment income	-	4,571,696	(4,571,696)
Employer contributions	-	1,074,594	(1,074,594)
Other (3)	-	(9,755)	9,755
Net changes	<u>1,271,037</u>	<u>3,827,067</u>	<u>(2,556,030)</u>
Balance at December 31, 2017	<u>\$ 39,260,674</u>	<u>\$ 35,225,935</u>	<u>\$ 4,034,739</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 the allocation of system-wide items.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease in Discount Rate (7.10%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 44,201,187	\$ 39,260,674	\$ 35,095,403
Fiduciary net position	<u>35,225,934</u>	<u>35,225,935</u>	<u>35,225,934</u>
Net pension liability / (asset)	<u>\$ 8,975,253</u>	<u>\$ 4,034,739</u>	<u>\$ (130,531)</u>

At December 31, 2018 the County reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 881,757	\$ -
Changes in actuarial assumptions	-	316,517
Difference between projected and actual investment earnings	469,515	-
Contributions subsequent to the measurement date	-	1,092,851
Total	\$ 1,351,272	\$ 1,409,368

\$1,092,851 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2019	\$ (51,347)
2020	(8,841)
2021	(468,313)
2022	(506,254)
2023	-
Thereafter	-
	\$ (1,034,755)

Group Term Life Fund

Plan Description: The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the TCDRS. This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). The County has elected not to offer coverage to retirees.

The GTLF is a separate trust administered by the TCDRS Board of Trustees. TCDRS issues a publicly available CAFR that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County and District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy: Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended December 31, 2018, 2017 and 2016 were \$13,022, \$13,138 and \$17,816, respectively, which equaled the contractually required contributions each year.

Note 10 - Commitments and Contingencies

Contingencies

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds or any money received may be required and collectability of any related receivable at December 31, 2018 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grant; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Litigation

Various lawsuits have been filed and are pending against the County but in the County's opinion none will result in a material effect on the County's financial position.

Note 11 - Fund Balance

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Commissioners' Court (the County's highest level of decision-making authority).
4. Assigned fund balance classification includes amounts intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

Restricted Fund Balance

At December 31, 2018, the restricted fund balance is composed of the following:

Economic development	\$ 2,828
Jury fund	144,901
Rural fire protection	58,771
Drug forfeiture const #1	1,580
HAVA grant	1,614
County child abuse prevention	1,314
District court archive	32,410
County clerk vital statistics	15,608
County clerk record management	135,975
County clerk records archive	176,035
County clerk records preservation & management	2,975
District clerk records preservation & management	88,014
District attorney forfeiture fund	67,641
County court technology	10,141
District court technology	13,056
Courthouse security fund	26,767
Capital projects	438,857
Debt service	18,200
Total restricted fund balance	<u>\$ 1,236,687</u>

Assigned Fund Balance

At December 31, 2018, the assigned fund balance is composed of the following:

Precinct #1	\$ 315,660
Precinct #2	275,259
Precinct #3	387,375
Precinct #4	281,489
District attorney hot check fund	5,387
District attorney seized currency fund	30,475
Commissary fund	22,914
Law library	43,113
Veterans' assistance	186
JP #1 case manager	11,283
Capital projects	474,166
Road and bridge	330,874
Total assigned fund balance	<u>\$ 2,178,181</u>

Order of Fund Balance Spending Policy

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

Minimum Fund Balance Policy

The County’s financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The County shall strive to maintain a yearly fund balance in the general operating fund equal to 150 days of the budgeted General Fund expenditures, considering the annual budget, as amended, for any given fiscal year.

Note 12 - Joint Ventures

Plainview/Hale County Airport

The Hale County Airport is a joint venture between Hale County and the City of Plainview. The seven-member board of directors consists of three directors appointed by the County, three appointed by the City, and one director jointly commissioned by both entities. The amount of control exercised by each government is limited to its representation on the board. Hale County is the fiscal agent for the airport. General airport operations are funded by user charges and typically require support for major improvements only.

Summary Financial Information Year Ending Date	12/31/2018
Total current assets	\$ 156,707
Total property and equipment, net	1,697,398
Total current liabilities	588
Net position invested in capital assets	1,697,398
Unrestricted net position	156,119
Total net position	1,853,517
Total operating revenues	124,529
Total operating expenses	131,026
Nonoperating revenues	-
Net decrease in net position	(6,497)

Complete financial statements for the joint venture can be obtained from:

Melinda Silvas, County Auditor
Hale County
500 Broadway
Plainview, Texas 79072-8030

City of Plainview/Hale County Business Park

The City of Plainview/Hale County Business Park is under equal joint ownership by the City of Plainview and the County of Hale. General administration is accomplished by the Community Development Program Committee composed of five members. Two members are appointed by the City and two members are appointed by the County. The fifth board member is the Plainview Hale County Economic Development Corporation. The degree of control of each government consists of its representation on the Board. The City of Plainview is the fiscal agent for the joint venture.

Summary Financial Information

Year Ending Date	9/30/2018
Total current assets	\$ 1,487,378
Total property and equipment, net	2,333,686
Total current liabilities	646,498
Net position invested in capital assets	2,333,686
Unrestricted net position	838,880
Total net position	3,172,566
Total operating revenues	2,740,763
Total operating expenses	51,598
Net increase in net position	2,689,165

Complete financial statements for the joint venture can be obtained from:

Sarianne Beversdorf, Director of Finance
City of Plainview
121 W. Seventh St.
Plainview, TX 7907

Note 13 - Related Parties

At December 31, 2018, Contributions made from Hale County to the City of Plainview / Hale County Business Park were \$1,172,496. Hale County also paid \$29,142 to the Plainview/Hale County airport for its portion of expenses.

Note 14 - Restatement of Prior Period Net Position

During fiscal year 2018, it was determined that a transfer had been inappropriately recorded in the General Fund and Internal Service Fund. This resulted in an understatement of assets and net position in the Internal Service Fund and Governmental Activities. Additionally, it was determined that two motor graders had been inadvertently omitted from the fixed assets included in the financial statements. This resulted in an understatement of capital assets and net position of Governmental Activities. The fund balance and net position contained in the previously issued financial statements have been restated to appropriately reflect the December 31, 2017 misstatements. The following table reflects the changes for correction of the error in the accompanying financial statements.

	Internal Service Fund	Governmental Activities
Net position - as previously reported	\$ 693,199	\$ 28,849,967
Other receivables	518,281	518,281
Capital assets (net of accumulated depreciation)	-	331,015
Net position - as restated	<u>\$ 1,211,480</u>	<u>\$ 29,699,263</u>



Required Supplementary Information
December 31, 2018
Hale County, Texas

Hale County, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 9,238,241	\$ 9,238,241	\$ 8,971,006	\$ (267,235)
Sales taxes	1,700,000	1,700,000	1,702,433	2,433
Intergovernmental	760,200	760,200	712,597	(47,603)
Charges for services	1,123,700	1,123,700	1,038,461	(85,239)
Fines and forfeitures	88,000	88,000	48,999	(39,001)
Investment earnings	6,850	6,850	259,520	252,670
Miscellaneous	116,950	468,016	92,659	(375,357)
Total revenues	<u>13,033,941</u>	<u>13,385,007</u>	<u>12,825,675</u>	<u>(559,332)</u>
Expenditures				
Current				
General administration				
Commissioners' court	299,532	299,532	298,853	679
County judge and commissioners' court	3,100	3,650	2,092	1,558
County clerk	363,588	363,589	352,773	10,816
Special projects coordinator	61,894	67,093	66,243	850
Non-departmental	629,277	374,534	425,946	(51,412)
Telephone system	36,500	44,700	42,163	2,537
Insurance and bonds	335,000	327,993	301,463	26,530
Total general administration	<u>1,728,891</u>	<u>1,481,091</u>	<u>1,489,533</u>	<u>(8,442)</u>
Financial administration				
Auditor	343,136	343,136	294,846	48,290
County treasurer	244,746	244,746	241,823	2,923
Tax assessor/collector	316,640	316,640	306,580	10,060
Computer	202,000	202,000	200,827	1,173
Financial non-departmental	35,000	35,500	35,500	-
Total financial administration	<u>1,141,522</u>	<u>1,142,022</u>	<u>1,079,576</u>	<u>62,446</u>
Judicial				
County judge	220,680	221,904	210,890	11,014
Adult probation	3,444	3,444	857	2,587
242nd district court	225,882	225,882	106,446	119,436
64th district court	217,547	217,547	111,478	106,069
District clerk	426,788	426,788	391,985	34,803
Justice of the Peace #1	199,410	199,410	196,968	2,442
Justice of the Peace #3	260,877	260,877	220,586	40,291
Judicial trial fees	488,368	487,144	358,088	129,056
County attorney	227,791	227,791	225,718	2,073
District attorney	622,185	622,186	610,090	12,096
Juvenile probation	385,743	385,743	385,673	70
Total judicial	<u>3,278,715</u>	<u>3,278,716</u>	<u>2,818,779</u>	<u>459,937</u>

Hale County, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget
Public safety and correctional				
Hale County community workforce	10,410	10,410	7,269	3,141
Ambulance service	111,500	111,500	111,500	-
Fire protection	105,500	151,250	135,750	15,500
Constable Precinct #1	84,719	84,719	69,188	15,531
Constable Precinct #3	84,027	81,147	80,232	915
Department of Public Safety	24,267	24,268	21,903	2,365
License and Weights	1,200	1,200	1,200	-
Sheriff's department	5,115,818	5,110,208	4,240,118	870,090
Public safety	4,600	4,600	4,000	600
Total public safety and correctional	5,542,041	5,579,302	4,671,160	908,142
Public facilities				
Courthouse square building and grounds	150,172	150,172	145,342	4,830
Courthouse annex	24,000	24,000	21,057	2,943
Courthouse annex II	98,296	99,031	98,838	193
Courthouse annex III	1,900	1,900	290	1,610
Total public facilities	274,368	275,103	265,527	9,576
Health and welfare				
Health and welfare	651,868	584,217	458,686	125,531
Indigent health veteran's service officer	53,972	53,972	53,382	590
Veteran service officer	40,105	40,105	29,817	10,288
Total health and welfare	745,945	678,294	541,885	136,409
Conservation				
Texas cooperative extension-Hale County	189,085	157,519	157,519	-
Exhibition building-Ollie Liner Center	144,688	144,688	133,104	11,584
Total conservation	333,773	302,207	290,623	11,584
Culture and recreation				
Libraries and museums	39,500	39,500	39,500	-
Total culture and recreation	39,500	39,500	39,500	-
Environmental protection				
Solid waste disposal	9,800	9,800	9,576	224
Total environmental protection	9,800	9,800	9,576	224

