

REFUGIO COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2020

Refugio County, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

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FINANCIAL SECTION

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2020, 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 fund, and the aggregate remaining fund information of Refugio County, Texas, as of September 30, 2020, 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 68–71 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 April 30, 2021, 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 4, 2021

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, 2020.

Financial Highlights

- . The assets of Refugio County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$15,823,199 (net position). Of this amount, \$4,421,444 or 28% (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total net position decreased by \$1,100,763. This decrease is mainly attributable to a decrease in operating grants of \$1,501,143 and careful budget management.
- . Refugio County, Texas' total restricted net position at September 30, 2020 is \$4,354,927 or 28% of net position. This was a decrease of \$1,460,907 from the previous year. This decrease resulted from a decrease in operating grants of \$1,501,143.
- . Refugio County, Texas' total debt increased by \$32,883 (3 percent) during the current fiscal year. The key factor in this increase was the decrease of GASB 68 debt of \$686,696 offset by a capital lease of \$114,597 and a note payable of \$675,000.

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 includes 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 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 27-67 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 68-71 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 72-84 of this report.

The single audit section can be found on pages 85-97 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 \$15,823,199 at the close of the most recent fiscal year.

REFUGIO COUNTY, TEXAS NET POSITION

	Governmental Activities		Total	
	2020	2019	2020	2019
Current and Other Assets	\$9,907,936	\$11,061,154	\$9,907,936	\$11,061,154
Capital Assets:	7,999,673	5,969,379	7,999,673	5,969,379
Total Assets	17,907,609	17,030,533	17,907,609	17,030,533
Total Deferred Outflows of Resources	539,780	1,566,165	539,780	1,566,165
Long-Term Liabilities	1,031,224	998,341	1,031,224	998,341
Other Liabilities	924,153	543,124	924,153	543,124
Total Liabilities	1,955,377	1,541,465	1,955,377	1,541,465
Total Deferred Inflows of Resources	668,813	131,271	668,813	131,271
Invested in Capital Assets, Net of Related Debt	7,046,828	5,686,710	7,046,828	5,686,710
Restricted	4,354,927	5,815,834	4,354,927	5,815,834
Unrestricted	4,421,444	5,421,418	4,421,444	5,421,418
Total Net Position	\$15,823,199	\$16,923,962	\$15,823,199	\$16,923,962

A portion of Refugio County, Texas' net position (28 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$4,421,444) 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 decreased by \$1,100,763. This decrease is mainly attributable to a decrease in operating grants of \$1,501,143 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	
	2020	2019	2020	2019
Revenues:				
Program Revenues:				
Charges for Services	\$3,045,503	\$3,130,619	\$3,045,503	\$3,130,619
Operating Grants and Contributions	860,072	2,361,215	860,072	2,361,215
Capital Grants and Contributions	3,223,352	2,246,334	3,223,352	2,246,334
General Revenues:				
Maintenance and Operations Taxes	6,572,385	6,136,701	6,572,385	6,136,701
Unrestricted Investment Earnings	25,661	38,886	25,661	38,886
Miscellaneous	1,033,712	3,068,056	1,033,712	3,068,056
Total Revenue	<u>14,760,685</u>	<u>16,981,811</u>	<u>14,760,685</u>	<u>16,981,811</u>
Expenses:				
General Administration	2,830,255	2,514,138	2,830,255	2,514,138
Judicial	841,889	846,744	841,889	846,744
Legal	155,006	158,500	155,006	158,500
Financial Administration	503,189	506,193	503,189	506,193
Public Facilities	1,480,659	544,981	1,480,659	544,981
Public Safety	4,374,630	4,153,595	4,374,630	4,153,595
Public Transportation	2,049,735	2,124,632	2,049,735	2,124,632
Environmental Protection	2,678,529	3,369,622	2,678,529	3,369,622
Culture and Recreation	216,922	120,111	216,922	120,111
Health and Welfare	622,774	649,266	622,774	649,266
Conservation - Agriculture	84,183	86,463	84,183	86,463
Interest and Fiscal Charges	23,677	3,534	23,677	3,534
Total Expenses	<u>15,861,448</u>	<u>15,077,779</u>	<u>15,861,448</u>	<u>15,077,779</u>
Increase in Net Position Before Transfers and Special Items	(1,100,763)	1,904,032	(1,100,763)	1,904,032
Transfers	0	0	0	0
Increase in Net Position	(1,100,763)	1,904,032	(1,100,763)	1,904,032
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>
Net Position at 09/30/2020	<u>\$15,823,199</u>	<u>\$16,923,962</u>	<u>\$15,823,199</u>	<u>\$16,923,962</u>

