

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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To the County Judge and Commissioners' Court
Refugio County, Texas

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Refugio County, Texas as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Refugio County, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Refugio County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Refugio County, Texas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be 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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 following deficiencies in internal control to be significant deficiencies:

Segregation of Duties – Due to the limited number of people working in the office, many critical duties are combined and given to the available employees. To the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system possible. The County should work to eliminate the lack of segregation of duties through a process of review and initialing. *This comment was listed on prior year's report.*

During our audit, we also became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency:

Minutes - We noted the minutes do not provide pertinent details for many of the items approved. We recommend that the County include in its minutes all pertinent details pertaining to approved items, including but not limited to: amounts, dates, descriptions of items leased/purchased, names of parties involved, etc. *This comment was listed on prior year's report.*

Minutes – We noted the minutes were not being signed until after April 2019. We suggest all minutes be signed by the County Clerk and/or Commissioners Court after each meeting. *A similar comment was listed on prior year's report.*

This communication is intended solely for the information and use of management, Commissioners' Court, and others within Refugio County, Texas, and is not intended to be and should not be used by anyone other than these specified parties.

Beyer & Co.

BEYER & COMPANY
Certified Public Accountants
May 21, 2020

REFUGIO COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2019

Refugio County, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the County Judge and Commissioner's Court
Refugio County, 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 Refugio County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Refugio County, Texas's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major funds, and the aggregate remaining fund information of Refugio County, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Road and Bridge Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the employees' retirement system information on pages 4–12 and 66–69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Refugio County, Texas's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020, on our consideration of Refugio 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 Refugio County, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Refugio County, Texas's internal control over financial reporting and compliance.

Beyer & Co.

BEYER & COMPANY
Certified Public Accountants
May 21, 2020

Management's Discussion and Analysis

As management of Refugio County, Texas, we offer readers of Refugio County, Texas' financial statements this narrative overview and analysis of the financial activities of Refugio County, Texas for the fiscal year ended September 30, 2019.

Financial Highlights

- . The assets of Refugio County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$16,923,962 (net position). Of this amount, \$5,390,528 or 32% (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total net position increased by \$1,904,032. This increase is mainly attributable to an increase in operating grants of \$1,489,118 and careful budget management.
- . Refugio County, Texas' total restricted net position at September 30, 2019 is \$5,815,834 or 34% of net position. This was an increase of \$1,803,733 from the previous year. This increase resulted from an increase in operating grants of \$1,489,118.
- . Refugio County, Texas' total debt increased by \$724,565 (265 percent) during the current fiscal year. The key factor in this increase was the increase of GASB 68 debt of \$686,696.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements distinguish functions of Refugio County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Refugio County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. The business-type activities of Refugio County, Texas include the Internal Service Fund.

The government-wide financial statements include only Refugio County, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Refugio County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Refugio County, Texas can be divided into three categories: governmental funds, fiduciary funds, and proprietary funds.

Governmental funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Refugio County, Texas maintains thirty-five (35) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, the Sheriff Grant Fund, and the Hurricane Harvey Fund each of which are considered to be major funds. Data from the other thirty-one (31) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Refugio County, Texas adopts an annual appropriated budget for its General Fund and the Road and Bridge Fund. A budgetary comparison statement has been provided for the general fund, and the road and bridge fund. The basic governmental fund financial statements can be found on pages 15-21 of this report.

Proprietary funds: Refugio County maintains one type of proprietary fund. The Internal Service Fund for Refugio County, Texas, consists solely of the Employee Insurance Fund. This fund was created to provide coverage for employee health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Refugio County, Texas also has four (4) agency funds. The fiduciary fund types can be found on page 26 of this report.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-65 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Refugio County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 66-69 of this report.

The combining statements referred to earlier in connection with major road and bridge funds, the non-major governmental funds, and the fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 70-82 of this report.

The single audit section can be found on pages 83-91 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Refugio County, Texas, assets exceeded liabilities by \$16,923,962 at the close of the most recent fiscal year.

REFUGIO COUNTY, TEXAS NET POSITION

	Governmental Activities		Total	
	2019	2018	2019	2018
Current and Other Assets	\$11,061,154	\$10,120,085	\$11,061,154	\$10,120,085
Capital Assets:	5,969,379	5,782,058	5,969,379	5,782,058
Total Assets	17,030,533	15,902,143	17,030,533	15,902,143
Total Deferred Outflows of Resources	1,566,165	640,416	1,566,165	640,416
Long-Term Liabilities	998,341	273,776	998,341	273,776
Other Liabilities	543,124	523,610	543,124	523,610
Total Liabilities	1,541,465	797,386	1,541,465	797,386
Total Deferred Inflows of Resources	131,271	725,243	131,271	725,243
Invested in Capital Assets, Net of Related Debt	5,686,710	5,680,237	5,686,710	5,680,237
Restricted	5,815,834	4,012,101	5,815,834	4,012,101
Unrestricted	5,421,418	5,327,592	5,421,418	5,327,592
Total Net Position	\$16,923,962	\$15,019,930	\$16,923,962	\$15,019,930

A portion of Refugio County, Texas' net position (34 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$5,421,418) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Refugio County, Texas can report positive balances in all three categories of net position, both for the government, as well as for its separate governmental and business-type activities.

The government's total net position increased by \$1,904,032. This increase is mainly attributable to an increase in operating grants of \$1,489,118 and careful budget management.

Governmental activities: There were no business-type activities so any analysis regarding governmental activities will be the same as the analysis of the Government-wide Financial Analysis.

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

	Governmental Activities		Total	
	2019	2018	2019	2018
Revenues:				
Program Revenues:				
Charges for Services	\$3,130,619	\$2,764,964	\$3,130,619	\$2,764,964
Operating Grants and Contributions	2,361,215	872,097	2,361,215	872,097
Capital Grants and Contributions	2,246,334	7,880,203	2,246,334	7,880,203
General Revenues:				
Maintenance and Operations Taxes	6,136,701	6,201,594	6,136,701	6,201,594
Unrestricted Investment Earnings	38,886	35,535	38,886	35,535
Miscellaneous	3,068,056	2,989,416	3,068,056	2,989,416
Impairment Loss - Poultry/Goat Barn	0	(3,921)	0	(3,921)
Impairment Loss - Sheriff Vehicles	0	(167,389)	0	(167,389)
Total Revenue	<u>16,981,811</u>	<u>20,572,499</u>	<u>16,981,811</u>	<u>20,572,499</u>
Expenses:				
General Administration	2,514,138	2,191,831	2,514,138	2,191,831
Judicial	846,744	704,684	846,744	704,684
Legal	158,500	145,145	158,500	145,145
Financial Administration	506,193	468,090	506,193	468,090
Public Facilities	544,981	387,575	544,981	387,575
Public Safety	4,153,595	3,779,733	4,153,595	3,779,733
Public Transportation	2,124,632	2,023,893	2,124,632	2,023,893
Environmental Protection	3,369,622	12,187,260	3,369,622	12,187,260
Culture and Recreation	120,111	213,833	120,111	213,833
Health and Welfare	649,266	592,232	649,266	592,232
Conservation - Agriculture	86,463	76,697	86,463	76,697
Interest and Fiscal Charges	3,534	5,212	3,534	5,212
Total Expenses	<u>15,077,779</u>	<u>22,776,185</u>	<u>15,077,779</u>	<u>22,776,185</u>
Increase in Net Position Before Transfers and Special Items	1,904,032	(2,203,686)	1,904,032	(2,203,686)
Transfers	0	0	0	0
Increase in Net Position	1,904,032	(2,203,686)	1,904,032	(2,203,686)
Net Position at 09/30/2018	<u>15,019,930</u>	<u>17,223,616</u>	<u>15,019,930</u>	<u>17,223,616</u>
Net Position at 09/30/2019	<u>\$16,923,962</u>	<u>\$15,019,930</u>	<u>\$16,923,962</u>	<u>\$15,019,930</u>

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government activities:				
General Administration	\$2,514,138	\$900,445	\$938,508	\$0
Judicial	846,744	317,965	29,468	
Legal	158,500	91,500	23,333	
Financial Administration	506,193	231,990		
Public Facilities	544,981			
Public Safety	4,153,595	138,249	667,380	
Public Transportation	2,124,632	1,362,865	570,258	
Environmental Protection	3,369,622			2,246,334
Culture and Recreation	120,111	75,748		
Health and Welfare	649,266	11,857	132,268	
Conservation - Agriculture	86,463			
Interest and Fiscal Charges	3,534			
Total Government Activities	<u>\$15,077,779</u>	<u>\$3,130,619</u>	<u>\$2,361,215</u>	<u>\$2,246,334</u>

Revenues by Source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$3,130,619	18.44%
Operating Grants and Contributions	2,361,215	13.90%
Capital Grants and Contributions	2,246,334	13.23%
Maintenance and Operations Taxes	6,136,701	36.14%
Unrestricted Investment Earnings	38,886	0.23%
Miscellaneous	3,068,056	18.07%

For the most part, the increases and decreases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Refugio County, Texas' governmental funds reported combined ending fund balances of \$9,068,311, an increase of \$1,851,769 in comparison with the prior year. Approximately 28% of this total amount \$2,548,657 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is restricted or committed.

The general fund is the chief operating fund of Refugio County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,548,657, while total fund balance reached a balance of \$2,621,209. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned, undesignated fund balance represents 34 percent of total general fund expenditures, while total fund balance represents 35 percent of that same amount.

The fund balance of the general fund increased by \$25,156 during the current fiscal year. This increase is a result of careful budget monitoring.

At the end of the current fiscal year restricted fund balance of the road and bridge fund was \$1,705,530, while total fund balance reached a balance of \$1,715,478. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 80 percent of total road and bridge fund expenditures, while total fund balance represents 81 percent of that same amount.

The fund balance of the road and bridge fund increased by \$302,786 during the current fiscal year. Key factors in this increase are as follows:

- . An increase in Fines and Forfeitures and Intergovernmental of \$127,865 and \$126,290, respectfully; and careful budget monitoring.

There is no discussion regarding the sheriff grant and the Hurricane Harvey funds since these funds are grant funds and are structured to conform to grant budgets.

Budgetary Highlights:

The difference between the original budget and the final amended budget in the general fund was an increase of \$1,205,683 in appropriations and most of the amendments can be briefly summarized as follows:

- . An increase in the Sheriff Department of \$599,618 and an increase in the jail department of \$128,246. The major increase in the sheriff's office was for overtime. The major increase in the jail department was for group medical insurance.

Capital Asset and Debt Administration

Capital assets:

Refugio County, Texas' investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$5,969,379 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, roads and infrastructure, machinery and equipment, and park facilities. The total increase in Refugio County, Texas' investment in capital assets for the current fiscal year was 3 percent.

There was various construction in the County which is capitalized in Construction in Progress as \$269,914. These include work on the Precinct 4 Barn and the Tivoli Sheriff annex.