Hale County, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget
Elections				
Elections	59,569	309,569	493,157	(183,588)
Total elections	59,569	309,569	493,157	(183,588)
Capital outlay	104,000	500,497	558,067	(57,570)
Total expenditures	13,258,124	13,596,101	12,257,383	1,338,718
Excess (deficiency) of revenues over (under) expenditures	(224,183)	(211,094)	568,292	779,386
Other financing sources (uses)				
Proceeds from the sale of fixed assets	30,000	55,869	74,353	18,484
Transfers in	18,872	18,872	-	(18,872)
Transfers out	(265,040)	(279,256)	(600,246)	(320,990)
Total other financing sources	(216,168)	(204,515)	(525,893)	(321,378)
Net change in fund balance	(440,351)	(415,609)	42,399	458,008
Fund balance, beginning	8,424,026	8,424,026	8,424,026	-
Fund balance, ending	\$ 7,983,675	\$ 8,008,417	\$ 8,466,425	\$ 458,008

Hale County, Texas
 Budgetary Comparison Schedule – General Road and Bridge Fund (Exhibit B-2)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Ad valorem taxes	\$ 1,568,009	\$ 1,568,009	\$ 1,519,300	\$ (48,709)
Licenses and permits	770,000	770,000	640,002	(129,998)
Interest on investments	1,900	1,900	1,921	21
Miscellaneous	2,000	2,000	58,839	56,839
Total revenues	<u>2,341,909</u>	<u>2,341,909</u>	<u>2,220,062</u>	<u>(121,847)</u>
Expenditures				
Current				
Public transportation	112,000	112,000	76,324	35,676
Total expenditures	<u>112,000</u>	<u>112,000</u>	<u>76,324</u>	<u>35,676</u>
Excess (deficiency) of revenues over (under) expenditures	2,229,909	2,229,909	2,143,738	(86,171)
Other financing uses				
Transfers out	<u>(2,229,909)</u>	<u>(2,229,909)</u>	<u>(2,229,909)</u>	<u>-</u>
Total other financing uses	<u>(2,229,909)</u>	<u>(2,229,909)</u>	<u>(2,229,909)</u>	<u>-</u>
Net change in fund balance	-	-	(86,171)	(86,171)
Fund balance, beginning	<u>417,045</u>	<u>417,045</u>	<u>417,045</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 417,045</u></u>	<u><u>\$ 417,045</u></u>	<u><u>\$ 330,874</u></u>	<u><u>\$ (86,171)</u></u>

Hale County, Texas

Schedule of Changes in Net Pension Liability and Related Ratios – Texas County & District Retirement System (Exhibit B-3)
December 31, 2018

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability				
Service cost	\$ 950,440	\$ 991,190	\$ 928,328	\$ 898,335
Interest on total pension liability	3,063,997	2,907,130	2,770,801	2,657,328
Effect of plan changes	-	-	(168,000)	-
Effect of economic / demographic (gains) or losses	(658,862)	(248,109)	(277,288)	(598,486)
Effect of assumptions changes or inputs	185,555	-	420,182	-
Benefit payments/refunds of contributions	(2,270,093)	(2,089,571)	(1,713,997)	(1,675,980)
Net change in total pension liability	1,271,037	1,560,640	1,960,026	1,281,197
Total pension liability, beginning	37,989,637	36,428,997	34,468,971	33,187,774
Total pension liability, ending (a)	<u>\$ 39,260,674</u>	<u>\$ 37,989,637</u>	<u>\$ 36,428,997</u>	<u>\$ 34,468,971</u>
Fiduciary Net Position				
Contributions - Employer	\$ 1,074,594	\$ 1,033,353	\$ 1,036,656	\$ 984,610
Contributions - Employee	484,051	479,673	467,564	457,047
Net investment income	4,571,696	2,194,640	(26,761)	1,931,213
Benefit payments/refunds of contributions	(2,270,093)	(2,089,571)	(1,713,997)	(1,675,980)
Administrative expenses	(23,426)	(23,836)	(21,436)	(22,548)
Other	(9,755)	145,143	(55,137)	(306,788)
Net change in fiduciary net position	3,827,067	1,739,402	(313,111)	1,367,554
Fiduciary net position, beginning	31,398,868	29,659,466	29,972,577	28,605,023
Fiduciary net position, ending (b)	<u>\$ 35,225,935</u>	<u>\$ 31,398,868</u>	<u>\$ 29,659,466</u>	<u>\$ 29,972,577</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 4,034,739</u>	<u>\$ 6,590,769</u>	<u>\$ 6,769,531</u>	<u>\$ 4,496,394</u>
Fiduciary net position as a percentage of total pension liability	89.72%	82.65%	81.42%	86.96%
Pensionable covered payroll	\$ 6,915,016	\$ 6,852,476	\$ 6,679,455	\$ 6,529,242
Net pension liability as a percentage of covered payroll	58.35%	96.18%	101.35%	68.87%

Hale County, Texas
Schedule of Employer Contributions – Texas County & District Retirement System (Exhibit B-4)
Year Ended December 31, 2018

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a Percentage of Covered Payroll
2009	\$ 785,231	\$ 785,231	\$ -	\$ 6,158,675	12.7%
2010	797,020	797,020	-	6,231,590	12.8%
2011	841,741	841,741	-	6,362,364	13.2%
2012	878,926	878,926	-	6,486,541	13.5%
2013	934,149	934,149	-	6,550,833	14.3%
2014	984,610	984,610	-	6,529,242	15.1%
2015	1,036,656	1,036,656	-	6,679,455	15.5%
2016	1,033,353	1,033,353	-	6,852,476	15.1%
2017	1,074,594	1,074,594	-	6,915,016	15.5%
2018	1,092,851	1,092,851	-	6,663,726	16.4%

(1) Payroll is calculated based on contributions as reported to TCDRS

Note A: Budgetary Information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America by the County Judge with the assistance of the County Auditor’s Office and approved by the Commissioners’ Court following a public hearing. The County maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County’s governing body and as such is a good management control device.

The budget law of the State of Texas provides that “the amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in said funds plus the anticipated revenues for the current year for which the budget is made as estimated by the County Auditor”. In addition, the law provides that the Commissioners’ Court “may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund but no such transfer shall increase the total budget”.

Each year, all departments submit to the County Judge requests for appropriation. These requests are reviewed, compiled and presented to the Commissioners’ Court for approval. The Commissioners’ Court conducts departmental budget reviews, adjusts budget requests to final form and conducts a public hearing in the Commissioners’ Courtroom. One copy of the proposed budget must be filed with the County Clerk and one with the County Auditor. A copy must be available to the public. The Commissioners’ Court must provide for the public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 1st of the current fiscal year.

The County controls appropriations at the account level (i.e., salaries-department head, salaries, insurance, retirement, social security tax, education and travel, stationary and supplies, etc) for each department/project within the General Fund. Appropriation transfers and budget increases may be made between categories or departments only with the approval of the Commissioners’ Court. The original budgets presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers and increases processed during the fiscal year. In the current year there were no expenditures over appropriations at the legal level of control.

The following summarizes the excess of General Fund expenditures over appropriations at the legal level of control:

Department	Category	Amount
General Administration	Non-departmental	\$ 51,412
Elections	Elections	183,588

Note B: Net Pension Liability – Texas County and District Retirement System

Assumptions

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

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	11.4 years (based on contribution rate calculated in 12/31/17 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases Varies by age and service.	4.9%, average over career, including inflation
Investment rate of return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at services retirement for recent retirees is 61.
Cost-of-living Adjustments	Cost-of-Living Adjustments for Hale County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Morality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Changes of Benefit Terms

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

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

New mortality assumptions were reflected in the December 31, 2017 valuation. New annuity purchase rates were reflected for benefits earned after 2017.



Other Supplementary Information
December 31, 2018
Hale County, Texas

Hale County, Texas
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit C-1)
December 31, 2018

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Funds
Assets				
Cash and cash equivalents	\$ 2,758,335	\$ 165,913	\$ 480,664	\$ 3,404,912
Taxes receivable (net)	5,186	18,925	-	24,111
Other receivables (net)	19,405	-	-	19,405
Prepaid expenses	7,858	-	-	7,858
	<u>\$ 2,790,784</u>	<u>\$ 184,838</u>	<u>\$ 480,664</u>	<u>\$ 3,456,286</u>
Liabilities				
Accounts payable and other current liabilities	\$ 434,713	\$ -	\$ 6,498	\$ 441,211
Due to other funds	180,198	-	-	180,198
	<u>614,911</u>	<u>-</u>	<u>6,498</u>	<u>621,409</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	6,216	166,638	-	172,854
Unavailable revenue - fines and fees	9,028	-	-	9,028
	<u>15,244</u>	<u>166,638</u>	<u>-</u>	<u>181,882</u>
Fund Balances				
Nonspendable fund balances:				
Prepaid items	7,858	-	-	7,858
Restricted fund balances:				
Special revenue funds restricted for for specific purposes	779,630	-	-	779,630
Retirement of long term debt	-	18,200	-	18,200
Assigned fund balances				
Special revenue funds assigned for specific purposes	1,373,141	-	-	1,373,141
Capital project funds assigned for specific purposes	-	-	474,166	474,166
	<u>2,160,629</u>	<u>18,200</u>	<u>474,166</u>	<u>2,652,995</u>
Total fund balances	<u>\$ 2,790,784</u>	<u>\$ 184,838</u>	<u>\$ 480,664</u>	<u>\$ 3,456,286</u>

Hale County, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds (Exhibit C-2)
Year Ended December 31, 2018

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Funds
Revenues				
Taxes	\$ 5,684	\$ 467,217	\$ -	\$ 472,901
Intergovernmental	309,272	-	-	309,272
Charges for services	314,374	-	-	314,374
Interest on investments	6,521	66	1,090	7,677
Miscellaneous	129,977	-	-	129,977
Total revenues	765,828	467,283	1,090	1,234,201
Expenditures				
Current:				
General administration	206,623	-	71,976	278,599
Judicial	129,250	-	-	129,250
Public transportation	1,516,479	-	-	1,516,479
Public safety and correctional	170,226	-	-	170,226
Elections	34,395	-	-	34,395
Debt service				
Principal	-	385,000	-	385,000
Interest	-	68,175	-	68,175
Capital outlay	1,054,937	-	32,260	1,087,197
Total expenditures	3,111,910	453,175	104,236	3,669,321
Excess (deficiency) of revenues over (under) expenditures	(2,346,082)	14,108	(103,146)	(2,435,120)
Other financing sources				
Proceeds from the sale of fixed assets	447,450	-	-	447,450
Transfers in	2,284,965	-	224,200	2,509,165
Transfers out	(180,198)	-	-	(180,198)
Total other financing sources	2,552,217	-	224,200	2,776,417
Net change in fund balance	206,135	14,108	121,054	341,297
Fund balance, beginning	1,954,494	4,092	353,112	2,311,698
Fund balance, ending	<u>\$ 2,160,629</u>	<u>\$ 18,200</u>	<u>\$ 474,166</u>	<u>\$ 2,652,995</u>