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government activities:				
General Administration	\$2,830,255	\$1,005,752	\$48,998	\$1,288,747
Judicial	841,889	319,005	40,890	
Legal	155,006	94,144	23,333	
Financial Administration	503,189	223,480		
Public Facilities	1,480,659			1,458,366
Public Safety	4,374,630	129,677	424,715	
Public Transportation	2,049,735	1,198,805	74,107	
Environmental Protection	2,678,529			476,239
Culture and Recreation	216,922	57,875		
Health and Welfare	622,774	16,765	248,029	
Conservation - Agriculture	84,183			
Interest and Fiscal Charges	23,677			
Total Government Activities	\$15,861,448	\$3,045,503	\$860,072	\$3,223,352

Revenues by Source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$3,045,503	20.63%
Operating Grants and Contributions	860,072	5.83%
Capital Grants and Contributions	3,223,352	21.84%
Maintenance and Operations Taxes	6,572,385	44.53%
Unrestricted Investment Earnings	25,661	0.17%
Miscellaneous	1,033,712	7.00%
	<u>\$14,760,685</u>	<u>100.00%</u>

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 \$6,542,805, a decrease of \$2,525,506 in comparison with the prior year. Approximately 22% of this total amount \$1,450,641 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 \$1,497,075, while total fund balance reached a balance of \$1,583,834. 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 20 percent of total general fund expenditures, while total fund balance represents 21 percent of that same amount.

The fund balance of the general fund decreased by \$1,037,375 during the current fiscal year. This decrease is mostly a result of a transfer to the Hurricane Harvey Fund of \$893,372.

At the end of the current fiscal year restricted fund balance of the road and bridge fund was \$1,665,734, while total fund balance reached a balance of \$1,673,632. 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 81 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 decreased by \$41,826 during the current fiscal year. Key factors in this decrease are as follows:

. This decrease is immaterial.

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 \$645,720 in appropriations and most of the amendments can be briefly summarized as follows:

- . An increase in the Sheriff Department of \$442,529 and an increase in the Non-Departmental of \$118,742. The major increase in the sheriff's office was for overtime. The major increase in Non-Departmental was for sheriff's equipment.

Capital Asset and Debt Administration

Capital assets:

Refugio County, Texas' investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$7,999,673 (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 34 percent.

There was various construction in the County which is capitalized in Construction in Progress as \$1,943,002. These include work on the Multipurpose Center, Tivoli Pct. 4 Vol. Fire Station, and the Building No. 4 Mechanical Shop & Office Building.

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

	Governmental Activities		Total	
	2020	2019	2020	2019
Land	\$680,467	\$680,467	\$680,467	\$680,467
Construction in Progress	1,345,573	269,914	1,345,573	269,914
Building and Improvements	3,432,029	2,296,303	3,432,029	2,296,303
Machinery and Equipment	1,287,003	1,385,227	1,287,003	1,385,227
Intangible	1,915	7,793	1,915	7,793
Infrastructure	1,252,686	1,329,675	1,252,686	1,329,675
Total	<u>\$7,999,673</u>	<u>\$5,969,379</u>	<u>\$7,999,673</u>	<u>\$5,969,379</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, 2020