**REFUGIO COUNTY, TEXAS
CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities		Total	
	2019	2018	2019	2018
Land	\$680,467	\$669,234	\$680,467	\$669,234
Construction in Progress	269,914	0	269,914	0
Building and Improvements	2,296,303	2,349,940	2,296,303	2,349,940
Machinery and Equipment	1,385,227	1,336,157	1,385,227	1,336,157
Intangible	7,793	13,672	7,793	13,672
Infrastructure	1,329,675	1,413,055	1,329,675	1,413,055
Total	<u>\$5,969,379</u>	<u>\$5,782,058</u>	<u>\$5,969,379</u>	<u>\$5,782,058</u>

Additional information on Refugio County, Texas' capital assets can be found in note IV C on page 40 of this report.

Long-term debt:

At the end of the current fiscal year, Refugio County, Texas had no bonded debt.

Economic Factors

Refugio County's economy is slowly recovering from Hurricane Harvey. The housing market is depressed with some interest activity in building new homes in the Bayside area. The vendor's growth is being experienced in neighboring counties and some of that housing demand and job creation is expected in Refugio County. The future is bright with an emphasis on being a more resilient community.

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

Requests for Information

This financial report is designed to provide our citizen's taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact the Refugio County Auditor's Office, 808 Commerce, Room 107, Refugio, TX 78377, or (361) 526-2245.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

REFUGIO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	<u>Primary Governmental</u>	
	<u>Activities</u>	<u>Total</u>
<i>ASSETS</i>		
Cash and Cash Equivalents	\$9,190,965	\$9,190,965
Receivables (net of allowance for uncollectibles)	1,787,095	1,787,095
Prepaid Expenses	83,094	83,094
Capital assets not being depreciated:		
Land	680,467	680,467
Construction in Progress	269,914	269,914
Total Capital assets being depreciated, net		
Building and Improvements	2,296,303	2,296,303
Machinery, Vehicles, and Equipment	1,385,227	1,385,227
Intangible	7,793	7,793
Infrastructure	1,329,675	1,329,675
Total Assets	<u>\$17,030,533</u>	<u>\$17,030,533</u>
<i>DEFERRED OUTFLOWS OF RESOURCES</i>		
GASB 68		
Contributions (after 12/31/18)	414,204	414,204
Net difference between projected and actual earnings	1,020,670	1,020,670
Changes of assumptions	131,291	131,291
Total Deferred Outflows of Resources	<u>1,566,165</u>	<u>1,566,165</u>
<i>LIABILITIES:</i>		
Accounts Payable	\$405,803	\$405,803
Unearned Revenues	137,321	137,321
Noncurrent Liabilities:		
Due within one year	148,396	148,396
Due in more than one year	849,945	849,945
Total Liabilities	<u>1,541,465</u>	<u>1,541,465</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>		
GASB 68		
Differences between expected and actual experience	131,271	131,271
Total Deferred Inflows of Resources	<u>131,271</u>	<u>131,271</u>
<i>NET POSITION</i>		
Invested in Capital Assets, Net of Related Debt	5,717,600	5,717,600
Restricted		
Construction	1,597,625	1,597,625
Environmental Protection	542,830	542,830
General Administration	798,245	798,245
General Administration - Records	292,212	292,212
Health and Welfare	228,564	228,564
Judicial	263,232	263,232
Permanent Improvement	1,155	1,155
Public Safety	386,441	386,441
Public Transportation	1,705,530	1,705,530
Unrestricted	5,390,528	5,390,528
Total Net Position	<u>\$16,923,962</u>	<u>\$16,923,962</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government						
Government activities:						
General Administration	\$2,514,138	\$900,445	\$938,508	\$0	(\$675,185)	(\$675,185)
Judicial	846,744	317,965	29,468		(499,311)	(499,311)
Legal	158,500	91,500	23,333		(43,667)	(43,667)
Financial Administration	506,193	231,990			(274,203)	(274,203)
Public Facilities	544,981				(544,981)	(544,981)
Public Safety	4,153,595	138,249	667,380		(3,347,966)	(3,347,966)
Public Transportation	2,124,632	1,362,865	570,258		(191,509)	(191,509)
Environmental Protection	3,369,622			2,246,334	(1,123,288)	(1,123,288)
Culture and Recreation	120,111	75,748			(44,363)	(44,363)
Health and Welfare	649,266	11,857	132,268		(505,141)	(505,141)
Conservation - Agriculture	86,463				(86,463)	(86,463)
Interest and Fiscal Charges	3,534				(3,534)	(3,534)
Total Government Activities	<u>15,077,779</u>	<u>3,130,619</u>	<u>2,361,215</u>	<u>2,246,334</u>	<u>(7,339,611)</u>	<u>(7,339,611)</u>
Total Primary Government	<u>\$15,077,779</u>	<u>\$3,130,619</u>	<u>\$2,361,215</u>	<u>\$2,246,334</u>	<u>(7,339,611)</u>	<u>(7,339,611)</u>
General Revenues						
Property Taxes, Levies for General Purposes					6,136,701	6,136,701
Unrestricted Investment Earnings					38,886	38,886
Miscellaneous					3,068,056	3,068,056
Total General Revenues and Transfers					<u>9,243,643</u>	<u>9,243,643</u>
Change in Net Position					1,904,032	1,904,032
Net Position - Beginning					15,019,930	15,019,930
Net Position - Ending					<u>\$16,923,962</u>	<u>\$16,923,962</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

REFUGIO COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Road and Bridge	Sheriff Grants	Hurricane Harvey	Other Governmental Funds	Total Governmental Funds
<i>ASSETS</i>						
Cash and Cash Equivalents	\$2,613,875	\$1,716,367		\$1,643,415	\$3,194,850	\$9,168,507
Receivables (net of allowance for uncollectibles)	529,462	111,705	187,175	7,018	37,089	872,449
Due from Other Funds					65	65
Prepaid Expenses	72,552	9,948			594	83,094
Total Assets	<u>\$3,215,889</u>	<u>\$1,838,020</u>	<u>\$187,175</u>	<u>\$1,650,433</u>	<u>\$3,232,598</u>	<u>\$10,124,115</u>
<i>LIABILITIES AND FUND BALANCES:</i>						
<i>Liabilities:</i>						
Accounts Payable	\$83,104	\$80,158	\$91,134	\$52,808	\$98,599	\$405,803
Due to Other Funds	65					65
Bank Overdraft			96,041			96,041
Deferred Revenues	2,131	727				2,858
Total Liabilities	<u>85,300</u>	<u>80,885</u>	<u>187,175</u>	<u>52,808</u>	<u>98,599</u>	<u>504,767</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>						
Deferred Property Taxes						
Total deferred inflows of resources	<u>509,380</u>	<u>41,657</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>551,037</u>
<i>Fund Balances:</i>						
<i>Non-Spendable</i>						
Prepaid Items	72,552	9,948			540	83,040
<i>Restricted</i>						
Construction				1,597,625		1,597,625
Environmental Protection					542,830	542,830
General Administration					798,245	798,245
General Administration - Records					292,212	292,212
Health and Welfare					228,564	228,564
Judicial					263,232	263,232
Permanent Improvement					1,155	1,155
Public Safety					386,441	386,441
Public Transportation		1,705,530				1,705,530
<i>Committed</i>						
Culture and Recreation					207,885	207,885
General Administration					301,954	301,954
Public Facilities					110,941	110,941
Unassigned	2,548,657					2,548,657
Total Fund Balance	<u>2,621,209</u>	<u>1,715,478</u>	<u>0</u>	<u>1,597,625</u>	<u>3,133,999</u>	<u>9,068,311</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$3,215,889</u>	<u>\$1,838,020</u>	<u>\$187,175</u>	<u>\$1,650,433</u>	<u>\$3,232,598</u>	<u>\$10,124,115</u>

The accompanying notes are an integral part of this statement.

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

Total Fund Balances - governmental funds balance sheet	\$9,068,311
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	5,969,379
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,349,540
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	416,574
Compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(59,866)
Long-term liabilities - Capital lease payable, is not due and payable in the current period and therefore is not reported in the funds.	(938,475)
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	<u>118,499</u>
Net Position of governmental activities - statement of Net Position	<u><u>\$16,923,962</u></u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Road and Bridge	Sheriff's Grants	Hurricane Harvey	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>						
Taxes						
Property	\$5,516,716	\$612,968				\$6,129,684
Intergovernmental	87,520	570,260	581,226	1,960,488	1,408,055	4,607,549
Licenses and Permits	3,910	238,607				242,517
Charges for Services	717,316	67,420			258,397	1,043,133
Fines and Forfeitures		823,654				823,654
Interest	24,394	6,708			7,594	38,696
Miscellaneous	865,642	5,630		1,700,300	483,371	3,054,943
Total Revenues	<u>7,215,498</u>	<u>2,325,247</u>	<u>581,226</u>	<u>3,660,788</u>	<u>2,157,417</u>	<u>15,940,176</u>
<i>EXPENDITURES</i>						
Current:						
General Administration	1,859,359				18,077	1,877,436
Judicial	729,540				89,620	819,160
Legal	152,785					152,785
Financial Administration	493,769					493,769
Public Facilities	273,460					273,460
Public Safety	3,296,774		514,926		292,362	4,104,062
Public Transportation		2,073,713				2,073,713
Environmental Protection				3,365,514		3,365,514
Culture and Recreation	141,168				77,340	218,508
Health and Welfare	365,771				255,451	621,222
Conservation - Agriculture	81,682					81,682
Capital Projects -						
Capital Outlay and Other					218,419	218,419
Debt Service						
Principal Retirement		50,042				50,042
Interest and Fiscal Charges		3,534				3,534
Total Expenditures	<u>7,394,308</u>	<u>2,127,289</u>	<u>514,926</u>	<u>3,365,514</u>	<u>951,269</u>	<u>14,353,306</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(178,810)</u>	<u>197,958</u>	<u>66,300</u>	<u>295,274</u>	<u>1,206,148</u>	<u>1,586,870</u>
<i>OTHER FINANCING SOURCES (USES):</i>						
Capital Lease - Voting Equipment	200,000					200,000
Operating Transfers In	149,878	206,199			146,478	502,555
Operating Transfers Out	(145,912)	(101,371)			(190,373)	(437,656)
Total Other Financing Sources (Uses)	<u>203,966</u>	<u>104,828</u>	<u>0</u>	<u>0</u>	<u>(43,895)</u>	<u>264,899</u>
Net Changes in Fund Balances	25,156	302,786	66,300	295,274	1,162,253	1,851,769
Fund Balances - Beginning	2,596,053	1,412,692	(66,300)	1,302,351	1,971,746	7,216,542
Fund Balances - Ending	<u>\$2,621,209</u>	<u>\$1,715,478</u>	<u>\$0</u>	<u>\$1,597,625</u>	<u>\$3,133,999</u>	<u>\$9,068,311</u>

The accompanying notes are an integral part of this statement.