Hale County, Texas
Nonmajor Special Revenue Funds – Combining Balance Sheet (Exhibit C-3)
December 31, 2018

	12	14	15	21	22	23	24	27
	Economic Development	Jury Fund	Rural Fire Protection	Precinct #1	Precinct #2	Precinct #3	Precinct #4	Drug Forfeiture Const #1
Assets								
Cash and cash equivalents	\$ 2,828	\$ 144,654	\$ 58,771	\$ 417,384	\$ 422,553	\$ 513,438	\$ 422,842	\$ 1,580
Taxes receivable (net)	-	-	-	1,083	1,083	1,083	1,083	-
Accounts receivable (net)	-	1,618	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	178	212	554	-
Total assets	<u>\$ 2,828</u>	<u>\$ 146,272</u>	<u>\$ 58,771</u>	<u>\$ 418,467</u>	<u>\$ 423,814</u>	<u>\$ 514,733</u>	<u>\$ 424,479</u>	<u>\$ 1,580</u>
Liabilities								
Accounts payable and other current liabilities	\$ -	\$ 1,371	\$ -	\$ 54,122	\$ 135,693	\$ 64,980	\$ 79,557	\$ -
Due to other funds	-	-	-	47,131	11,130	60,612	61,325	-
Total liabilities	<u>-</u>	<u>1,371</u>	<u>-</u>	<u>101,253</u>	<u>146,823</u>	<u>125,592</u>	<u>140,882</u>	<u>-</u>
Deferred inflows of resources								
Unavailable revenue - property taxes	-	-	-	1,554	1,554	1,554	1,554	-
Unavailable revenue - fines and fees	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554</u>	<u>1,554</u>	<u>1,554</u>	<u>1,554</u>	<u>-</u>
Fund balance								
Nonspendable	-	-	-	-	178	212	554	-
Restricted	2,828	144,901	58,771	-	-	-	-	1,580
Assigned	-	-	-	315,660	275,259	387,375	281,489	-
Total fund balance	<u>2,828</u>	<u>144,901</u>	<u>58,771</u>	<u>315,660</u>	<u>275,437</u>	<u>387,587</u>	<u>282,043</u>	<u>1,580</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,828</u>	<u>\$ 146,272</u>	<u>\$ 58,771</u>	<u>\$ 418,467</u>	<u>\$ 423,814</u>	<u>\$ 514,733</u>	<u>\$ 424,479</u>	<u>\$ 1,580</u>

Hale County, Texas
Nonmajor Special Revenue Funds – Combining Balance Sheet (Exhibit C-3)
December 31, 2018

	28	30	31	32	34	35	36	37
	Homeland Security Grant	HAVA Grant	County Child Abuse Prevention	District Court Archive	County Clerk Vital Statistics	County Clerk Record Management	County Clerk Records Archive	County Clerk Records Preservation & Management
Assets								
Cash and cash equivalents	\$ -	\$ 1,614	\$ 1,312	\$ 32,075	\$ 15,474	\$ 148,371	\$ 203,675	\$ 2,489
Taxes receivable (net)	-	-	-	-	-	-	-	-
Accounts receivable (net)	-	-	2	335	134	5,483	2,360	611
Prepaid expenses	-	-	-	-	-	6,914	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,614</u>	<u>\$ 1,314</u>	<u>\$ 32,410</u>	<u>\$ 15,608</u>	<u>\$ 160,768</u>	<u>\$ 206,035</u>	<u>\$ 3,100</u>
Liabilities								
Accounts payable and other current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,644	\$ 30,000	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,644</u>	<u>30,000</u>	<u>-</u>
Deferred inflows of resources								
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-
Unavailable revenue - fines and fees	-	-	-	-	-	2,235	-	125
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,235</u>	<u>-</u>	<u>125</u>
Fund balance								
Nonspendable	-	-	-	-	-	6,914	-	-
Restricted	-	1,614	1,314	32,410	15,608	135,975	176,035	2,975
Assigned	-	-	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>1,614</u>	<u>1,314</u>	<u>32,410</u>	<u>15,608</u>	<u>142,889</u>	<u>176,035</u>	<u>2,975</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 1,614</u>	<u>\$ 1,314</u>	<u>\$ 32,410</u>	<u>\$ 15,608</u>	<u>\$ 160,768</u>	<u>\$ 206,035</u>	<u>\$ 3,100</u>

Hale County, Texas
Nonmajor Special Revenue Funds – Combining Balance Sheet (Exhibit C-3)
December 31, 2018

	38 District Clerk Records Preservation & Management	39 District Attorney Hot Check Fund	40 District Attorney Seized Currency Fund	41 District Attorney Forfeiture Fund	43 District Clerk Criminal Clearing	44 District Clerk Civil Clearing	48 County Court Technology	49 District Court Technology
Assets								
Cash and cash equivalents	\$ 86,679	\$ 5,387	\$ 32,148	\$ 67,641	\$ 18,839	\$ 10,931	\$ 10,063	\$ 12,628
Taxes receivable (net)	-	-	-	-	-	-	-	-
Accounts receivable (net)	2,769	-	-	-	-	-	78	428
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ 89,448	\$ 5,387	\$ 32,148	\$ 67,641	\$ 18,839	\$ 10,931	\$ 10,141	\$ 13,056
Liabilities								
Accounts payable and other current liabilities	\$ -	\$ -	\$ 1,673	\$ -	\$ 14,454	\$ 10,931	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	1,673	-	14,454	10,931	-	-
Deferred inflows of resources								
Unavailable revenue - property taxes	-	-	-	-	-	-	-	-
Unavailable revenue - fines and fees	1,434	-	-	-	4,385	-	-	-
Total deferred inflows of resources	1,434	-	-	-	4,385	-	-	-
Fund balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	88,014	-	-	67,641	-	-	10,141	13,056
Assigned	-	5,387	30,475	-	-	-	-	-
Total fund balance	88,014	5,387	30,475	67,641	-	-	10,141	13,056
Total liabilities, deferred inflows of resources, and fund balances	\$ 89,448	\$ 5,387	\$ 32,148	\$ 67,641	\$ 18,839	\$ 10,931	\$ 10,141	\$ 13,056

Hale County, Texas
Nonmajor Special Revenue Funds – Combining Balance Sheet (Exhibit C-3)
December 31, 2018

	53	55	57	70	71	Total Nonmajor Special Revenue Funds	
	Commissary Fund	Law Library	Courthouse Security Fund	Veterans' Assistance	JP #1 Case Manager	CC Revolving and Clearing	
Assets							
Cash and cash equivalents	\$ 22,914	\$ 43,806	\$ 22,054	\$ 186	\$ 10,429	\$ 25,570	\$ 2,758,335
Taxes receivable (net)	-	-	-	-	854	-	5,186
Accounts receivable (net)	-	25	5,562	-	-	-	19,405
Prepaid expenses	-	-	-	-	-	-	7,858
Total assets	\$ 22,914	\$ 43,831	\$ 27,616	\$ 186	\$ 11,283	\$ 25,570	\$ 2,790,784
Liabilities							
Accounts payable and other current liabilities	\$ -	\$ 718	\$ -	\$ -	\$ -	\$ 25,570	\$ 434,713
Due to other funds	-	-	-	-	-	-	180,198
Total liabilities	-	718	-	-	-	25,570	614,911
Deferred inflows of resources							
Unavailable revenue - property taxes	-	-	-	-	-	-	6,216
Unavailable revenue - fines and fees	-	-	849	-	-	-	9,028
Total deferred inflows of resources	-	-	849	-	-	-	15,244
Fund balance							
Nonspendable	-	-	-	-	-	-	7,858
Restricted	-	-	26,767	-	-	-	779,630
Assigned	22,914	43,113	-	186	11,283	-	1,373,141
Total fund balance	22,914	43,113	26,767	186	11,283	-	2,160,629
Total liabilities, deferred inflows of resources, and fund balances	\$ 22,914	\$ 43,831	\$ 27,616	\$ 186	\$ 11,283	\$ 25,570	\$ 2,790,784

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-4)
Year Ended December 31, 2018

	12	14	15	21	22	23	24	27
	Economic Development	Jury Fund	Rural Fire Protection	Precinct #1	Precinct # 2	Precinct #3	Precinct #4	Drug Forfeiture Const #1
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ 1,421	\$ 1,421	\$ 1,421	\$ 1,421	\$ -
Intergovernmental	-	-	-	9,511	9,511	82,459	194,359	-
Charges for services	-	8,349	-	-	-	-	-	-
Interest on investments	95	342	143	979	1,093	1,186	918	-
Miscellaneous	-	-	-	988	839	3,102	760	4
Total revenues	95	8,691	143	12,899	12,864	88,168	197,458	4
Expenditures								
Current								
General administration	53,670	-	-	-	-	-	-	-
Judicial	-	22,214	-	-	-	-	-	-
Public transportation	-	-	-	376,349	405,110	367,096	367,924	-
Public safety and correctional	-	-	10,000	-	-	-	-	-
Elections	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	245,300	252,500	326,748	198,349	-
Total expenditures	53,670	22,214	10,000	621,649	657,610	693,844	566,273	-
Excess (deficit) of revenues over (under) expenditures	(53,575)	(13,523)	(9,857)	(608,750)	(644,746)	(605,676)	(368,815)	4
Other financing sources (uses)								
Proceeds from the sale of fixed assets	-	-	-	152,950	145,000	149,500	-	-
Transfers in	10,000	20,940	9,900	580,051	551,242	556,475	542,141	-
Transfers out	-	-	-	(47,131)	(11,130)	(60,612)	(61,325)	-
Total other financing sources (uses)	10,000	20,940	9,900	685,870	685,112	645,363	480,816	-
Net change in fund balance	(43,575)	7,417	43	77,120	40,366	39,687	112,001	4
Fund balances, beginning	46,403	137,484	58,728	238,540	235,071	347,900	170,042	1,576
Fund balances, ending	\$ 2,828	\$ 144,901	\$ 58,771	\$ 315,660	\$ 275,437	\$ 387,587	\$ 282,043	\$ 1,580