	Primary Government	
	Governmental	
	Activities	Total
<i>ASSETS</i>		
Cash and Cash Equivalents	\$7,007,246	\$7,007,246
Receivables (net of allowance for uncollectibles)	1,926,901	1,926,901
Net Pension Receivable	928,773	928,773
Prepaid Expenses	95,761	95,761
Capital assets not being depreciated:		
Land	680,467	680,467
Construction in Progress	1,345,573	1,345,573
Total Capital assets being depreciated, net		
Building and Improvements	3,432,029	3,432,029
Machinery, Vehicles, and Equipment	1,287,003	1,287,003
Intangible	1,915	1,915
Infrastructure	1,252,686	1,252,686
Total Assets	<u>\$17,958,354</u>	<u>\$17,958,354</u>
DEFERRED OUTFLOWS OF RESOURCES		
GASB 68		
Contributions (after 12/31/19)	492,865	492,865
Changes of assumptions	46,915	46,915
Total Deferred Outflows of Resources	<u>539,780</u>	<u>539,780</u>
LIABILITIES:		
Accounts Payable	\$872,755	\$872,755
Accrued Wages Payable	2,465	2,465
Accrued Interest Payable	13,491	13,491
Unearned Revenues	86,187	86,187
Noncurrent Liabilities:		
Due within one year	138,082	138,082
Due in more than one year	893,142	893,142
Total Liabilities	<u>2,006,122</u>	<u>2,006,122</u>
DEFERRED INFLOWS OF RESOURCES		
GASB 68		
Net difference between projected and actual earnings	476,615	476,615
Differences between expected and actual experience	192,198	192,198
Total Deferred Inflows of Resources	<u>668,813</u>	<u>668,813</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	7,046,828	7,046,828
Restricted		
Construction	319,991	319,991
Environmental Protection	1,005,110	1,005,110
General Administration	46,449	46,449
General Administration - Records	322,003	322,003
Health and Welfare	222,229	222,229
Judicial	383,621	383,621
Permanent Improvement	1,155	1,155
Public Safety	388,635	388,635
Public Transportation	1,665,734	1,665,734
Unrestricted	4,421,444	4,421,444
Total Net Position	<u>\$15,823,199</u>	<u>\$15,823,199</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

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	\$2,830,255	\$1,005,752	\$48,998	\$1,288,747	(\$486,758)	(\$486,758)
Judicial	841,889	319,005	40,890		(481,994)	(481,994)
Legal	155,006	94,144	23,333		(37,529)	(37,529)
Financial Administration	503,189	223,480			(279,709)	(279,709)
Public Facilities	1,480,659			1,458,366	(22,293)	(22,293)
Public Safety	4,374,630	129,677	424,715		(3,820,238)	(3,820,238)
Public Transportation	2,049,735	1,198,805	74,107		(776,823)	(776,823)
Environmental Protection	2,678,529			476,239	(2,202,290)	(2,202,290)
Culture and Recreation	216,922	57,875			(159,047)	(159,047)
Health and Welfare	622,774	16,765	248,029		(357,980)	(357,980)
Conservation - Agriculture	84,183				(84,183)	(84,183)
Interest and Fiscal Charges	23,677				(23,677)	(23,677)
Total Government Activities	<u>15,861,448</u>	<u>3,045,503</u>	<u>860,072</u>	<u>3,223,352</u>	<u>(8,732,521)</u>	<u>(8,732,521)</u>
Total Primary Government	<u>\$15,861,448</u>	<u>\$3,045,503</u>	<u>\$860,072</u>	<u>\$3,223,352</u>	<u>(8,732,521)</u>	<u>(8,732,521)</u>
General Revenues						
Property Taxes, Levies for General Purposes					6,572,385	6,572,385
Unrestricted Investment Earnings					25,661	25,661
Miscellaneous					1,033,712	1,033,712
Total General Revenues and Transfers					<u>7,631,758</u>	<u>7,631,758</u>
Change in Net Position					(1,100,763)	(1,100,763)
Net Position - Beginning					16,923,962	16,923,962
Net Position - Ending					<u>\$15,823,199</u>	<u>\$15,823,199</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