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

Net Changes in Fund Balances - total governmental funds	\$1,851,769
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	187,321
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	7,017
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	233,184
GASB 68	
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	(10,545)
Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	(84,376)
Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	1,317,809
Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year.	296,833
Net Pension Receivable. This is the change in these amounts this year.	(1,119,981)
Net Pension Payable. This is the change in these amounts this year.	(686,696)
(Increase) decrease in Compensated absences from beginning of period to end of period.	112,089
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	50,042
Capital Lease Proceeds is a revenue in the funds but not a revenue in the SOA.	(200,000)
Internal Service funds are used by management to account for funds for Self-Insurance. The net revenue of certain activities of Internal service funds is reported with governmental activities.	(50,434)
Change in Net Position of governmental activities - statement of activities	<u>\$1,904,032</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Budgetary Basis	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>REVENUES</i>				
Taxes				
Property	\$5,530,888	\$5,530,888	\$5,516,716	(\$14,172)
Intergovernmental	80,033	80,033	87,520	7,487
Licenses and Permits	5,200	5,200	3,910	(1,290)
Charges for Services	659,875	659,875	717,316	57,441
Interest	22,000	22,000	24,394	2,394
Miscellaneous	114,600	735,231	865,642	130,411
Total Revenues	6,412,596	7,033,227	7,215,498	182,271

EXPENDITURES

Current:

General Administration				
Commissioner's Court	22,200	22,200	19,395	2,805
County Clerk	173,226	194,296	184,693	9,603
County Judge	149,693	156,749	155,793	956
Economic Development	40,000	40,000	40,000	0
Elections	100,932	118,569	118,035	534
IT Department	120,000	133,500	132,369	1,131
Non-Departmental	795,588	1,026,790	985,176	41,614
Veterans Service	24,609	24,609	23,898	711
Legal				
County Attorney	135,518	153,221	152,785	436
Judicial				
Assistant District Attorney	110,756	110,879	110,841	38
County Court	29,000	4,006	2,986	1,020
District Clerk	169,485	191,465	190,843	622
District Court	140,460	156,990	155,586	1,404
Justices of the Peace	242,687	272,185	269,284	2,901
Financial Administration				
County Auditor	155,466	175,358	174,556	802
County Treasurer	127,370	134,437	127,676	6,761
Tax Assessor-Collector	173,360	193,820	191,537	2,283
Public Facilities				
Courthouse Maintenance	203,936	217,983	185,536	32,447
Public Buildings	131,000	131,000	87,924	43,076

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Public Safety				
911	\$47,061	\$47,184	\$46,175	\$1,009
Adult Probation	2,500	2,500	2,500	0
Animal Control	101,696	109,321	102,408	6,913
Constables	58,608	72,654	72,642	12
D.P.S.	38,477	45,729	45,722	7
Emergency Management	45,918	52,039	49,437	2,602
Fire	100,700	100,700	100,075	625
Jail	842,998	971,244	998,843	(27,599)
Sheriff	1,309,620	1,909,238	1,878,972	30,266
Culture and Recreation				
Library	113,415	127,462	125,418	2,044
Museum	15,750	15,750	15,750	0
Health and Welfare				
Elderly Services	129,025	129,025	129,025	0
Food Service	234,727	243,538	236,746	6,792
Conservation - Agriculture				
Agriculture Extension Service	74,772	81,795	81,682	113
Total Expenditures	<u>6,160,553</u>	<u>7,366,236</u>	<u>7,194,308</u>	<u>171,928</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>252,043</u>	<u>(333,009)</u>	<u>21,190</u>	<u>354,199</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	112,935	182,378	149,878	(32,500)
Operating Transfers Out	(654,340)	(145,912)	(145,912)	0
Total Other Financing Sources (Uses)	<u>(541,405)</u>	<u>36,466</u>	<u>3,966</u>	<u>(32,500)</u>
Net Changes in Fund Balances - Budgetary Basis	<u>(\$289,362)</u>	<u>(\$296,543)</u>	<u>25,156</u>	<u>\$321,699</u>
Reconciliation from cash basis to modified accrual basis:				
Capital Lease - Voting Equipment			200,000	
Purchase of Voting Equipment			<u>(200,000)</u>	
Net Changes in Fund Balances - Modified Accrual Basis			25,156	
Fund Balances - Beginning			<u>2,596,053</u>	
Fund Balances - Ending			<u>\$2,621,209</u>	

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$619,321	\$619,321	\$612,968	(\$6,353)
Intergovernmental	71,300	71,300	570,260	498,960
Licenses and Permits	250,000	250,000	238,607	(11,393)
Charges for Services	60,000	60,000	67,420	7,420
Fines and Forfeitures	650,000	650,000	823,654	173,654
Interest	6,100	6,100	6,708	608
Miscellaneous	0	0	5,630	5,630
Total Revenues	<u>1,656,721</u>	<u>1,656,721</u>	<u>2,325,247</u>	<u>668,526</u>
EXPENDITURES				
Current				
Public Transportation	1,816,334	2,140,214	2,073,713	66,501
Debt Service				
Principal Retirement	50,042	50,042	50,042	0
Interest and Fiscal Charges	3,605	3,605	3,534	71
Total Expenditures	<u>1,869,981</u>	<u>2,193,861</u>	<u>2,127,289</u>	<u>66,572</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(213,260)</u>	<u>(537,140)</u>	<u>197,958</u>	<u>735,098</u>
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Capital Leases		376,636		(376,636)
Operating Transfers In	4,828		206,199	206,199
Operating Transfers Out		(96,543)	(101,371)	(4,828)
Total Other Financing Sources (Uses)	<u>4,828</u>	<u>280,093</u>	<u>104,828</u>	<u>(175,265)</u>
Net Changes in Fund Balances	(208,432)	(257,047)	302,786	559,833
Fund Balances - Beginning	1,412,692	1,412,692	1,412,692	
Fund Balances - Ending	<u>\$1,204,260</u>	<u>\$1,155,645</u>	<u>\$1,715,478</u>	<u>\$559,833</u>

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

REFUGIO COUNTY, TEXAS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2019

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$118,499
Receivables (net of allowance for uncollectibles)	
Total Current Assets	<u>118,499</u>
Total Assets	<u><u>\$118,499</u></u>
FUND EQUITY AND OTHER CREDITS	
Net Position	
Restricted for:	
Employee Insurance - Expendable	118,499
Unrestricted	<u>0</u>
Total Net Position	<u><u>\$118,499</u></u>

The notes to the financial statements are an integral part of this statement.
 Note: The Employee Insurance Fund is the only Internal Service Fund.

REFUGIO COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
	<u>FUND</u>
OPERATING REVENUES:	
Charges for Services	\$788,131
Miscellaneous	<u>13,113</u>
Total Operating Revenues	<u>801,244</u>
OPERATING EXPENSES:	
Personal Services	
Other Services and Charges	<u>786,969</u>
Total Operating Expenses	<u>786,969</u>
Operating Income (Loss)	<u>14,275</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	190
Total Non-Operating Revenues (Expenses)	<u>190</u>
Income Before Transfers	14,465
Transfers In (Out) - Net	<u>(64,899)</u>
Change in Net Position	<u>(50,434)</u>
Total Net Position - Beginning	<u>168,933</u>
Total Net Position - Ending	<u>\$118,499</u>

The notes to the financial statements are an integral part of this statement.
 Note: The Employee Insurance Fund is the only Internal Service Fund.

(continued)

GOVERN
MENTAL
ACTIVITIES-
INTERNAL
SERVICE
FUND

Reconciliation of operating income to
net cash provided (used) by operating
activities:

Operating Income (Loss)	\$14,275
Adjustments to Reconcile to Net Cash Flow	
Non-Cash Items Included in Net Income	
Depreciation	0

Changes in Current Items
Increase (Decrease) in Accounts Receivable

Net Cash Provided (Used)	
By Operating Activities	<u>\$14,275</u>

Noncash Investing, Capital, and Financing Activities:	
Borrowing from Capital Debt	<u>\$0</u>

Noncash Investing, Capital, and Financing Activities: None
The notes to the financial statements are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Agency Funds</u>
	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$1,020,547
Receivables (net of allowance for uncollectibles)	<u>0</u>
Total Assets	<u>\$1,020,547</u>
LIABILITIES:	
Accounts Payable	\$0
Due to Others	<u>1,020,547</u>
Total Liabilities	<u>1,020,547</u>
NET POSITION	
Held in Trust - Historical Purposes	<u>0</u>
Total Net Position	<u>\$0</u>

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

REFUGIO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

I. Summary of Significant Accounting Policies

A. Reporting entity

Refugio County operates under a County Judge – Commissioner’s Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. The accounting policies of Refugio County, Texas, (the County) conform to generally accepted accounting principles. The County also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

B. Government-Wide and Fund Financial Statements

The County’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the County accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the County’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities, which are presented as internal balances and eliminated in the total primary government column. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The County has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, intergovernmental revenues and charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major governmental funds:

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

The road and bridge fund accounts for the activities of the government's road and bridge operations.

The sheriff grant fund accounts for the Stonegarden Grant monies for the overtime of sheriff deputies. The Hurricane Harvey fund accounts for FEMA monies used for hurricane Harvey cleanup.

C. Fiduciary Funds

Agency Funds - These funds are established to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

D. Proprietary fund financial statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Internal Service Fund are charges to employees for health insurance premiums. Operating expenses for enterprise funds include health insurance premiums remitted to the County’s health insurance carrier. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

E. Assets, Liabilities, and Net Assets or Equity (continued)

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

All property tax receivables are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2019 and 10 percent of the delinquent outstanding property taxes at September 30, 2019.

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

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2019.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Restricted Assets

There were no restricted assets at September 30, 2019.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was various construction in the County which is capitalized in Construction in Progress as \$269,914. These include work on the Precinct 4 Barn and the Tivoli Sheriff annex.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
System infrastructure	30
Vehicles	5
Office Equipment	5
Computer Equipment	5

6. Compensated Absences

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

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund Balances – Governmental Funds

As of September 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of Commissioner’s Court. Commissioner’s Court is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Commissioner’s Court.

Unassigned — all other spendable amounts.

As of September 30, 2019, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$83,040
Restricted	
Construction	1,597,625
Environmental Protection	542,830
General Administration	798,245
General Administration - Records	292,212
Health and Welfare	228,564
Judicial	263,232
Permanent Improvement	1,155
Public Safety	386,441
Public Transportation	1,705,530
Committed	
Culture and Recreation	207,885
General Administration	301,954
Public Facilities	110,941
Unassigned	<u>2,548,657</u>
Total Fund Balance	<u><u>\$9,068,311</u></u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Commissioner's Court or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2011, the Commissioner's Court adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 20 percent of the subsequent year's budgeted General Fund expenditures.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

10. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is deferred under GASB 68.

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

The County reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measureable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the County and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Pursuant to GASB 65 we have included deferred ad valorem taxes as deferred inflows in the fund financial statements.