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-4)
Year Ended December 31, 2018

	28	30	31	32	34	35	36	37
	Homeland Security Grant	HAVA Grant	County Child Abuse Prevention	District Court Archive	County Clerk Vital Statistics	County Clerk Records Mgt	County Clerk Records Archive	County Clerk Records Preservation & Mgt
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	13,432	-	-	-	-	-	-
Charges for services	-	-	62	5,226	2,134	44,023	39,525	3,182
Interest on investments	-	26	-	75	37	337	471	14
Miscellaneous	-	-	4	-	-	-	-	-
Total revenues	-	13,458	66	5,301	2,171	44,360	39,996	3,196
Expenditures								
Current								
General administration	-	-	-	-	-	-	-	-
Judicial	-	-	-	652	-	38,871	30,001	2,636
Public transportation	-	-	-	-	-	-	-	-
Public safety and correctional	368	-	-	-	-	-	-	-
Elections	-	34,395	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	3,574	-	9,000
Total expenditures	368	34,395	-	652	-	42,445	30,001	11,636
Excess (deficit) of revenues over (under) expenditures	(368)	(20,937)	66	4,649	2,171	1,915	9,995	(8,440)
Other financing sources (uses)								
Proceeds from the sale of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balance	(368)	(20,937)	66	4,649	2,171	1,915	9,995	(8,440)
Fund balances, beginning	368	22,551	1,248	27,761	13,437	140,974	166,040	11,415
Fund balances, ending	\$ -	\$ 1,614	\$ 1,314	\$ 32,410	\$ 15,608	\$ 142,889	\$ 176,035	\$ 2,975

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-4)
Year Ended December 31, 2018

	38	39	40	41	43	44	48	49
	District Clerk Records Preservation & Mgt	District Attorney Hot Check Fund	District Attorney Seized Currency Fund	District Attorney Forfeiture Fund	District Clerk Criminal Clearing	District Clerk Civil Clearing	County Court Technology	District Court Technology
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	8,713	4,411	-	-	-	-	2,307	6,135
Interest on investments	214	8	180	95	14	19	23	27
Miscellaneous	-	-	81,147	43,133	-	-	-	-
Total revenues	<u>8,927</u>	<u>4,419</u>	<u>81,327</u>	<u>43,228</u>	<u>14</u>	<u>19</u>	<u>2,330</u>	<u>6,162</u>
Expenditures								
Current								
General administration	-	-	143,775	-	-	-	-	-
Judicial	5,461	751	-	13,551	14	19	48	5,453
Public transportation	-	-	-	-	-	-	-	-
Public safety and correctional	-	-	-	-	-	-	-	-
Elections	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	12,174	-	-	-	-
Total expenditures	<u>5,461</u>	<u>751</u>	<u>143,775</u>	<u>25,725</u>	<u>14</u>	<u>19</u>	<u>48</u>	<u>5,453</u>
Excess (deficit) of revenues over (under) expenditures	<u>3,466</u>	<u>3,668</u>	<u>(62,448)</u>	<u>17,503</u>	<u>-</u>	<u>-</u>	<u>2,282</u>	<u>709</u>
Other financing sources (uses)								
Proceeds from the sale of fixed assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>3,466</u>	<u>3,668</u>	<u>(62,448)</u>	<u>17,503</u>	<u>-</u>	<u>-</u>	<u>2,282</u>	<u>709</u>
Fund balances, beginning	<u>84,548</u>	<u>1,719</u>	<u>92,923</u>	<u>50,138</u>	<u>-</u>	<u>-</u>	<u>7,859</u>	<u>12,347</u>
Fund balances, ending	<u>\$ 88,014</u>	<u>\$ 5,387</u>	<u>\$ 30,475</u>	<u>\$ 67,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,141</u>	<u>\$ 13,056</u>

Hale County, Texas

Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-4)
Year Ended December 31, 2018

	53	55	57	70	71	Total Nonmajor	
	Commissary	Law	Courthouse	Veterans'	JP #1	County	Special
	Fund	Library	Security	Assistance	Case	Clerk	Revenue
			Fund		Manager	Revolving	Funds
						Clearing	
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,684
Intergovernmental	-	-	-	-	-	-	309,272
Charges for services	158,580	993	19,468	-	11,266	-	314,374
Interest on investments	-	119	44	-	17	45	6,521
Miscellaneous	-	-	-	-	-	-	129,977
Total revenues	158,580	1,112	19,512	-	11,283	45	765,828
Expenditures							
Current							
General administration	-	-	9,178	-	-	-	206,623
Judicial	-	9,534	-	-	-	45	129,250
Public transportation	-	-	-	-	-	-	1,516,479
Public safety and correctional	159,858	-	-	-	-	-	170,226
Elections	-	-	-	-	-	-	34,395
Capital outlay	-	-	7,292	-	-	-	1,054,937
Total expenditures	159,858	9,534	16,470	-	-	45	3,111,910
Excess (deficit) of revenues over (under) expenditures	(1,278)	(8,422)	3,042	-	11,283	-	(2,346,082)
Other financing sources (uses)							
Proceeds from the sale of fixed assets	-	-	-	-	-	-	447,450
Transfers in	-	-	14,216	-	-	-	2,284,965
Transfers out	-	-	-	-	-	-	(180,198)
Total other financing sources (uses)	-	-	14,216	-	-	-	2,552,217
Net change in fund balance	(1,278)	(8,422)	17,258	-	11,283	-	206,135
Fund balances, beginning	24,192	51,535	9,509	186	-	-	1,954,494
Fund balances, ending	\$ 22,914	\$ 43,113	\$ 26,767	\$ 186	\$ 11,283	\$ -	\$ 2,160,629

Hale County, Texas
 Budgetary Comparison Schedule – Economic Development (Exhibit C-5)
 Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Interest on investments	\$ 25	\$ 25	\$ 95	\$ 70
Total revenues	25	25	95	70
Expenditures				
Current				
General administration				
Economic development	57,000	57,000	53,670	3,330
Total expenditures	57,000	57,000	53,670	3,330
Excess (deficiency) of revenues over (under) expenditures	(56,975)	(56,975)	(53,575)	3,400
Other financing sources				
Transfers in	10,000	10,000	10,000	-
Total other financing sources	10,000	10,000	10,000	-
Net change in fund balance	(46,975)	(46,975)	(43,575)	3,400
Fund balance, beginning	46,403	46,403	46,403	-
Fund balance, ending	\$ (572)	\$ (572)	\$ 2,828	\$ 3,400

Hale County, Texas
 Budgetary Comparison Schedule – Jury Fund (Exhibit C-6)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 17,000	\$ 17,000	\$ 8,349	\$ (8,651)
Interest on investments	310	310	342	32
Total revenues	<u>17,310</u>	<u>17,310</u>	<u>8,691</u>	<u>(8,619)</u>
Expenditures				
Current				
Judicial				
Supplies	37,500	37,500	21,978	15,522
Other services and charges	750	750	236	514
Total expenditures	<u>38,250</u>	<u>38,250</u>	<u>22,214</u>	<u>16,036</u>
Excess (deficiency) of revenues over (under) expenditures	(20,940)	(20,940)	(13,523)	(7,417)
Other financing sources				
Transfers in	<u>20,940</u>	<u>20,940</u>	<u>20,940</u>	<u>-</u>
Total other financing sources	<u>20,940</u>	<u>20,940</u>	<u>20,940</u>	<u>-</u>
Net change in fund balance	-	-	7,417	7,417
Fund balance, beginning	<u>137,484</u>	<u>137,484</u>	<u>137,484</u>	<u>-</u>
Fund balance, ending	<u>\$ 137,484</u>	<u>\$ 137,484</u>	<u>\$ 144,901</u>	<u>\$ 7,417</u>

Hale County, Texas
 Budgetary Comparison Schedule – Rural Fire Protection Fund (Exhibit C-7)
 Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Interest on investments	\$ 100	\$ 100	\$ 143	\$ 43
Total revenues	100	100	143	43
Expenditures				
Current:				
Public safety and correctional Repairs and maintenance	10,000	10,000	10,000	-
Total expenditures	10,000	10,000	10,000	-
Excess (deficiency) of revenues over (under) expenditures	(9,900)	(9,900)	(9,857)	43
Other financing sources				
Transfers in	9,900	9,900	9,900	-
Total other financing sources	9,900	9,900	9,900	-
Net change in fund balance	-	-	43	43
Fund balance, beginning	58,728	58,728	58,728	-
Fund balance, ending	<u>\$ 58,728</u>	<u>\$ 58,728</u>	<u>\$ 58,771</u>	<u>\$ 43</u>

Hale County, Texas
 Budgetary Comparison Schedule – Precinct #1 (Exhibit C-8)
 Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Ad valorem taxes	\$ 1,500	\$ 1,500	\$ 1,421	\$ (79)
Intergovernmental revenue	10,000	10,000	9,511	(489)
Interest on investments	1,650	1,650	979	(671)
Miscellaneous	1,400	1,400	988	(412)
Total revenues	<u>14,550</u>	<u>14,550</u>	<u>12,899</u>	<u>(1,651)</u>
Expenditures				
Current				
Public transportation				
Payroll expense	280,701	280,701	233,570	47,131
Supplies	134,950	134,950	98,219	36,731
Other services and charges	49,950	53,606	44,560	9,046
Capital outlay	130,000	126,344	245,300	(118,956)
Total expenditures	<u>595,601</u>	<u>595,601</u>	<u>621,649</u>	<u>(26,048)</u>
Excess (deficiency) of revenues over (under) expenditures	(581,051)	(581,051)	(608,750)	(27,699)
Other financing sources				
Proceeds from the sale of fixed assets	1,000	1,000	152,950	151,950
Transfers in	580,051	580,051	580,051	-
Transfers out	-	-	(47,131)	(47,131)
Total other financing sources	<u>581,051</u>	<u>581,051</u>	<u>685,870</u>	<u>104,819</u>
Net change in fund balance	-	-	77,120	77,120
Fund balance, beginning	<u>238,540</u>	<u>238,540</u>	<u>238,540</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 238,540</u></u>	<u><u>\$ 238,540</u></u>	<u><u>\$ 315,660</u></u>	<u><u>\$ 77,120</u></u>