11. Net position flow assumption

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

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$5,969,379 difference are as follows:

Capital Assets Not Being Depreciated	\$950,381
Capital Assets Being Depreciated	14,746,199
Depreciation Expense	(9,727,201)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>\$5,969,379</u></u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$938,475 difference are as follows:

Capital Leases Payable	\$251,779
Net Pension Payable	<u>686,696</u>
	<u><u>\$938,475</u></u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles)." The details of this \$416,574 difference are as follows:

Property Taxes Receivable	\$453,960
Allowance for Doubtful Accounts	<u>(37,386)</u>
Net	<u><u>\$416,574</u></u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$2,349,540 difference are as follows:

Fines Receivable	\$3,441,158
Allowance for Doubtful Accounts	(2,526,512)
GASB 68	
Contributions (after 12/31/18)	414,204
Changes of assumptions	131,291
Net difference between projected and actual earnings	1,020,670
Differences between expected and actual experience	<u>(131,271)</u>
Net	<u><u>\$2,349,540</u></u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$187,321 difference are as follows:

Capital Outlay - Additions	\$906,148
Capital Outlay - Dispositions - Net	(27,685)
Depreciation Expense	(691,142)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>\$187,321</u></u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

The original budget is adopted by the Commissioner's Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioner's Court.

The final amended budget is used in this report. The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year. The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioner's Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioner's Court.

The Commissioner's Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioner's Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioner's Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash.

When the Budget has been adopted by the Commissioner's Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioner's Court advised of the condition of the various funds and accounts. The level of control for each legally adopted annual operating budget is the fund.

Budgets for the 2019 fiscal year were adopted for the General Fund and the Road and Bridge Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2019, expenditures did not exceed appropriations in any funds.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2019.

IV. Detailed Notes on All Funds

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

As of September 30, 2019, the government had the following investments: None

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2019, the government's bank balance of \$10,687,570 with Vantage Bank was exposed to custodial credit risk because it was fully secured by a \$12,000,000 Letter of Credit and FDIC coverage is \$250,000. The book balance of the cash at September 30, 2019 is \$9,190,965.

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Road and Bridge	Sheriff Grants	Hurricane Harvey	Other Govern- mental	Total
<u>Receivables</u>						
Ad Valorem Taxes	\$408,564	\$45,396				\$453,960
Intergovernmental	91,134		187,175	7,018		285,327
Charges for Services					37,089	37,089
Fines	3,441,158					3,441,158
Other	63,411	70,048				133,459
Gross Receivables	4,004,267	115,444	187,175	7,018	37,089	4,350,993
Less: Allowance for Uncollectibles	2,560,159	3,739				2,563,898
Net Total Receivables	\$1,444,108	\$111,705	\$187,175	\$7,018	\$37,089	\$1,787,095

C. Capital Assets

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

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$669,234	\$11,233		\$680,467
Construction in Progress	0	269,914		269,914
Total capital assets not being depreciated:	<u>669,234</u>	<u>281,147</u>	<u>0</u>	<u>950,381</u>
Capital assets being depreciated:				
Building and Improvements	5,112,005	84,480	0	5,196,485
Machinery and Equipment	5,180,373	540,521	859,651	4,861,243
Intangible	58,779	0	0	58,779
Infrastructure	4,629,692	0	0	4,629,692
Total capital assets being depreciated:	<u>14,980,849</u>	<u>625,001</u>	<u>859,651</u>	<u>14,746,199</u>
Less: Accumulated Depreciation for:				
Building and Improvements	2,762,065	138,117		2,900,182
Machinery and Equipment	3,844,216	463,766	831,966	3,476,016
Intangible	45,107	5,879		50,986
Infrastructure	3,216,637	83,380		3,300,017
Total Accumulated Depreciation	<u>9,868,025</u>	<u>691,142</u>	<u>831,966</u>	<u>9,727,201</u>
Total Capital Assets Depreciated, Net	<u>5,112,824</u>	<u>(66,141)</u>	<u>27,685</u>	<u>5,018,998</u>
Governmental Activities capital assets, Net	<u>\$5,782,058</u>	<u>\$215,006</u>	<u>\$27,685</u>	<u>\$5,969,379</u>

The 2018-2019 depreciation is as follows:

Governmental Activities	
General Administration	\$47,783
Judicial	4,920
Public Facilities	64,869
Public Safety	297,744
Public Transportation	243,272
Environmental Protection	4,108
Culture and Recreation	11,695
Health and Welfare	14,489
Conservation - Agriculture	2,262
Total Depreciation Expense - Governmental Activities	<u>\$691,142</u>

The infrastructure capital assets were not fully depreciated at September 30, 2019.

Construction commitments: There was various construction in the County which is capitalized in Construction in Progress as \$269,914. These include work on the Precinct 4 Barn and the Tivoli Sheriff annex.

D. Interfund Receivables, Payables, and Transfers

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Transfers:

TRANSFER OUT	TRANSFER IN			TOTAL
	GENERAL FUND	ROAD AND BRIDGE FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	
GENERAL FUND			145,912	\$145,912
ROAD AND BRIDGE FUND		101,371		101,371
NON-MAJOR GOVERNMENTAL FUNDS	149,878	40,495		190,373
INTERNAL SERVICE FUND		64,899		64,899
TOTALS	\$149,878	\$206,765	\$145,912	\$502,555

All of the above transfers were to provide operating capital. All of the transfers were non-recurring. There were no interfund receivables or payables at year’s end.

Due to/from other funds:

There was a due to the general fund of \$65; which consisted of \$65 from the grant fund. These amounts were to provide operating capital and are expected to be paid off in the 2019 year.

E. Leases

Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were \$37,900 for the year ended September 30, 2019.

The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2020	\$ 23,197
2021	19,349
2022	11,912
2023	<u>8,485</u>
Total	<u>\$ 62,943</u>

Rent expenditures were \$21,061 for the year ended September 30, 2019. Sublease rental income was \$0 for the year ended September 30, 2019. Rental income was \$2,776 for the year ended September 30, 2019.

F. Long-Term Debt

Capital Leases: The government has entered several capital lease agreements as lessee for financing the acquisition of machinery and equipment; as set forth below. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The security pledged for the capital leases is the equipment financed.

Assets acquired through capital leases are as follows:

	2015 CHIPSPREADER/ GOOSENECK TRAILER	HART AUTOMATIC VOTING MACHINE	TOTAL
Asset:			
Cost	\$270,000	\$200,000	\$470,000
Less: Accumulated Depreciation	<u>168,806</u>	<u>39,320</u>	<u>208,126</u>
Total	<u>\$101,194</u>	<u>\$160,680</u>	<u>\$261,874</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, were as follows:

YEAR	Activities	Total
2020	\$98,717	\$98,717
2021	45,142	45,142
2022	45,142	45,142
2023	45,142	45,142
2024	45,142	45,142
TOTAL MINIMUM LEASE PAYMENTS	279,285	279,285
LESS: AMOUNT REPRESENTING INTEREST	27,506	27,506
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$251,779	\$251,779

The above debt is to be serviced by the General Fund.

The changes in long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
Capital Lease	\$101,821	\$200,000	\$50,042	\$251,779	\$88,530	\$163,249
Compensated Absences	171,955	59,866	171,955	59,866	59,866	0
GASB 68 Payable	0	686,696		686,696		686,696
Grand Total	\$273,776	\$946,562	\$221,997	\$998,341	\$148,396	\$849,945

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2019-20 year is \$59,866. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$148,396 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2018-2019 is \$3,534.

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any of the three previous years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

1. General Liability Insurance

The County is insured for general, police officers and automobile liability.

The County has joined together with other governments in the Texas Association of Counties Risk Management Pool. The County pays an annual premium to Risk Management for auto vehicle insurance coverage. The agreement with Risk Management provides that Risk Management will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 to \$300,000 for each insurance event. The County anticipates no contingent losses.

Texas Association of Counties Risk Management Pool has published its own financial report that can be obtained from the Texas Association of Counties Risk Management Pool.

The County continues to carries commercial fidelity bonds for elected officials and for management.

2. Property and Casualty Insurance

Property, casualty, mobile equipment insurance is provided by Texas Association of Counties Risk Management Pool.

3. Workers' Compensation Insurance

The County insures against workers' compensation claims through Texas Association of Counties Risk Management Pool.

4. Group Health and Life Insurance

The County maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

5. Unemployment Compensation Insurance

The County insures for unemployment compensation claims through an agreement with the Texas Association of Counties.

B. Related Party Transaction

Ann Lopez is the Commissioner of Pct. No. 1; her sister Lorraine Lopez is Justice of the Peace No. 1.

Rita Trojcak is the County Treasurer; her sister-in-law Cindy Henderson is the Chief Deputy County Treasurer.

David Vega is the Commissioner of Pct. No. 2; his brother James Vega is a Gang Pusher for Pct. No. 2.

Stanley Tuttle is the Commissioner of Pct. No. 2. He owns Tuttle Groceries in Woodsboro. The County paid \$774.63 to Tuttle Groceries during the year. There were no amounts due at September 30, 2019.

C. Subsequent Events

In the February 25, 2020 Commissioners Court meeting, commissioners voted to approve Resolution 2020-R-05 regarding Lease Purchase Finance Contract for the purpose of procuring "Body Cameras and Related Equipment" at a cost of \$108,701.00. This amount changed in the subsequent budget and there was a loan taken out through Government Capital for the Sheriff's Department, in the amount of \$117,561.12, for law enforcement hardware and software dated May 12, 2020.

In the March 10, 2020 Commissioner's Court meeting, the Commissioners voted to approve the bid of \$114,597.00 from WatchGuard for the purchase contract.

The fairgrounds Tower was replaced with general funds and insurance proceeds for approximately \$200,000.00. This occurred after September 30, 2019.

D. Contingent Liabilities

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

The County is a defendant in the following at September 30, 2019.

A suit was filed against the County on March 27, 2020, by Garner Environmental Services, Inc. (Cause No. 2020-03-13092) for non-payment for services rendered. No other information is known on this matter.

There is a pending suit against the County by South Cross, which is a small company in the County and is filing to dispute a tax assessment on their business holdings within the County.

E. Hurricane Harvey

Refugio County sustained severe wind and water damage as a result of Hurricane Harvey. The County has an insurance policy and is also receiving money from FEMA for debris removal. The County will continue to receive monies from FEMA for construction and repairs to County property. At the time of the audit report, the extent of the cost of repairs and/or construction to County property is unknown. These amounts are to be received from both FEMA and insurance; and not from the County. However, the loss of the Poultry/Goat Barn and several Sheriff Vehicles is reported as a loss in the statement of activities; the County does not know the extent of any insurance recovery on these items as of the audit report date.

F. Tax Abatements

There were no tax abatements at September 30, 2018.

G. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)	Net Pension Liability / (Asset)	
	December 31, 2017	December 31, 2018
Total pension liability	\$16,300,096	\$17,422,607
Fiduciary net position	17,420,077	16,735,911
Net pension liability/(asset)	(1,119,981)	686,696
Fiduciary net position as a % of total pension liability	106.87%	96.06%
Pensionable covered payroll	\$4,622,267	\$4,505,849
Net Pension liability as a % of covered payroll	(24.23%)	15.24%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exit above or in other tables in this report.

Discount Rate

Discount rate	8.10%	8.10%
Long-term expected rate of return, net of investment expense	8.10%	8.10%
Municipal bond rate	Does not apply	Does not apply

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

See Appendix C (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a full description of the actuarial assumptions used in the funding valuation.

	Beginning Date	Ending Date
Valuation date	December 31, 2017	December 31, 2018
Measurement date	December 31, 2017	December 31, 2018
Employer's fiscal year	October 1, 2018	September 30, 2019

Long-Term Expected Rate of Return

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

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 — December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁸⁾ Hedge Fund Research, Inc. (HFRI) Fund of Funds	6.00%	6.30%
Hedge Funds	Composite Index	13.00%	3.90%

Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension

liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Projection of Fiduciary Net Position

Calendar Year Ending	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2019	\$16,735,911	\$524,909	\$1,148,142	\$16,736	\$1,330,195	\$17,426,136
2020	17,426,136	538,956	1,055,799	17,426	1,390,300	18,282,168
2021	18,282,168	548,502	1,171,341	18,282	1,455,396	19,096,442
2022	19,096,442	566,380	1,238,550	19,096	1,519,361	19,924,536
2023	19,924,536	583,284	1,320,186	19,925	1,583,833	20,751,543
2024	20,751,543	594,311	1,391,666	20,752	1,648,387	21,581,823
2025	21,581,823	580,008	1,481,824	21,582	1,711,458	22,369,883
2026	22,369,883	566,144	1,559,828	22,370	1,771,611	23,125,439
2027	23,125,439	556,985	1,646,687	23,125	1,828,969	23,841,580
2028	23,841,580	548,199	1,700,483	23,842	1,884,462	24,549,916
2038	28,678,277	393,629	2,198,932	28,678	2,250,110	29,094,406
2048	31,087,817	69,861	2,403,606	31,088	2,424,202	31,147,186
2058	31,689,815	13,980	2,217,957	31,690	2,478,093	31,932,241
2068	38,669,216	415	1,555,590	38,669	3,068,913	40,144,285
2078	64,457,762	0	814,332	64,458	5,186,181	68,765,153
2088	130,486,294	0	242,889	130,486	10,554,563	140,667,482
2098	279,696,581	0	17,760	279,697	22,643,611	302,042,735

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total	Fiduciary	Net Pension
	Pension		
	Liability	Net Position	(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2017	\$16,300,096	\$17,420,077	(\$1,119,981)
Changes of the year:			
Service cost	517,996		517,996
Interest on total pension liability	1,326,947		1,326,947
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	166,937		166,937
Effect of assumptions changes or inputs	0		0
Refund of contributions	(118,057)	(118,057)	0
Benefit payments	(771,312)	(771,312)	0
Administrative expenses		(13,442)	13,442
Member contributions		315,409	(315,409)
Net investment income		(328,266)	328,266
Employer contributions		239,710	(239,710)
Other	0	(8,208)	8,208
Balances as of December 31, 2018	\$17,422,607	\$16,735,911	\$686,696

Sensitivity Analysis

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

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$19,473,979	\$17,422,607	\$15,679,514
Fiduciary net position	16,735,911	16,735,911	16,735,911
Net pension liability/(asset)	\$2,738,068	\$686,696	(\$1,056,397)

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2018 to December 31, 2018
Service cost	\$517,996
Interest on total pension liability	1,326,947
Effect of plan changes	0
Administrative expenses	13,442
Member contributions	(315,409)
Expected investment return net of investment expenses	(1,396,893)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(129,895)
Recognition of assumption changes or inputs	84,376
Recognition of investment gains or losses	407,350
Other	8,208
Pension expense	\$516,123

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$256,474	\$125,203
Changes of assumptions	0	131,291
Net difference between projected and actual earnings	0	1,020,670
Contributions made subsequent to measurement date	N/A	Employer determined

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ending December 31:	
2019	\$325,683
2020	165,160
2021	184,816
2022	345,031
2023	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2018	
Original Amount (a)	Date Established (b)	Original Recognition Period (c)	Amount Recognized for 2018 (a) / (c)	Inflows	Outflows
Investment (gains) or losses					
\$1,725,159	12/31/2018	5.0	\$345,032	\$0	\$1,380,127
(1,009,747)	12/31/2017	5.0	(201,949)	605,849	0
91,363	12/31/2016	5.0	18,273	0	36,545
1,049,236	12/31/2015	5.0	209,847	0	209,847
180,734	12/31/2014	5.0	36,147	0	0
Economic/demographic (gains) or losses					
166,937	12/31/2018	4.0	41,734	0	125,203
(339,377)	12/31/2017	4.0	(84,844)	169,688	0
(119,405)	12/31/2016	4.0	(29,851)	29,852	0
(284,671)	12/31/2015	5.0	(56,934)	56,934	0
(440,572)	12/31/2014	4.0	0	0	0
Assumption changes or inputs					
0	12/31/2018	4.0	0	0	0
187,662	12/31/2017	4.0	46,916	0	93,831
0	12/31/2016	4.0	0	0	0
187,301	12/31/2015	5.0	37,460	0	37,460
0	12/31/2014	4.0	0	0	0

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31					2013 - 2009
	2018	2017	2016	2015	2014	
Total Pension Liability						
Service cost	\$517,996	\$495,313	\$639,416	\$588,092	\$556,571	N/A
Interest on total pension liability	1,326,947	1,264,177	1,176,621	1,117,545	1,077,810	N/A
Effect of plan changes	0	0	0	(82,144)	0	N/A
Effect of assumption changes or inputs	0	187,662	0	187,301	0	N/A
Effect of economic/demographic (gains) or losses	166,937	(339,377)	(119,405)	(284,671)	(440,572)	N/A
Benefit payments/refunds of contributions	<u>(889,370)</u>	<u>(822,953)</u>	<u>(773,079)</u>	<u>(767,802)</u>	<u>(772,628)</u>	<u>N/A</u>
Net change in total pension liability	1,122,510	784,822	923,554	758,321	421,181	<u>N/A</u>
Total pension liability, beginning	<u>16,300,096</u>	<u>15,515,275</u>	<u>14,591,721</u>	<u>13,833,400</u>	<u>13,412,219</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$17,422,607</u>	<u>\$16,300,096</u>	<u>\$15,515,275</u>	<u>\$14,591,721</u>	<u>\$13,833,400</u>	<u>N/A</u>
Fiduciary Net Position						
Employer contributions	\$239,710	\$244,057	\$306,849	\$357,204	\$353,978	N/A
Member contributions	315,409	323,559	343,670	378,277	352,468	N/A
Investment income net of investment expenses	(328,266)	2,249,714	1,070,336	112,200	922,450	N/A
Benefit payments/refunds of contributions	(889,370)	(822,953)	(773,079)	(767,802)	(772,628)	N/A
Administrative expenses	(13,442)	(11,585)	(11,501)	(10,256)	(10,733)	N/A
Other	<u>(8,202)</u>	<u>(3,531)</u>	<u>190,017</u>	<u>23,391</u>	<u>(291,897)</u>	<u>N/A</u>
Net change in fiduciary net position	(684,167)	1,979,259	1,126,292	93,014	553,639	N/A
Fiduciary net position, beginning	<u>17,420,077</u>	<u>15,440,818</u>	<u>14,314,526</u>	<u>14,221,512</u>	<u>13,667,873</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$16,735,911</u>	<u>\$17,420,077</u>	<u>\$15,440,818</u>	<u>\$14,314,526</u>	<u>\$14,221,512</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$686,696</u>	<u>(\$1,119,981)</u>	<u>\$74,457</u>	<u>\$277,195</u>	<u>(\$388,111)</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	96.06%	106.87%	99.52%	98.10%	102.81%	N/A
Pensionable covered payroll	\$4,505,849	\$4,622,267	\$4,909,575	\$5,402,995	\$5,035,263	N/A
Net pension liability/(asset) as % of covered payroll	15.24%	(24.23%)	1.52%	5.13%	(7.71%)	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$205,320	\$205,320	\$0	\$3,399,336	6.0%
2010	241,880	241,880	0	3,557,054	6.8%
2011	249,407	249,407	0	3,814,422	6.5%
2012	306,821	306,873	(52)	4,565,789	6.7%
2013	327,010	327,010	0	4,816,078	6.8%
2014	353,978	353,978	0	5,035,263	7.0%
2015	357,138	357,204	(66)	5,402,995	6.6%
2016	306,849	306,849	0	4,909,575	6.3%
2017	244,057	244,057	0	4,622,267	5.3%
2018	239,710	239,710	0	4,505,849	5.3%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	9.8 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected.
	2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule.
	2016: No changes in plan provisions were reflected in the Schedule.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.

Appendix A— GASB 68 Plan Description for Refugio County

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Refugio County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 190%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Refugio County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2018 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec. 31, 2017	Dec. 31, 2018
Number of inactive employees entitled to but not yet receiving benefits:	82	80
Number of active employees:	117	114
Average monthly salary:	\$3,281	\$3,218
Average age:	50.30	48.93
Average length of service in years:	10.60	10.83
<hr/>		
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	77	81
Average monthly benefit:	\$709	\$762

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2018 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Refugio County December 31, 2018 Summary Valuation Report for further details.

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

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported,
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	5 years
Smoothing period	Non-asymptotic
Recognition	None
method Corridor	Same as funding valuation: See Appendix C
Inflation	Same as funding valuation: See Appendix C
Salary Increases	8.10% (Gross of administrative expenses)
Investment Rate of Return	
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Refugio County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation: See Appendix C
Turnover	Same as funding valuation: See Appendix C
Mortality	Same as funding valuation: See Appendix C

Appendix C—Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2018 financial reporting metrics are the same as those used in the December 31, 2018 actuarial valuation analysis for Refugio County.

The following is a description of the assumptions used in the December 31, 2018 actuarial valuation analysis for Refugio County. This information may also be found in the Refugio County December 31, 2018 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee. (See Table 1 for Merit Salary Increases.)

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	2.75%

The payroll growth assumption is for the aggregate covered payroll of an employer.

Table 1
Merit Salary Increase

Years of Service	Entry Age			
	Before 30	Ages 30- 39	Ages 40- 49	50 and later
0	5.00%	4.50%	4.00%	3.50%
1	4.25	3.75	3.25	2.75
2	3.85	3.35	2.85	2.35
3	3.50	3.00	2.50	2.00
4	3.15	2.65	2.25	1.85
5	2.90	2.55	2.15	1.70
6	2.65	2.30	1.95	1.55
7	2.45	2.10	1.75	1.40
8	2.30	1.95	1.60	1.25
9	2.15	1.80	1.45	1.10
10	2.00	1.70	1.40	1.05
11	1.90	1.50	1.25	1.00
12	1.80	1.50	1.15	0.95
13	1.70	1.40	1.05	0.90
14	1.60	1.30	0.95	0.85
15	1.50	1.23	0.90	0.80
16	1.40	1.15	0.85	0.75
17	1.30	1.05	0.80	0.70
18	1.23	0.97	0.75	0.65
19	1.15	0.90	0.70	0.60
20	1.10	0.85	0.65	0.55
21	1.05	0.80	0.60	0.50
22	1.00	0.75	0.55	0.50
23	0.95	0.70	0.50	0.50
24	0.90	0.65	0.50	0.50
25	0.85	0.60	0.50	0.50
26	0.80	0.60	0.50	0.50
27	0.75	0.60	0.50	0.50
28	0.70	0.60	0.50	0.50
29	0.65	0.60	0.50	0.50
30 & up	0.60	0.60	0.50	0.50

Demographic Assumptions

TCDRS system-wide demographic assumptions:

Replacement of Terminated Members — New employees are assumed to replace any terminated members and have similar entry ages.