Hale County, Texas
 Budgetary Comparison Schedule – Precinct #2 (Exhibit C-9)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Ad valorem taxes	\$ 1,500	\$ 1,500	\$ 1,421	\$ (79)
Intergovernmental revenue	10,000	10,000	9,511	(489)
Interest on investments	1,650	1,650	1,093	(557)
Miscellaneous	150	150	839	689
Total revenues	13,300	13,300	12,864	(436)
Expenditures				
Current				
Public transportation				
Payroll expense	286,242	286,242	275,112	11,130
Supplies	104,000	94,000	64,097	29,903
Other services and charges	54,800	53,800	65,901	(12,101)
Capital outlay	121,000	111,000	252,500	(141,500)
Total expenditures	566,042	545,042	657,610	(112,568)
Excess (deficiency) of revenues over (under) expenditures	(552,742)	(531,742)	(644,746)	(113,004)
Other financing sources				
Proceeds from the sale of fixed assets	500	500	145,000	144,500
Transfers in	551,242	551,242	551,242	-
Transfers out	-	-	(11,130)	(11,130)
Total other financing sources	551,742	551,742	685,112	133,370
Net change in fund balance	(1,000)	20,000	40,366	20,366
Fund balance, beginning	235,071	235,071	235,071	-
Fund balance, ending	\$ 234,071	\$ 255,071	\$ 275,437	\$ 20,366

Hale County, Texas
 Budgetary Comparison Schedule – Precinct #3 (Exhibit C-10)
 Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Ad valorem taxes	\$ 1,500	\$ 1,500	\$ 1,421	\$ (79)
Intergovernmental revenue	10,000	10,000	82,459	72,459
Interest on investments	1,650	1,650	1,186	(464)
Miscellaneous	2,000	2,000	3,102	1,102
Total revenues	<u>15,150</u>	<u>15,150</u>	<u>88,168</u>	<u>73,018</u>
Expenditures				
Current				
Public transportation				
Payroll expense	292,475	292,475	231,863	60,612
Supplies	105,100	105,100	85,927	19,173
Other services and charges	49,850	49,850	49,306	544
Capital outlay	125,000	125,000	326,748	(201,748)
Total expenditures	<u>572,425</u>	<u>572,425</u>	<u>693,844</u>	<u>(121,419)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(557,275)</u>	<u>(557,275)</u>	<u>(605,676)</u>	<u>(48,401)</u>
Other financing sources				
Proceeds from the sale of fixed assets	-	-	149,500	149,500
Transfers in	556,475	556,475	556,475	-
Transfers out	-	-	(60,612)	(60,612)
Total other financing sources	<u>556,475</u>	<u>556,475</u>	<u>645,363</u>	<u>88,888</u>
Net change in fund balance	(800)	(800)	39,687	40,487
Fund balance, beginning	<u>347,900</u>	<u>347,900</u>	<u>347,900</u>	<u>-</u>
Fund balance, ending	<u>\$ 347,100</u>	<u>\$ 347,100</u>	<u>\$ 387,587</u>	<u>\$ 40,487</u>

Hale County, Texas
 Budgetary Comparison Schedule – Precinct #4 (Exhibit C-11)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Ad valorem taxes	\$ 1,500	\$ 1,500	\$ 1,421	\$ (79)
Intergovernmental revenue	10,000	10,000	194,359	184,359
Interest on investments	1,650	1,650	918	(732)
Miscellaneous	-	-	760	760
Total revenues	<u>13,150</u>	<u>13,150</u>	<u>197,458</u>	<u>184,308</u>
Expenditures				
Current:				
Public transportation				
Payroll expense	291,395	291,395	230,070	61,325
Supplies	112,805	112,805	77,046	35,759
Other services and charges	52,091	62,091	60,808	1,283
Capital outlay	100,000	90,000	198,349	(108,349)
Total expenditures	<u>556,291</u>	<u>556,291</u>	<u>566,273</u>	<u>(9,982)</u>
Excess (deficiency) of revenues over (under) expenditures	(543,141)	(543,141)	(368,815)	174,326
Other financing sources				
Proceeds from the sale of fixed assets	1,000	1,000	-	(1,000)
Transfers in	542,141	542,141	542,141	-
Transfers out	-	-	(61,325)	(61,325)
Total other financing sources	<u>543,141</u>	<u>543,141</u>	<u>480,816</u>	<u>(62,325)</u>
Net change in fund balance	-	-	112,001	112,001
Fund balance, beginning	<u>170,042</u>	<u>170,042</u>	<u>170,042</u>	<u>-</u>
Fund balance, ending	<u>\$ 170,042</u>	<u>\$ 170,042</u>	<u>\$ 282,043</u>	<u>\$ 112,001</u>

Hale County, Texas
 Budgetary Comparison Schedule – Drug Forfeiture Const #1 (Exhibit C-12)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 4	\$ 4
Total revenues	-	-	4	4
Expenditures				
Current				
Judicial				
Special purchases	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	4	4
Net change in fund balance	-	-	4	4
Fund balance, beginning	1,576	1,576	1,576	-
Fund balance, ending	<u>\$ 1,576</u>	<u>\$ 1,576</u>	<u>\$ 1,580</u>	<u>\$ 4</u>

Hale County, Texas
 Budgetary Comparison Schedule – District Court Archive (Exhibit C-13)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 6,000	\$ 6,000	\$ 5,226	\$ (774)
Interest on investments	42	42	75	33
Total revenues	<u>6,042</u>	<u>6,042</u>	<u>5,301</u>	<u>(741)</u>
Expenditures				
Current:				
Judicial				
Pretrial intervention fee	<u>5,000</u>	<u>5,000</u>	<u>652</u>	<u>4,348</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>652</u>	<u>4,348</u>
Net change in fund balance	1,042	1,042	4,649	3,607
Fund balance, beginning	<u>27,761</u>	<u>27,761</u>	<u>27,761</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 28,803</u></u>	<u><u>\$ 28,803</u></u>	<u><u>\$ 32,410</u></u>	<u><u>\$ 3,607</u></u>

Hale County, Texas

Budgetary Comparison Schedule – County Clerk Vital Statistics Record Preservation (Exhibit C-14)
Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 2,600	\$ 2,600	\$ 2,134	\$ (466)
Interest on investments	50	50	37	(13)
Total revenues	<u>2,650</u>	<u>2,650</u>	<u>2,171</u>	<u>(479)</u>
Expenditures				
Current				
Judicial				
Other services and charges	2,000	2,000	-	2,000
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net change in fund balance	650	650	2,171	1,521
Fund balance, beginning	<u>13,437</u>	<u>13,437</u>	<u>13,437</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 14,087</u></u>	<u><u>\$ 14,087</u></u>	<u><u>\$ 15,608</u></u>	<u><u>\$ 1,521</u></u>

Hale County, Texas
 Budgetary Comparison Schedule – County Clerk Records Management (Exhibit C-15)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 50,000	\$ 50,000	\$ 44,023	\$ (5,977)
Interest on investments	300	300	337	37
Total revenues	50,300	50,300	44,360	(5,940)
Expenditures				
Current:				
Judicial				
Other services and charges	40,000	38,426	38,871	(445)
Capital outlay	2,000	3,574	3,574	-
Total expenditures	42,000	42,000	42,445	(445)
Net change in fund balance	8,300	8,300	1,915	(6,385)
Fund balance, beginning	140,974	140,974	140,974	-
Fund balance, ending	<u>\$ 149,274</u>	<u>\$ 149,274</u>	<u>\$ 142,889</u>	<u>\$ (6,385)</u>

Hale County, Texas
 Budgetary Comparison Schedule – County Clerk Records Archive (Exhibit C-16)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 43,000	\$ 43,000	\$ 39,525	\$ (3,475)
Interest on investments	250	250	471	221
Total revenues	<u>43,250</u>	<u>43,250</u>	<u>39,996</u>	<u>(3,254)</u>
Expenditures				
Current				
Judicial				
Other services and charges	30,000	30,000	30,001	(1)
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>30,001</u>	<u>(1)</u>
Net change in fund balance	13,250	13,250	9,995	(3,255)
Fund balance, beginning	<u>166,040</u>	<u>166,040</u>	<u>166,040</u>	<u>-</u>
Fund balance, ending	<u>\$ 179,290</u>	<u>\$ 179,290</u>	<u>\$ 176,035</u>	<u>\$ (3,255)</u>

Hale County, Texas

Budgetary Comparison Schedule – County Clerk Records Preservation and Management (Exhibit C-17)
Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 2,400	\$ 2,400	\$ 3,182	\$ 782
Interest on investments	60	60	14	(46)
Total revenues	<u>2,460</u>	<u>2,460</u>	<u>3,196</u>	<u>736</u>
Expenditures				
Current				
Judicial				
Supplies	5,800	5,800	2,636	3,164
Other services and charges	5,000	-	-	-
Capital Outlay	4,000	9,000	9,000	-
Total expenditures	<u>14,800</u>	<u>14,800</u>	<u>11,636</u>	<u>3,164</u>
Net change in fund balance	(12,340)	(12,340)	(8,440)	3,900
Fund balance, beginning	<u>11,415</u>	<u>11,415</u>	<u>11,415</u>	<u>-</u>
Fund balance, ending	<u>\$ (925)</u>	<u>\$ (925)</u>	<u>\$ 2,975</u>	<u>\$ 3,900</u>

Hale County, Texas

Budgetary Comparison Schedule – District Clerk Records Preservation and Management (Exhibit C-18)
Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ 8,713	\$ (1,287)
Interest on investments	200	200	214	14
Total revenues	<u>10,200</u>	<u>10,200</u>	<u>8,927</u>	<u>(1,273)</u>
Expenditures				
Current				
Judicial				
Other services and charges	7,491	7,491	5,461	2,030
Total expenditures	<u>7,491</u>	<u>7,491</u>	<u>5,461</u>	<u>2,030</u>
Net change in fund balance	2,709	2,709	3,466	757
Fund balance, beginning	<u>84,548</u>	<u>84,548</u>	<u>84,548</u>	<u>-</u>
Fund balance, ending	<u>\$ 87,257</u>	<u>\$ 87,257</u>	<u>\$ 88,014</u>	<u>\$ 757</u>