Disability — The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

Table 2
Annual Rates of Disability

Age	Work Related Male and Female	All Other Causes Male and Female	Age	Work Related Male and Female	All Other Causes Male and Female
less than			43	0.004%	0.058%
25	0.000%	0.000%	44	0.004	0.063
25	0.000	0.000	45	0.004	0.069
26	0.000	0.000	46	0.005	0.076
27	0.000	0.000	47	0.006	0.084
28	0.000	0.008	48	0.007	0.095
29	0.000	0.008	49	0.009	0.109
30	0.000	0.009	50	0.010	0.125
31	0.000	0.010	51	0.012	0.142
32	0.000	0.010	52	0.013	0.162
33	0.000	0.011	53	0.015	0.183
34	0.000	0.014	54	0.018	0.203
35	0.001	0.018	55	0.018	0.222
36	0.001	0.022	56	0.018	0.238
37	0.002	0.028	57	0.018	0.250
38	0.002	0.033	58	0.018	0.259
39	0.002	0.038	59	0.018	0.270
40	0.002	0.042	60 & Above	0.018	0.000
41	0.003	0.047			
42	0.003	0.053			

* The probability of disablement from all other causes is applicable for members who are vested but not eligible for service retirement. Before a member is vested, only the work-related disability provisions are applicable.

Mortality

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

Family Composition — For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Service Retirement — Members eligible for service retirement are assumed to retire at the rates shown in Table 3.

Table 3
Annual Rates of Service Retirement

Age	Male	Female	Age	Male	Female
40-44	4.5%	4.5%	62	20.0%	20.0%
45-49	9.0	9.0	63	15.0	15.0
50	10.0	10.0	64	15.0	15.0
51	9.0	9.0	65	25.0	25.0
52	9.0	9.0	66	25.0	25.0
53	9.0	9.0	67	22.0	22.0
54	10.0	10.0	68	20.0	20.0
55	10.0	10.0	69	20.0	20.0
56	10.0	10.0	70	22.0	22.0
57	10.0	10.0	71	22.0	22.0
58	12.0	12.0	72	22.0	22.0
59	12.0	12.0	73	22.0	22.0
60	12.0	12.0	74	22.0	22.0
61	12.0	12.0			

Employer-specific demographic assumptions:

Other Terminations of Employment — The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement are illustrated in Table 4. The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

Table 4
Annual Rates of Termination

Years of Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	Male	Female	Male	Female	Male	Female	Male	Female
0	30.1%	32.6%	25.0%	27.2%	21.3%	23.0%	20.1%	21.7%
1	20.5	22.3	17.3	18.7	14.7	15.9	13.9	14.9
2	15.3	16.6	13.0	14.0	11.0	12.0	10.4	11.3
3	12.2	13.1	10.4	11.3	8.8	9.5	8.3	9.0
4	10.0	10.9	8.6	9.4	7.4	7.9	6.9	7.5
5	8.9	9.7	7.7	8.5	6.6	7.2	6.2	6.8
6	7.9	8.6	6.9	7.5	5.9	6.4	5.5	6.0
7	7.0	7.7	6.2	6.8	5.3	5.8	5.0	5.4
8	5.9	6.3	5.2	5.6	4.4	4.8	4.1	4.5
9	5.6	6.0	5.0	5.4	4.2	4.6	4.1	4.3
10	5.0	5.3	4.5	4.9	3.8	4.1	3.6	3.9
11	4.3	4.7	4.0	4.3	3.4	3.7	3.2	3.4
12	4.0	4.2	3.6	4.0	3.1	3.3	2.9	3.2
13	3.5	3.8	3.2	3.6	2.8	3.1	2.6	2.9
14	3.2	3.3	3.0	3.2	2.5	2.7	2.3	2.5
15	2.7	3.0	2.6	2.8	2.2	2.4	2.1	2.3
16	2.3	2.5	2.3	2.4	1.9	2.1	1.8	2.0
17	2.1	2.3	2.0	2.2	1.7	1.8	1.6	1.7
18	1.8	1.9	1.7	1.9	1.4	1.6	1.4	1.5
19	1.5	1.7	1.5	1.7	1.4	1.4	1.3	1.4
20	1.4	1.6	1.4	1.6	1.2	1.3	1.2	1.3
21	1.3	1.5	1.3	1.5	1.1	1.2	1.1	1.2
22	1.2	1.4	1.2	1.4	1.0	1.1	1.0	1.1
23	1.1	1.3	1.1	1.3	0.9	1.0	0.9	1.0
24	1.1	1.2	1.1	1.2	0.9	1.0	0.9	0.9
25	1.0	1.1	1.0	1.1	0.8	0.9	0.8	0.9
26	1.0	1.0	1.0	1.0	0.8	0.9	0.8	0.8
27	0.9	0.9	0.9	0.9	0.7	0.8	0.7	0.7
28	0.9	0.8	0.9	0.8	0.7	0.8	0.7	0.7
29	0.8	0.7	0.8	0.7	0.6	0.7	0.6	0.6
30 & Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Withdrawals — Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in Table 5. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

Table 5
Probability of Withdrawal

Years of Service	Probability	Years of Service	Probability
0	100%	15	40
1	100	16	38
2	100	17	36
3	100	18	33
4	100	19	30
5	100	20	28
6	100	21	26
7	100	22	24
8	100	23	22
9	100	24	20
10	45	25	18
11	44	26	16
12	43	27	14
13	42	28	12
14	41	29	10

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31					
	2018	2017	2016	2015	2014	2013 - 2009
Total Pension Liability						
Service cost	\$517,996	\$495,313	\$639,416	\$588,092	\$556,571	N/A
Interest on total pension liability	1,326,947	1,264,177	1,176,621	1,117,545	1,077,810	N/A
Effect of plan changes	0	0	0	(82,144)	0	N/A
Effect of assumption changes or inputs	0	187,662	0	187,301	0	N/A
Effect of economic/demographic (gains) or losses	166,937	(339,377)	(119,405)	(284,671)	(440,572)	N/A
Benefit payments/refunds of contributions	<u>(889,370)</u>	<u>(822,953)</u>	<u>(773,079)</u>	<u>(767,802)</u>	<u>(772,628)</u>	<u>N/A</u>
Net change in total pension liability	1,122,510	784,822	923,554	758,321	421,181	<u>N/A</u>
Total pension liability, beginning	<u>16,300,096</u>	<u>15,515,275</u>	<u>14,591,721</u>	<u>13,833,400</u>	<u>13,412,219</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$17,422,607</u>	<u>\$16,300,096</u>	<u>\$15,515,275</u>	<u>\$14,591,721</u>	<u>\$13,833,400</u>	<u>N/A</u>
Fiduciary Net Position						
Employer contributions	\$239,710	\$244,057	\$306,849	\$357,204	\$353,978	N/A
Member contributions	315,409	323,559	343,670	378,277	352,468	N/A
Investment income net of investment expenses	(328,266)	2,249,714	1,070,336	112,200	922,450	N/A
Benefit payments/refunds of contributions	(889,370)	(822,953)	(773,079)	(767,802)	(772,628)	N/A
Administrative expenses	(13,442)	(11,585)	(11,501)	(10,256)	(10,733)	N/A
Other	<u>(8,202)</u>	<u>(3,531)</u>	<u>190,017</u>	<u>23,391</u>	<u>(291,897)</u>	<u>N/A</u>
Net change in fiduciary net position	(684,167)	1,979,259	1,126,292	93,014	553,639	N/A
Fiduciary net position, beginning	<u>17,420,077</u>	<u>15,440,818</u>	<u>14,314,526</u>	<u>14,221,512</u>	<u>13,667,873</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$16,735,911</u>	<u>\$17,420,077</u>	<u>\$15,440,818</u>	<u>\$14,314,526</u>	<u>\$14,221,512</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$686,696</u>	<u>(\$1,119,981)</u>	<u>\$74,457</u>	<u>\$277,195</u>	<u>(\$388,111)</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	96.06%	106.87%	99.52%	98.10%	102.81%	N/A
Pensionable covered payroll	\$4,505,849	\$4,622,267	\$4,909,575	\$5,402,995	\$5,035,263	N/A
Net pension liability/(asset) as % of covered payroll	15.24%	-24.23%	1.52%	5.13%	-7.71%	N/A

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$205,320	\$205,320	\$0	\$3,399,336	6.0%
2010	241,880	241,880	0	3,557,054	6.8%
2011	249,407	249,407	0	3,814,422	6.5%
2012	306,821	306,873	(52)	4,565,789	6.7%
2013	327,010	327,010	0	4,816,078	6.8%
2014	353,978	353,978	0	5,035,263	7.0%
2015	357,138	357,204	(66)	5,402,995	6.6%
2016	306,849	306,849	0	4,909,575	6.3%
2017	244,057	244,057	0	4,622,267	5.3%
2018	239,710	239,710	0	4,505,849	5.3%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	9.8 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected.
	2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule.
	2016: No changes in plan provisions were reflected in the Schedule.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.

Appendix B—Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2018 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Refugio County December 31, 2018 Summary Valuation Report for further details.

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

REFUGIO COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUNDS
 SEPTEMBER 30, 2019

	Road and Bridge	Road and Bridge Shared Equip	Road and Bridge Special	Lateral Road	Total Road and Bridge
<i>ASSETS</i>					
Cash and Cash Equivalents	\$879,559	\$201,371	\$510,654	\$124,783	\$1,716,367
Receivables (net of allowance for uncollectibles)	110,355		1,350		111,705
Prepaid Expenses	9,948				9,948
Total Assets	<u>\$999,862</u>	<u>\$201,371</u>	<u>\$512,004</u>	<u>\$124,783</u>	<u>\$1,838,020</u>

LIABILITIES AND FUND BALANCES:

Liabilities:					
Accounts Payable	\$80,158				\$80,158
Accrued Wages Payable	727				727
Total Liabilities	<u>80,885</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>80,885</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue-Property Taxes					
Total deferred inflows of resource	<u>41,657</u>		<u>0</u>		<u>41,657</u>

Fund Balances:

Non-Spendable					
Prepaid Items	9,948				9,948
Restricted					
Public Transportation	<u>867,372</u>	<u>201,371</u>	<u>512,004</u>	<u>124,783</u>	<u>1,705,530</u>
Total Fund Balance	<u>877,320</u>	<u>201,371</u>	<u>512,004</u>	<u>124,783</u>	<u>1,715,478</u>

Total Liabilities and Fund Balances	<u>\$999,862</u>	<u>\$201,371</u>	<u>\$512,004</u>	<u>\$124,783</u>	<u>\$1,838,020</u>
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The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS
 YEAR ENDED SEPTEMBER 30, 2019

	Road and Bridge	Road and Bridge Shared Equip	Road and Bridge Special	Lateral Road	Total Road and Bridge
<i>REVENUES</i>					
Taxes					
Property	\$612,968				\$612,968
Intergovernmental	489,187		69,700	11,373	570,260
Licenses and Permits	238,607				238,607
Charges for Services	67,420				67,420
Fines and Forfeitures	823,654				823,654
Interest	3,636		2,520	552	6,708
Miscellaneous	5,630				5,630
Total Revenues	<u>2,241,102</u>	<u>0</u>	<u>72,220</u>	<u>11,925</u>	<u>2,325,247</u>
<i>EXPENDITURES</i>					
Current:					
Public Transportation					
Road and Bridge	1,964,100		109,613		2,073,713
Debt Service					
Principal Retirement	50,042				50,042
Interest and Fiscal Charges	3,534				3,534
Total Expenditures	<u>2,017,676</u>	<u>0</u>	<u>109,613</u>	<u>0</u>	<u>2,127,289</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>223,426</u>	<u>0</u>	<u>(37,393)</u>	<u>11,925</u>	<u>197,958</u>
<i>OTHER FINANCING SOURCES (USES):</i>					
Operating Transfers In	4,828	201,371			206,199
Operating Transfers Out	(101,371)				(101,371)
Total Other Financing Sources (Uses)	<u>(96,543)</u>	<u>201,371</u>	<u>0</u>	<u>0</u>	<u>104,828</u>
Net Changes in Fund Balances	126,883	201,371	(37,393)	11,925	302,786
Fund Balances - Beginning	750,437		549,397	112,858	1,412,692
Fund Balances - Ending	<u>\$877,320</u>	<u>\$201,371</u>	<u>\$512,004</u>	<u>\$124,783</u>	<u>\$1,715,478</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	SPECIAL REVENUE						
	AIRPORT FUND	ASSET SHARING	ATTORNEY ADMINI- STRATION	COUNTY CLERK RECORD MANAGEMENT	COURT- HOUSE SECURITY	COURT TECH- NOLOGY	DISTRICT CLERK RECORD MANAGEMENT
ASSETS							
Cash and Cash Equivalents	\$159,642	\$45,499	\$2,297	\$244,906	\$120,344	\$11,411	\$22,631
Receivables (net of allowance for uncollectibles)	6,547			2,468	2,295	131	158
Due from Other Funds							
Prepaid Expenses	54						
Total Assets	<u>\$166,243</u>	<u>\$45,499</u>	<u>\$2,297</u>	<u>\$247,374</u>	<u>\$122,639</u>	<u>\$11,542</u>	<u>\$22,789</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable				\$43,363			
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,363</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances							
Non-Spendable							
Prepaid Items							
Restricted							
Environmental Protection							
General Administration							
General Administration - Records				204,011			
Judicial			2,297			11,542	22,789
Health and Welfare							
Permanent Improvement							
Public Safety					122,639		
Committed							
Culture and Recreation	166,243						
General Administration		45,499					
Public Facilities							
Unassigned							
Total Fund Balances	<u>166,243</u>	<u>45,499</u>	<u>2,297</u>	<u>204,011</u>	<u>122,639</u>	<u>11,542</u>	<u>22,789</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$166,243</u>	<u>\$45,499</u>	<u>\$2,297</u>	<u>\$247,374</u>	<u>\$122,639</u>	<u>\$11,542</u>	<u>\$22,789</u>

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

SPECIAL REVENUE

ELDERLY SERVICES FUND	ELECTION ADMINISTRATION	EMPLOYMENT CONTINGENCY	ESTRAY FUND	GRANT FUND	JAIL COMM-ISSARY	JURY	JUSTICE COURT TECH
\$46,860	\$9,813	\$174,968	\$2,430	\$788,630	\$115,791	\$13,849	\$29,802
16,236		721		65	30	40	2,067
540							
<u>\$63,636</u>	<u>\$9,813</u>	<u>\$175,689</u>	<u>\$2,430</u>	<u>\$788,695</u>	<u>\$115,821</u>	<u>\$13,889</u>	<u>\$31,869</u>
\$1,344				263			262
<u>1,344</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>263</u>	<u>0</u>	<u>0</u>	<u>262</u>
540							
	9,813			788,432			
61,752						13,889	31,607
			2,430		115,821		
		175,689					
<u>62,292</u>	<u>9,813</u>	<u>175,689</u>	<u>2,430</u>	<u>788,432</u>	<u>115,821</u>	<u>13,889</u>	<u>31,607</u>
<u>\$63,636</u>	<u>\$9,813</u>	<u>\$175,689</u>	<u>\$2,430</u>	<u>\$788,695</u>	<u>\$115,821</u>	<u>\$13,889</u>	<u>\$31,869</u>

REFUGIO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019
 (continued)

	SPECIAL REVENUE						
	JUVENILE SERVICES	LAW LIBRARY	LEOSE TRAINING FIRE	LEOSE TRAINING CONST- ABLE NO. 1	LEOSE TRAINING CONST- ABLE NO. 2	LIBRARY FUND	NARCO- TICS FUND
ASSETS							
Cash and Cash Equivalents	\$133,153	\$11,249	\$8,254	\$6,745	\$4,304	\$41,642	\$201,657
Receivables (net of allowance for uncollectibles)		120					
Due from Other Funds							
Prepaid Expenses							
Total Assets	<u>\$133,153</u>	<u>\$11,369</u>	<u>\$8,254</u>	<u>\$6,745</u>	<u>\$4,304</u>	<u>\$41,642</u>	<u>\$201,657</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$43,411						177
Total Liabilities	<u>43,411</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>177</u>
Fund Balances							
Non-Spendable							
Prepaid Items							
Restricted							
Environmental Protection							
General Administration							
General Administration - Records							
Judicial		11,369					
Health and Welfare							201,480
Permanent Improvement							
Public Safety	89,742		8,254	6,745	4,304		
Committed							
Culture and Recreation						41,642	
General Administration							
Public Facilities							
Unassigned							
Total Fund Balances	<u>89,742</u>	<u>11,369</u>	<u>8,254</u>	<u>6,745</u>	<u>4,304</u>	<u>41,642</u>	<u>201,480</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$133,153</u>	<u>\$11,369</u>	<u>\$8,254</u>	<u>\$6,745</u>	<u>\$4,304</u>	<u>\$41,642</u>	<u>\$201,657</u>

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

SPECIAL REVENUE				CAPITAL PROJECT				TOTAL.	
PRE TRIAL DIVER-SION	RECORD MANAGEMENT AND PRES-ERVATION	SPECIAL FOR-FEITURE	TCLEOSE TRAINING	VEHICLE REPLACE-MENT	CAPITAL IMPROVE-MENT FUND	COASTAL PROTEC-TION	COURT-HOUSE RESTOR-ATION	DISASTER FUND	NON-MAJOR GOVERN-MENTAL FUND
\$131,121	\$87,865	\$28,016	\$8,490	\$88,555	\$1,155	\$542,830	\$110,941		\$3,194,850
5,000	336			940					37,089
									65
									594
\$136,121	\$88,201	\$28,016	\$8,490	\$89,495	\$1,155	\$542,830	\$110,941	\$0	\$3,232,598
\$1,050				\$8,729					\$98,599
1,050	0	0	0	8,729	0	0	0	0	98,599
									540
						542,830			542,830
									798,245
	88,201								292,212
135,071									228,564
									263,232
					1,155				1,155
		28,016	8,490						386,441
									207,885
				80,766					301,954
							110,941		110,941
									0
135,071	88,201	28,016	8,490	80,766	1,155	542,830	110,941	0	3,133,999
\$136,121	\$88,201	\$28,016	\$8,490	\$89,495	\$1,155	\$542,830	\$110,941	\$0	\$3,232,598

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	SPECIAL REVENUE						
	AIRPORT FUND	ASSET SHARING	ATTORNEY ADMINI- STRATION	COUNTY			DISTRICT CLERK RECORD MANAGEMENT
				CLERK RECORD MANAGEMENT	COURT- HOUSE SECURITY	COURT TECH- NOLOGY	
<i>REVENUES</i>							
Intergovernmental							
Charges for Services	75,748		145	32,882	28,145	1,546	2,084
Interest	392	857	14	901	275		62
Miscellaneous	300						
Total Revenues	76,440	857	159	33,783	28,420	1,546	2,146
<i>EXPENDITURES</i>							
Current:							
General Administration							
Non-Departmental							
Judicial							
Judicial			1,512				
Public Safety							
Juvenile Probation							
Sheriff							
Culture and Recreation							
Airport	77,340						
Health and Welfare							
Elderly Services							
Capital Projects -							
Capital Outlay and Other				43,362			
Total Expenditures	77,340	0	1,512	43,362	0	0	0
Excess (Deficiency) of Revenues Over (Under)							
Expenditures	(900)	857	(1,353)	(9,579)	28,420	1,546	2,146
<i>OTHER FINANCING SOURCES (USES):</i>							
Operating Transfers In	20,000						
Operating Transfers Out		(100,000)					
Total Other Financing Sources (Uses)	20,000	(100,000)	0	0	0	0	0
Net Changes in Fund Balances	19,100	(99,143)	(1,353)	(9,579)	28,420	1,546	2,146
Fund Balances - Beginning	147,143	144,642	3,650	213,590	94,219	9,996	20,643
Fund Balances - Ending	\$166,243	\$45,499	\$2,297	\$204,011	\$122,639	\$11,542	\$22,789

(continued)

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

SPECIAL REVENUE

ELDERLY SERVICES FUND	ELECTION ADMINISTRATION	EMPLOYMENT CONTINGENCY	ESTRAY FUND	GRANT FUND	JAIL COMM-ISSARY	JURY	JUSTICE COURT TECH
\$132,268		\$18,462		\$881,859		\$3,468	
11,856	862				11,841	1,001	24,991
11	30	323			719	8	172
131,857		117,615				59	
275,992	892	136,400	0	881,859	12,560	4,536	25,163
		18,077				6,394	29,261
					28,439		
255,451							
				93,492			
255,451	0	18,077	0	93,492	28,439	6,394	29,261
20,541	892	118,323	0	788,367	(15,879)	(1,858)	(4,098)
570		(45,205)					
570	0	(45,205)	0	0	0	0	0
21,111	892	73,118	0	788,367	(15,879)	(1,858)	(4,098)
41,181	8,921	102,571	2,430	65	131,700	15,747	35,705
\$62,292	\$9,813	\$175,689	\$2,430	\$788,432	\$115,821	\$13,889	\$31,607

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019
 (continued)