Hale County, Texas
 Budgetary Comparison Schedule – County Court Technology (Exhibit C-19)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 2,200	\$ 2,200	\$ 2,307	\$ 107
Interest on investments	11	11	23	12
Total revenues	<u>2,211</u>	<u>2,211</u>	<u>2,330</u>	<u>119</u>
Expenditures				
Current				
Judicial				
Supplies	<u>2,000</u>	<u>2,000</u>	<u>48</u>	<u>1,952</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>48</u>	<u>1,952</u>
Net change in fund balance	211	211	2,282	2,071
Fund balance, beginning	<u>7,859</u>	<u>7,859</u>	<u>7,859</u>	<u>-</u>
Fund balance, ending	<u>\$ 8,070</u>	<u>\$ 8,070</u>	<u>\$ 10,141</u>	<u>\$ 2,071</u>

Hale County, Texas
 Budgetary Comparison Schedule – District Court Technology (Exhibit C-20)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ 6,135	\$ (3,865)
Interest on investments	25	25	27	2
Total revenues	<u>10,025</u>	<u>10,025</u>	<u>6,162</u>	<u>(3,863)</u>
Expenditures				
Current				
Judicial				
Supplies	<u>6,000</u>	<u>6,000</u>	<u>5,453</u>	<u>547</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>5,453</u>	<u>547</u>
Net change in fund balance	4,025	4,025	709	(3,316)
Fund balance, beginning	<u>12,347</u>	<u>12,347</u>	<u>12,347</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 16,372</u></u>	<u><u>\$ 16,372</u></u>	<u><u>\$ 13,056</u></u>	<u><u>\$ (3,316)</u></u>

Hale County, Texas
 Budgetary Comparison Schedule – Law Library Fund (Exhibit C-21)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 500	\$ 500	\$ 993	\$ 493
Interest on investments	120	120	119	(1)
Total revenues	<u>620</u>	<u>620</u>	<u>1,112</u>	<u>492</u>
Expenditures				
Current				
Judicial				
Supplies	<u>10,000</u>	<u>10,000</u>	<u>9,534</u>	<u>466</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>9,534</u>	<u>466</u>
Net change in fund balance	(9,380)	(9,380)	(8,422)	958
Fund balance, beginning	<u>51,535</u>	<u>51,535</u>	<u>51,535</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 42,155</u></u>	<u><u>\$ 42,155</u></u>	<u><u>\$ 43,113</u></u>	<u><u>\$ 958</u></u>

Hale County, Texas
 Budgetary Comparison Schedule – Courthouse Security Fund (Exhibit C-22)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 22,075	\$ 22,075	\$ 19,468	\$ (2,607)
Interest on investments	40	40	44	4
Total revenue	22,115	22,115	19,512	(2,603)
Expenditures				
Current				
General administration				
Other services and charges	7,000	21,584	9,178	12,406
Capital outlay	-	-	7,292	(7,292)
Total expenditures	7,000	21,584	16,470	5,114
Excess of revenues over expenditures	15,115	531	3,042	2,511
Other financing sources				
Transfers in	-	-	14,216	14,216
Total other financing sources	-	-	14,216	14,216
Net change in fund balance	15,115	531	17,258	16,727
Fund balance, beginning	9,509	9,509	9,509	-
Fund balance, ending	\$ 24,624	\$ 10,040	\$ 26,767	\$ 16,727

Hale County, Texas
 Budgetary Comparison Schedule – Debt Service Fund (Exhibit C-23)
 Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Ad valorem taxes	\$ 452,875	\$ 452,875	\$ 467,217	\$ 14,342
Interest on investments	-	-	66	66
Total revenue	452,875	452,875	467,283	14,408
Expenditures				
Debt service				
Principal	385,000	385,000	385,000	-
Interest and fees	67,875	67,875	68,175	(300)
Total expenditures	452,875	452,875	453,175	(300)
Excess of Revenues over Expenditures	-	-	14,108	14,108
Net change in fund balance	-	-	14,108	14,108
Fund balance, beginning	4,092	4,092	4,092	-
Fund balance, ending	<u>\$ 4,092</u>	<u>\$ 4,092</u>	<u>\$ 18,200</u>	<u>\$ 14,108</u>

Hale County, Texas
 Budgetary Comparison Schedule – Permanent Improvement (Exhibit C-24)
 Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Investment earnings	\$ 800	\$ 800	\$ 1,090	\$ 290
Total revenues	800	800	1,090	290
Expenditures				
Current				
Conservation				
Exhibition Building-Ollie Liner Center	26,000	54,805	71,976	(17,171)
Annex I Building	5,000	5,375	-	5,375
Capital outlay	194,000	164,821	32,260	132,561
Total expenditures	225,000	225,001	104,236	120,765
Excess (deficiency) of revenues over (under) expenditures	(224,200)	(224,201)	(103,146)	121,055
Other financing sources				
Transfers in	100,000	224,200	224,200	-
Total other financing sources	100,000	224,200	224,200	-
Net change in fund balance	(124,200)	(1)	121,054	121,055
Fund balance, beginning	353,112	353,112	353,112	-
Fund balance, ending	\$ 228,912	\$ 353,111	\$ 474,166	\$ 121,055

Hale County, Texas
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds (Exhibit C-25)
December 31, 2018

	Special Court Costs	NISC Deferred Compensation	Pension Concepts Fund	County Clerk Trust	District Clerk Trust	Sheriff's Inmate Fund #1	Sheriff's Inmate Fund #2	District Attorney Felony
Assets								
Cash and cash equivalents	\$ 64,007	\$ -	\$ 6,622	\$ 142,335	\$ 86,000	\$ 26,676	\$ 555	\$ 73,214
Investments	-	429,463	-	-	-	-	-	-
Accounts receivable	24,150	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total assets	\$ 88,157	\$ 429,463	\$ 6,622	\$ 142,335	\$ 86,000	\$ 26,676	\$ 555	\$ 73,214
Liabilities								
Accounts payable and other current liabilities	\$ 88,157	\$ -	\$ 6,622	\$ -	\$ -	\$ -	\$ -	\$ -
Due to trust beneficiaries	-	-	-	-	-	-	-	73,214
Funds held for others	-	-	-	142,335	86,000	26,676	555	-
Deferred compensation payable	-	429,463	-	-	-	-	-	-
Total liabilities	\$ 88,157	\$ 429,463	\$ 6,622	\$ 142,335	\$ 86,000	\$ 26,676	\$ 555	\$ 73,214

Hale County, Texas
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds (Exhibit C-25)
December 31, 2018

	Sheriff's Drug Forfeiture	Juvenile Probation	Adult Probation	District Attorney State Fund	Airport Maintenance	JP #1 Technology Fund	JP #3 Technology Fund	LEOSE Sheriff
Assets								
Cash and cash equivalents	\$ 46,128	\$ 84,642	\$ 296,446	\$ 19,450	\$ 148,805	\$ 4,239	\$ 30,156	\$ 3,162
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	2,609	283	412	-
Other assets	-	-	-	-	5,293	-	-	420
Total assets	\$ 46,128	\$ 84,642	\$ 296,446	\$ 19,450	\$ 156,707	\$ 4,522	\$ 30,568	\$ 3,582
Liabilities								
Accounts payable and other current liabilities	\$ -	\$ 84,642	\$ 296,446	\$ -	\$ 587	\$ 63	\$ 84	\$ -
Due to trust beneficiaries	-	-	-	-	-	-	-	-
Funds held for others	46,128	-	-	19,450	156,120	4,459	30,484	3,582
Deferred compensation payable	-	-	-	-	-	-	-	-
Total liabilities	\$ 46,128	\$ 84,642	\$ 296,446	\$ 19,450	\$ 156,707	\$ 4,522	\$ 30,568	\$ 3,582

Hale County, Texas
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds (Exhibit C-25)
December 31, 2018

	Bail Bond Board	LEOSE District Attorney	LEOSE Constable #1	District Clerk General	District Clerk Registry	District Attorney Special Funds	Tax Assessor Check Clearing	Tax Assessor Motor Vehicle
Assets								
Cash and cash equivalents	\$ 13,766	\$ 951	\$ 4,447	\$ 38,274	\$ 264,215	\$ 503	\$ 1,500	\$ 511,852
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total assets	\$ 13,766	\$ 951	\$ 4,447	\$ 38,274	\$ 264,215	\$ 503	\$ 1,500	\$ 511,852
Liabilities								
Accounts payable and other current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to trust beneficiaries	-	-	-	-	-	-	-	-
Funds held for others	13,766	951	4,447	38,274	264,215	503	1,500	511,852
Deferred compensation payable	-	-	-	-	-	-	-	-
Total liabilities	\$ 13,766	\$ 951	\$ 4,447	\$ 38,274	\$ 264,215	\$ 503	\$ 1,500	\$ 511,852

Hale County, Texas
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds (Exhibit C-25)
December 31, 2018

	Tax Assessor Liquor Tax	Tax Assessor Certificate of Title Account	Pretrial Service Program	Constable #3 LEOSE	District Attorney General Trust	Juvenile Probation Restitution	Hale County Probation Travel Fund	Total Agency Funds
Assets								
Cash and cash equivalents	\$ 144	\$ 8,166	\$ 33,771	\$ 2,050	\$ 6,969	\$ 4,105	\$ 3,002	\$1,926,152
Investments	-	-	-	-	-	-	-	429,463
Accounts receivable	-	-	-	-	-	-	-	27,454
Other assets	-	-	-	-	-	-	-	5,713
Total assets	\$ 144	\$ 8,166	\$ 33,771	\$ 2,050	\$ 6,969	\$ 4,105	\$ 3,002	\$ 2,388,782
Liabilities								
Accounts payable and other current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 476,601
Due to trust beneficiaries	-	-	-	-	-	-	-	73,214
Funds held for others	144	8,166	33,771	2,050	6,969	4,105	3,002	1,409,504
Deferred compensation payable	-	-	-	-	-	-	-	429,463
Total liabilities	\$ 144	\$ 8,166	\$ 33,771	\$ 2,050	\$ 6,969	\$ 4,105	\$ 3,002	\$ 2,388,782

Hale County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-26)
Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Special Court Costs				
Assets				
Cash and cash equivalents	\$ 65,207	\$ -	\$ 1,200	\$ 64,007
Accounts receivable	27,395	-	3,245	24,150
Total assets	<u>\$ 92,602</u>	<u>\$ -</u>	<u>\$ 4,445</u>	<u>\$ 88,157</u>
Liabilities				
Accounts payable and other current liabilities	\$ 92,602	\$ -	\$ 4,445	\$ 88,157
Total liabilities	<u>\$ 92,602</u>	<u>\$ -</u>	<u>\$ 4,445</u>	<u>\$ 88,157</u>
NISC - Deferred Compensation				
Assets				
Investments	\$ 445,726	\$ 8,670	\$ 24,933	\$ 429,463
Total assets	<u>\$ 445,726</u>	<u>\$ 8,670</u>	<u>\$ 24,933</u>	<u>\$ 429,463</u>
Liabilities				
Deferred compensation payable	\$ 445,726	\$ 8,670	\$ 24,933	\$ 429,463
Total liabilities	<u>\$ 445,726</u>	<u>\$ 8,670</u>	<u>\$ 24,933</u>	<u>\$ 429,463</u>
Pension Concepts				
Assets				
Cash and cash equivalents	\$ 4,998	\$ 37,192	\$ 35,568	\$ 6,622
Total assets	<u>\$ 4,998</u>	<u>\$ 37,192</u>	<u>\$ 35,568</u>	<u>\$ 6,622</u>
Liabilities				
Accounts payable and other current liabilities	\$ 4,998	\$ 37,192	\$ 35,568	\$ 6,622
Total liabilities	<u>\$ 4,998</u>	<u>\$ 37,192</u>	<u>\$ 35,568</u>	<u>\$ 6,622</u>
County Clerk Trust				
Assets				
Cash and cash equivalents	\$ 129,211	\$ 44,141	\$ 31,017	\$ 142,335
Total assets	<u>\$ 129,211</u>	<u>\$ 44,141</u>	<u>\$ 31,017</u>	<u>\$ 142,335</u>
Liabilities				
Funds held for others	\$ 129,211	\$ 44,141	\$ 31,017	\$ 142,335
Total liabilities	<u>\$ 129,211</u>	<u>\$ 44,141</u>	<u>\$ 31,017</u>	<u>\$ 142,335</u>

Hale County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-26)
Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
District Clerk Trust				
Assets				
Cash and cash equivalents	\$ 55,013	\$ 95,000	\$ 64,013	\$ 86,000
Total assets	<u>\$ 55,013</u>	<u>\$ 95,000</u>	<u>\$ 64,013</u>	<u>\$ 86,000</u>
Liabilities				
Funds held for others	\$ 55,013	\$ 95,000	\$ 64,013	\$ 86,000
Total liabilities	<u>\$ 55,013</u>	<u>\$ 95,000</u>	<u>\$ 64,013</u>	<u>\$ 86,000</u>
Sheriff's Inmate Fund #1				
Assets				
Cash and cash equivalents	\$ 17,364	\$ 10,579	\$ 1,267	\$ 26,676
Total assets	<u>\$ 17,364</u>	<u>\$ 10,579</u>	<u>\$ 1,267</u>	<u>\$ 26,676</u>
Liabilities				
Funds held for others	\$ 17,364	\$ 10,579	\$ 1,267	\$ 26,676
Total liabilities	<u>\$ 17,364</u>	<u>\$ 10,579</u>	<u>\$ 1,267</u>	<u>\$ 26,676</u>
Sheriff's Inmate Fund #2				
Assets				
Cash and cash equivalents	\$ 5,540	\$ 278,726	\$ 283,711	\$ 555
Total assets	<u>\$ 5,540</u>	<u>\$ 278,726</u>	<u>\$ 283,711</u>	<u>\$ 555</u>
Liabilities				
Funds held for others	\$ 5,540	\$ 278,726	\$ 283,711	\$ 555
Total liabilities	<u>\$ 5,540</u>	<u>\$ 278,726</u>	<u>\$ 283,711</u>	<u>\$ 555</u>
District Attorney Felony Trust				
Assets				
Cash and cash equivalents	\$ 73,201	\$ 81,048	\$ 81,035	\$ 73,214
Total assets	<u>\$ 73,201</u>	<u>\$ 81,048</u>	<u>\$ 81,035</u>	<u>\$ 73,214</u>
Liabilities				
Due to trust beneficiaries	\$ 73,201	\$ 81,048	\$ 81,035	\$ 73,214
Total liabilities	<u>\$ 73,201</u>	<u>\$ 81,048</u>	<u>\$ 81,035</u>	<u>\$ 73,214</u>

Hale County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-26)
Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Sheriff's Drug Forfeitures				
Assets				
Cash and cash equivalents	\$ 11,600	\$ 34,528	\$ -	\$ 46,128
Total assets	<u>\$ 11,600</u>	<u>\$ 34,528</u>	<u>\$ -</u>	<u>\$ 46,128</u>
Liabilities				
Funds held for others	\$ 11,600	\$ 34,528	\$ -	\$ 46,128
Total liabilities	<u>\$ 11,600</u>	<u>\$ 34,528</u>	<u>\$ -</u>	<u>\$ 46,128</u>
Juvenile Probation Funds				
Assets				
Cash and cash equivalents	\$ 119,160	\$ 1,112,778	\$ 1,147,296	\$ 84,642
Total assets	<u>\$ 119,160</u>	<u>\$ 1,112,778</u>	<u>\$ 1,147,296</u>	<u>\$ 84,642</u>
Liabilities				
Accounts payable and other current liabilities	\$ 119,160	\$ 1,112,778	\$ 1,147,296	\$ 84,642
Total liabilities	<u>\$ 119,160</u>	<u>\$ 1,112,778</u>	<u>\$ 1,147,296</u>	<u>\$ 84,642</u>
Adult Probation Funds				
Assets				
Cash and cash equivalents	\$ 293,574	\$ 740,801	\$ 737,929	\$ 296,446
Total assets	<u>\$ 293,574</u>	<u>\$ 740,801</u>	<u>\$ 737,929</u>	<u>\$ 296,446</u>
Liabilities				
Accounts payable and other current liabilities	\$ 293,574	\$ 740,801	\$ 737,929	\$ 296,446
Total liabilities	<u>\$ 293,574</u>	<u>\$ 740,801</u>	<u>\$ 737,929</u>	<u>\$ 296,446</u>
District Attorney State Fund				
Assets				
Cash and cash equivalents	\$ 20,718	\$ 27,523	\$ 28,791	\$ 19,450
Total assets	<u>\$ 20,718</u>	<u>\$ 27,523</u>	<u>\$ 28,791</u>	<u>\$ 19,450</u>
Liabilities				
Funds held for others	\$ 20,718	\$ 27,523	\$ 28,791	\$ 19,450
Total liabilities	<u>\$ 20,718</u>	<u>\$ 27,523</u>	<u>\$ 28,791</u>	<u>\$ 19,450</u>

Hale County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-26)
Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Airport Maintenance				
Assets				
Cash and cash equivalents	\$ 121,123	\$ 154,129	\$ 126,447	\$ 148,805
Accounts receivable	22,991	-	20,382	2,609
Other assets	5,320	-	27	5,293
Total assets	\$ 149,434	\$ 154,129	\$ 146,856	\$ 156,707
Liabilities				
Accounts payable and other current liabilities	\$ 28,477	\$ -	\$ 27,890	\$ 587
Funds held for others	120,957	154,129	118,966	156,120
Total liabilities	\$ 149,434	\$ 154,129	\$ 146,856	\$ 156,707
J.P. #1 Technology Fund				
Assets				
Cash and cash equivalents	\$ 2,657	\$ 3,348	\$ 1,766	\$ 4,239
Accounts receivable	238	45	-	283
Total assets	\$ 2,895	\$ 3,393	\$ 1,766	\$ 4,522
Liabilities				
Accounts payable and other current liabilities	\$ 26	\$ 37	\$ -	\$ 63
Funds held for others	2,869	3,356	1,766	4,459
Total liabilities	\$ 2,895	\$ 3,393	\$ 1,766	\$ 4,522
J.P. #3 Technology Fund				
Assets				
Cash and cash equivalents	\$ 28,200	\$ 5,883	\$ 3,927	\$ 30,156
Accounts receivable	559	-	147	412
Total assets	\$ 28,759	\$ 5,883	\$ 4,074	\$ 30,568
Liabilities				
Accounts payable and other current liabilities	\$ 26	\$ 58	\$ -	\$ 84
Funds held for others	28,733	5,825	4,074	30,484
Total liabilities	\$ 28,759	\$ 5,883	\$ 4,074	\$ 30,568

Hale County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-26)
Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Leose Fund-Sheriff				
Assets				
Cash and cash equivalents	\$ 1,472	\$ 4,823	\$ 3,133	\$ 3,162
Other assets	405	15	-	420
Total assets	<u>\$ 1,877</u>	<u>\$ 4,838</u>	<u>\$ 3,133</u>	<u>\$ 3,582</u>
Liabilities				
Funds held for others	\$ 1,877	\$ 4,838	\$ 3,133	\$ 3,582
Total liabilities	<u>\$ 1,877</u>	<u>\$ 4,838</u>	<u>\$ 3,133</u>	<u>\$ 3,582</u>
Bail Bond Board				
Assets				
Cash and cash equivalents	\$ 12,332	\$ 1,434	\$ -	\$ 13,766
Total assets	<u>\$ 12,332</u>	<u>\$ 1,434</u>	<u>\$ -</u>	<u>\$ 13,766</u>
Liabilities				
Funds held for others	\$ 12,332	\$ 1,434	\$ -	\$ 13,766
Total liabilities	<u>\$ 12,332</u>	<u>\$ 1,434</u>	<u>\$ -</u>	<u>\$ 13,766</u>
Leose Fund - District Attorney				
Assets				
Cash and cash equivalents	\$ 1,128	\$ 781	\$ 958	\$ 951
Total assets	<u>\$ 1,128</u>	<u>\$ 781</u>	<u>\$ 958</u>	<u>\$ 951</u>
Liabilities				
Funds held for others	\$ 1,128	\$ 781	\$ 958	\$ 951
Total liabilities	<u>\$ 1,128</u>	<u>\$ 781</u>	<u>\$ 958</u>	<u>\$ 951</u>
Leose Fund - Constable #1				
Assets				
Cash and cash equivalents	\$ 4,318	\$ 689	\$ 560	\$ 4,447
Total assets	<u>\$ 4,318</u>	<u>\$ 689</u>	<u>\$ 560</u>	<u>\$ 4,447</u>
Liabilities				
Funds held for others	\$ 4,318	\$ 689	\$ 560	\$ 4,447
Total liabilities	<u>\$ 4,318</u>	<u>\$ 689</u>	<u>\$ 560</u>	<u>\$ 4,447</u>