	SPECIAL REVENUE						
	JUVENILE SERVICES	LAW LIBRARY	LEOSE TRAINING FIRE	LEOSE	LEOSE	LIBRARY FUND	NARCO- TICS FUND
				TRAINING CONST- ABLE NO. 1	TRAINING CONST- ABLE NO. 2		
<i>REVENUES</i>							
Intergovernmental	\$82,167			\$681	\$681		
Charges for Services		1,900					
Interest	32		24			247	280
Miscellaneous						40,000	143,725
Total Revenues	82,199	1,900	24	681	681	40,247	144,005
<i>EXPENDITURES</i>							
Current:							
General Administration							
Non-Departmental							
Judicial							
Judicial							
Public Safety							
Juvenile Probation	189,418						
Sheriff					610		41,575
Culture and Recreation							
Airport							
Health and Welfare							
Elderly Services							
Capital Projects -							
Capital Outlay and Other							
Total Expenditures	189,418	0	0	0	610	0	41,575
Excess (Deficiency) of Revenues Over (Under)							
Expenditures	(107,219)	1,900	24	681	71	40,247	102,430
<i>OTHER FINANCING SOURCES (USES):</i>							
Operating Transfers In	126,478						
Operating Transfers Out						(40,000)	
Total Other Financing Sources (Uses)	126,478	0	0	0	0	(40,000)	0
Net Changes in Fund Balances	19,259	1,900	24	681	71	247	102,430
Fund Balances - Beginning	70,483	9,469	8,230	6,064	4,233	41,395	99,050
Fund Balances - Ending	\$89,742	\$11,369	\$8,254	\$6,745	\$4,304	\$41,642	\$201,480

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

SPECIAL REVENUE				CAPITAL PROJECT					TOTAL.
PRE TRIAL DIVER-SION	RECORD MANAGEMENT AND PRES-ERVATION	SPECIAL FOR-FEITURE	TCLEOSE TRAINING	VEHICLE REPLACE-MENT	CAPITAL IMPROVE-MENT FUND	COASTAL PROTEC-TION	COURT-HOUSE RESTOR-ATION	DISASTER FUND	NON-MAJOR GOVERN-MENTAL FUND
			\$2,623			\$285,846			\$1,408,055
62,366	3,030								258,397
663	431	121		269		1,318	445		7,594
				49,815					483,371
63,029	3,461	121	2,623	50,084	0	287,164	445	0	2,157,417
									18,077
52,453									89,620
		29,697	2,623						189,418
									102,944
									77,340
									255,451
				75,565			6,000		218,419
52,453	0	29,697	2,623	75,565	0	0	6,000	0	951,269
10,576	3,461	(29,576)	0	(25,481)	0	287,164	(5,555)	0	1,206,148
									146,478
(5,738)									(190,373)
(5,738)	0	0	0	0	0	0	0	0	(43,895)
4,838	3,461	(29,576)	0	(25,481)	0	287,164	(5,555)	0	1,162,253
130,233	84,740	57,592	8,490	106,247	1,155	255,666	116,496		1,971,746
\$135,071	\$88,201	\$28,016	\$8,490	\$80,766	\$1,155	\$542,830	\$110,941	\$0	\$3,133,999

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AGENCY

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Juvenile Fee Funds	State Fees	Cash Bond Fund	County Officer Accounts
ASSETS				
Cash and Cash Equivalents	\$17,311	\$142,754	\$63,964	\$1,020,547
Accounts Receivable	0	57,127	0	
Total Assets	\$17,311	\$199,881	\$63,964	\$1,020,547
LIABILITIES:				
Accounts Payable	\$0	\$13,205	\$0	\$0
Due to Others	17,311	186,676	63,964	1,020,547
Total Liabilities	\$17,311	\$199,881	\$63,964	\$1,020,547

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BALANCE		BALANCE	
	10/1/2018	ADDITIONS	DEDUCTIONS	9/30/2019
<u>JUVENILE FEE FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$17,029	\$282		\$17,311
Accounts Receivable	0			0
Total Assets	<u>\$17,029</u>	<u>\$282</u>	<u>\$0</u>	<u>\$17,311</u>

LIABILITIES:				
Accounts Payable				\$0
Due to Others	17,029	282	0	17,311
Total Liabilities	<u>\$17,029</u>	<u>\$282</u>	<u>\$0</u>	<u>\$17,311</u>

	BALANCE		BALANCE	
	10/1/2018	ADDITIONS	DEDUCTIONS	9/30/2019
<u>STATE FEES</u>				
ASSETS				
Cash and Cash Equivalents	\$131,952	\$10,802		\$142,754
Accounts Receivable	61,728		4,601	57,127
Total Assets	<u>\$193,680</u>	<u>\$10,802</u>	<u>\$4,601</u>	<u>\$199,881</u>

LIABILITIES:				
Accounts Payable	167,902	13,205		181,107
Due to Others	25,778	(2,403)	4,601	18,774
Total Liabilities	<u>\$193,680</u>	<u>\$10,802</u>	<u>\$4,601</u>	<u>\$199,881</u>

	BALANCE		BALANCE	
	10/1/2018	ADDITIONS	DEDUCTIONS	9/30/2019
<u>CASH BOND FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$63,594	\$370		\$63,964
Accounts Receivable	0			0
Total Assets	<u>\$63,594</u>	<u>\$370</u>	<u>\$0</u>	<u>\$63,964</u>

LIABILITIES:				
Accounts Payable	\$0			\$0
Due to Others	63,594	370	0	63,964
Total Liabilities	<u>\$63,594</u>	<u>\$370</u>	<u>\$0</u>	<u>\$63,964</u>

<u>COUNTY OFFICER ACCOUNTS</u>	BALANCE			BALANCE
	10/1/2018	ADDITIONS	DEDUCTIONS	9/30/2019
ASSETS				
Cash and Cash Equivalents	\$765,801	\$254,746		\$1,020,547
Accounts Receivable	0			0
Total Assets	<u>\$765,801</u>	<u>\$254,746</u>	<u>\$0</u>	<u>\$1,020,547</u>

LIABILITIES:				
Accounts Payable	\$0			\$0
Due to Others	765,801	254,746	0	1,020,547
Total Liabilities	<u>\$765,801</u>	<u>\$254,746</u>	<u>\$0</u>	<u>\$1,020,547</u>

<u>TOTAL</u>	BALANCE			BALANCE
	10/1/2018	ADDITIONS	DEDUCTIONS	9/30/2019
ASSETS				
Cash and Cash Equivalents	\$978,376	\$266,200	\$0	\$1,244,576
Accounts Receivable	61,728	0	4,601	57,127
Total Assets	<u>\$1,040,104</u>	<u>\$266,200</u>	<u>\$4,601</u>	<u>\$1,301,703</u>

LIABILITIES:				
Accounts Payable	167,902	\$13,205	\$0	\$181,107
Due to Others	872,202	252,995	4,601	1,120,596
Total Liabilities	<u>\$1,040,104</u>	<u>\$266,200</u>	<u>\$4,601</u>	<u>\$1,301,703</u>

SINGLE AUDIT SECTION

REFUGIO COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

SOURCE AND TITLE OF GRANT	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS-THROUGH TO SUBRECIPIENTS	2019 TOTAL FEDERAL EXPENDI- TURES
U.S. Department of Health and Human Services				
Passed Through				
Office of the Attorney General				
Child Support Enforcement-Title IV-D	93.563	NONE	NONE	\$7,106
Passed Through				
Coastal Bend Area Agency on Aging				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers TITLE III-B (NM)	93.044	AAA-1048-11B	NONE	10,853
Special Programs for the Aging - Title III, Part C - Nutrition Services TITLE III-C (NM)	93.045	AAA-1048-11	NONE	33,804
Total U.S. Department of Health and Human Services				<u>51,763</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Cat B Emergency Protective Measures	97.036	4332DRTXP0000001	NONE	471,906
Cat B Emergency Command Center		4332DRTXP0000001		
Version 1				407,234
Version 2				1,269,409
				<u>2,148,549</u>
Passed Through				
Texas Division of Emergency Management				
Operation Stonegarden Grant Program	97.067	NONE		
Year 2017			NONE	274,048
Year 2018			NONE	240,878
				<u>514,926</u>
Total U.S. Department of Homeland Security				<u>2,663,475</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$2,715,238</u></u>

CFDA=CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE NUMBER

See Accompanying Notes to Schedule of Federal Financial Assistance

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the County Judge and Commissioners' Court
Refugio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Refugio, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Refugio, Texas' basic financial statements and have issued our report thereon dated May 21, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as finding 2019-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Refugio, Texas' 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*.

Refugio, Texas' Response to Findings

Refugio, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Refugio, Texas' 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Beyer & Co.

BEYER & COMPANY
Certified Public Accountants
May 21, 2020

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited Refugio County, Texas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Refugio County, Texas's major federal programs for the year ended September 30, 2019. Refugio County, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Refugio County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Other Matter

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Refugio County, Texas's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Refugio County, Texas's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

Beyer & Co.

BEYER & COMPANY
Certified Public Accountants
May 21, 2020

REFUGIO COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Refugio County, Texas under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Refugio County, Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Refugio County, Texas.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C-INDIRECT COST RATE

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

REFUGIO COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal

There were no prior audit findings for Federal Awards.

REFUGIO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Refugio County, Texas.
2. There was one significant deficiency disclosed during the audit. There was no material weakness disclosed during the audit.
3. There were no instances of noncompliance material to the financial statements of the Refugio County, Texas, which would be required to be reported in accordance with Government Auditing Standards.
4. There was no significant deficiency over major Federal award programs disclosed during the audit. There was no material weakness over major Federal award programs disclosed during the audit.
5. The auditor's report on compliance for the major Federal award programs for Refugio County, Texas expresses an unmodified opinion on all major Federal programs.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs: Disaster Grants - Public Assistance - CFDA 97.036.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Refugio County did not qualify as a low-risk auditee.

Findings:

Significant Deficiencies:

2019-1 Segregation of Duties

Condition: Segregation of Duties - due to the limited number of people working in the office, many critical duties are combined and given to the available employees. To the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system as possible.

Criteria: Internal controls should be in place that provides reasonable assurance that to the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system as possible.

Effect: Because the County does not have proper segregation of duties the possibility exists that the financial statements can be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because it would be impracticable and expensive for the County to have a proper segregation of duties.

Recommendation: We recommend that the County look into the possibility of dividing up the accounting, bookkeeping/cash duties and/or to institute more oversight by management so as to avoid the possibility of financial statements being materially misstated either through mistake, error, or fraud.



REFUGIO COUNTY AUDITOR'S OFFICE

May 21, 2020

Rachel A. Elizondo
County Auditor

Priscilla Zuniga
First Assistant

Jackie Schubert
Assistant Auditor

To Whom It May Concern,

This will address internal control for segregation of duties observed in the Refugio County audit for the year September 30, 2019.

Due to the limited number of people working in the office, many critical duties are combined and given to the available employees. Refugio is a small Rural County with limited funds. We are conservative with tax dollars we receive. It is not possible to hire enough employees to segregate duties like larger counties. However, the County does implement a checks and balance system with the best of our ability. The County will further implement to eliminate the lack of segregation of duties through a process of review and initialing with the available staff in each office.

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(361)526-2245

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Sincerely,

A handwritten signature in cursive script that reads "Rachel A. Elizondo".

Rachel A. Elizondo