Hale County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-26)
Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
District Clerk General Hsb				
Assets				
Cash and cash equivalents	\$ 62,647	\$ 65,112	\$ 89,485	\$ 38,274
Total assets	<u>\$ 62,647</u>	<u>\$ 65,112</u>	<u>\$ 89,485</u>	<u>\$ 38,274</u>
Liabilities				
Funds held for others	\$ 62,647	\$ 65,112	\$ 89,485	\$ 38,274
Total liabilities	<u>\$ 62,647</u>	<u>\$ 65,112</u>	<u>\$ 89,485</u>	<u>\$ 38,274</u>
District Clerk Registry Fund				
Assets				
Cash and cash equivalents	\$ 260,009	\$ 10,973	\$ 6,767	\$ 264,215
Total assets	<u>\$ 260,009</u>	<u>\$ 10,973</u>	<u>\$ 6,767</u>	<u>\$ 264,215</u>
Liabilities				
Funds held for others	\$ 260,009	\$ 10,973	\$ 6,767	\$ 264,215
Total liabilities	<u>\$ 260,009</u>	<u>\$ 10,973</u>	<u>\$ 6,767</u>	<u>\$ 264,215</u>
District Attorney Special Funds				
Assets				
Cash and cash equivalents	\$ 299	\$ 2,410	\$ 2,206	\$ 503
Total assets	<u>\$ 299</u>	<u>\$ 2,410</u>	<u>\$ 2,206</u>	<u>\$ 503</u>
Liabilities				
Funds held for others	\$ 299	\$ 2,410	\$ 2,206	\$ 503
Total liabilities	<u>\$ 299</u>	<u>\$ 2,410</u>	<u>\$ 2,206</u>	<u>\$ 503</u>
Tax Assessor Check Clearing				
Assets				
Cash and cash equivalents	\$ 1,500	\$ 14,259	\$ 14,259	\$ 1,500
Total assets	<u>\$ 1,500</u>	<u>\$ 14,259</u>	<u>\$ 14,259</u>	<u>\$ 1,500</u>
Liabilities				
Funds held for others	\$ 1,500	\$ 14,259	\$ 14,259	\$ 1,500
Total liabilities	<u>\$ 1,500</u>	<u>\$ 14,259</u>	<u>\$ 14,259</u>	<u>\$ 1,500</u>

Hale County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-26)
Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Tax Assessor Motor Vehicle				
Assets				
Cash and cash equivalents	\$ 945,446	\$ 6,913,789	\$ 7,347,383	\$ 511,852
Total assets	<u>\$ 945,446</u>	<u>\$ 6,913,789</u>	<u>\$ 7,347,383</u>	<u>\$ 511,852</u>
Liabilities				
Funds held for others	\$ 945,446	\$ 6,913,789	\$ 7,347,383	\$ 511,852
Total liabilities	<u>\$ 945,446</u>	<u>\$ 6,913,789</u>	<u>\$ 7,347,383</u>	<u>\$ 511,852</u>
Tax Assessor Liquor Tax				
Assets				
Cash and cash equivalents	\$ 144	\$ 6,643	\$ 6,643	\$ 144
Total assets	<u>\$ 144</u>	<u>\$ 6,643</u>	<u>\$ 6,643</u>	<u>\$ 144</u>
Liabilities				
Funds held for others	\$ 144	\$ 6,643	\$ 6,643	\$ 144
Total liabilities	<u>\$ 144</u>	<u>\$ 6,643</u>	<u>\$ 6,643</u>	<u>\$ 144</u>
Tax Assessor Certificate of Title Account				
Assets				
Cash and cash equivalents	\$ 11,439	\$ 93,920	\$ 97,193	\$ 8,166
Total assets	<u>\$ 11,439</u>	<u>\$ 93,920</u>	<u>\$ 97,193</u>	<u>\$ 8,166</u>
Liabilities				
Funds held for others	\$ 11,439	\$ 93,920	\$ 97,193	\$ 8,166
Total liabilities	<u>\$ 11,439</u>	<u>\$ 93,920</u>	<u>\$ 97,193</u>	<u>\$ 8,166</u>
Pretrial Service Program				
Assets				
Cash and cash equivalents	\$ 30,873	\$ 2,898	\$ -	\$ 33,771
Accounts receivable	285	-	285	-
Total assets	<u>\$ 31,158</u>	<u>\$ 2,898</u>	<u>\$ 285</u>	<u>\$ 33,771</u>
Liabilities				
Funds held for others	\$ 31,158	\$ 2,898	\$ 285	\$ 33,771
Total liabilities	<u>\$ 31,158</u>	<u>\$ 2,898</u>	<u>\$ 285</u>	<u>\$ 33,771</u>

Hale County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-26)
Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Constable #3 Leose				
Assets				
Cash and cash equivalents	\$ 1,366	\$ 684	\$ -	\$ 2,050
Total assets	<u>\$ 1,366</u>	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ 2,050</u>
Liabilities				
Funds held for others	\$ 1,366	\$ 684	\$ -	\$ 2,050
Total liabilities	<u>\$ 1,366</u>	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ 2,050</u>
District Attorney Trust Fund				
Assets				
Cash and cash equivalents	\$ 8,906	\$ 85,509	\$ 87,446	\$ 6,969
Total assets	<u>\$ 8,906</u>	<u>\$ 85,509</u>	<u>\$ 87,446</u>	<u>\$ 6,969</u>
Liabilities				
Funds held for others	\$ 8,906	\$ 85,509	\$ 87,446	\$ 6,969
Total liabilities	<u>\$ 8,906</u>	<u>\$ 85,509</u>	<u>\$ 87,446</u>	<u>\$ 6,969</u>
Juvenile Probation Restitution				
Assets				
Cash and cash equivalents	\$ 4,103	\$ 4	\$ 2	\$ 4,105
Total assets	<u>\$ 4,103</u>	<u>\$ 4</u>	<u>\$ 2</u>	<u>\$ 4,105</u>
Liabilities				
Funds held for others	\$ 4,103	\$ 4	\$ 2	\$ 4,105
Total liabilities	<u>\$ 4,103</u>	<u>\$ 4</u>	<u>\$ 2</u>	<u>\$ 4,105</u>
Hale County Probation Travel Fund				
Assets				
Cash and cash equivalents	\$ 3,000	\$ 1,145	\$ 1,143	\$ 3,002
Total assets	<u>\$ 3,000</u>	<u>\$ 1,145</u>	<u>\$ 1,143</u>	<u>\$ 3,002</u>
Liabilities				
Funds held for others	\$ 3,000	\$ 1,145	\$ 1,143	\$ 3,002
Total liabilities	<u>\$ 3,000</u>	<u>\$ 1,145</u>	<u>\$ 1,143</u>	<u>\$ 3,002</u>

Hale County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-26)
Year Ended December 31, 2018

Total Agency Funds

Assets

Cash and cash equivalents	\$ 2,296,548	\$ 9,830,749	\$ 10,201,145	\$ 1,926,152
Investments	445,726	8,670	24,933	429,463
Accounts receivable	51,468	45	24,059	27,454
Other assets	5,725	15	27	5,713
	<u>5,725</u>	<u>15</u>	<u>27</u>	<u>5,713</u>
 Total assets	 <u>\$ 2,799,467</u>	 <u>\$ 9,839,479</u>	 <u>\$ 10,250,164</u>	 <u>\$ 2,388,782</u>

Liabilities

Accounts payable and other current liabilities	\$ 538,863	\$ 1,890,866	\$ 1,953,128	\$ 476,601
Due to trust beneficiaries	73,201	81,048	81,035	73,214
Funds held for others	1,741,677	7,858,895	8,191,068	1,409,504
Deferred compensation payable	445,726	8,670	24,933	429,463
	<u>445,726</u>	<u>8,670</u>	<u>24,933</u>	<u>429,463</u>
 Total liabilities	 <u>\$ 2,799,467</u>	 <u>\$ 9,839,479</u>	 <u>\$ 10,250,164</u>	 <u>\$ 2,388,782</u>



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Judge and Member of the Commissioners’ Court
Hale County, Texas
Plainview, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hale County, Texas (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated June 18, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be a material weakness: Finding 2018-001 and 2018-002.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with

governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency: Finding 2018-003.

Compliance and Other Matters

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

County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Abilene, Texas
June 18, 2019

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Section II – Financial Statement Findings

Finding 2018-001:	Preparation of Financial Statements and Material Audit Adjustments in the Financial Statements
Type of Finding:	Material weakness
Criteria:	Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.
Condition:	The County does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements. Additionally, we recorded 4 audit adjustments, including a restatement to net position, to the County's recorded account balances, which have resulted in a material misstatement of the County's financial statements.
Cause:	The County does not prepare and has not developed an internal control system to provide for the preparation of the financial statements and related disclosures in a timely manner.

Effect:	Although this circumstance is not unusual for an organization of your size, the preparation of financial statements and adjusting journal entries as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by County personnel.
Recommendation:	Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Commissioners review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
View of Responsible Officials:	Management agrees with the finding. Refer to Corrective Action Plan.
Finding 2018-002:	Lack of proper reconciliation and adequate review and approval of fixed assets schedule
Type of Finding:	Material weakness
Criteria:	Management of the County is responsible for fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the reconciliation and review and approval of the fixed assets schedule.
Condition:	The County does not have an internal control system designed to properly reconcile fixed assets. In conjunction with the completion of our audit, we identified fixed assets that were not properly included on the fixed asset schedule. The lack of proper reconciliation increases the risk of material misstatement due to fraud or error of the County's financial statements.
Cause:	The County does not prepare and has not developed an internal control system to provide for proper reconciliation of fixed assets in a timely manner.

Effect:	Although this circumstance is not unusual for an organization of your size, the lack of reconciliation of fixed assets may result in financial statements and related information included in financial statement disclosures not being available for management purposes in a timely manner or could result in a material misstatement due to fraud or error.
Recommendation:	Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Commissioners review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
View of Responsible Officials:	Management agrees with the finding. Refer to Corrective Action Plan.
Finding 2018-003:	Lack of formal process for periodic review and approval of accrual for health claims
Type of Finding:	Significant Deficiency
Criteria:	Management of the County is responsible for fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the accrual for health claims.
Condition:	The County does not have an internal control system designed to record an accrual of health claims. In conjunction with the completion of our audit, we identified one audit adjustment to record an accrual for health insurance claims incurred but not reported that was not recorded in the County's account balances, which has resulted in a significant deficiency.
Cause:	The County does not prepare and has not developed an internal control system to provide for the estimation of the accrual for health claims incurred but not reported.

Effect:	Although this circumstance is not unusual for an organization of your size, the lack of recognition of an accrual for health claims may result in financial statements and related information included in financial statement disclosures not being available for management purposes in a timely manner or could result in a material misstatement due to fraud or error.
Recommendation:	Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Commissioners review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
View of Responsible Officials:	Management agrees with the finding. Refer to Corrective Action Plan.