REFUGIO COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Road and Bridge	Sheriff Grants	Hurricane Harvey	Other Governmental Funds	Total Governmental Funds
<i>ASSETS</i>						
Cash and Cash Equivalents	\$1,634,175	\$1,615,896		\$935,145	\$2,977,292	\$7,162,508
Receivables (net of allowance for uncollectibles)	467,562	142,832	277,341	4,830	60,495	953,060
Due from Other Funds					0	0
Prepaid Expenses	86,759	7,898			1,104	95,761
Total Assets	<u>\$2,188,496</u>	<u>\$1,766,626</u>	<u>\$277,341</u>	<u>\$939,975</u>	<u>\$3,038,891</u>	<u>\$8,211,329</u>
<i>LIABILITIES AND FUND BALANCES:</i>						
<i>Liabilities:</i>						
Accounts Payable	\$139,653	\$40,577	\$44,054	\$619,984	\$28,422	\$872,690
Due to Other Funds	65					65
Accrued Wages	549	1,672			244	2,465
Bank Overdraft			233,287		44,877	278,164
Deferred Revenues						0
Total Liabilities	<u>140,267</u>	<u>42,249</u>	<u>277,341</u>	<u>619,984</u>	<u>73,543</u>	<u>1,153,384</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>						
Deferred Property Taxes						
Total deferred inflows of resources	<u>464,395</u>	<u>50,745</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>515,140</u>
<i>Fund Balances:</i>						
<i>Non-Spendable</i>						
Prepaid Items	86,759	7,898			0	94,657
<i>Restricted</i>						
Construction				319,991		319,991
Environmental Protection					1,005,110	1,005,110
General Administration					46,449	46,449
General Administration - Records					322,003	322,003
Health and Welfare					222,229	222,229
Judicial					383,621	383,621
Permanent Improvement					1,155	1,155
Public Safety					388,635	388,635
Public Transportation		1,665,734				1,665,734
<i>Committed</i>						
Culture and Recreation					228,988	228,988
General Administration					297,894	297,894
Public Facilities					115,698	115,698
Unassigned	1,497,075				(46,434)	1,450,641
Total Fund Balance	<u>1,583,834</u>	<u>1,673,632</u>	<u>0</u>	<u>319,991</u>	<u>2,965,348</u>	<u>6,542,805</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$2,188,496</u>	<u>\$1,766,626</u>	<u>\$277,341</u>	<u>\$939,975</u>	<u>\$3,038,891</u>	<u>\$8,211,329</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, 2020

Total Fund Balances - governmental funds balance sheet	\$6,542,805
Amounts reported for governmental activities in the statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	7,999,673
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,773,581
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	428,953
Long-term liabilities - Capital lease payable, is not due and payable in the current period and therefore is not reported in the funds.	(1,044,715)
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>122,902</u>
Net Position of governmental activities - statement of Net Position	<u><u>\$15,823,199</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, 2020

	General Fund	Road and Bridge	Sheriff's Grants	Hurricane Harvey	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>						
Taxes						
Property	\$5,783,957	\$776,049				\$6,560,006
Intergovernmental	111,419	74,107	343,151	1,458,367	2,096,380	4,083,424
Licenses and Permits	7,405	218,756				226,161
Charges for Services	701,874	82,903			245,928	1,030,705
Fines and Forfeitures		837,951				837,951
Interest	13,398	4,462			7,640	25,500
Miscellaneous	680,360	19,620			329,522	1,029,502
Total Revenues	7,298,413	2,013,848	343,151	1,458,367	2,679,470	13,793,249
<i>EXPENDITURES</i>						
Current:						
General Administration	1,764,011				126,646	1,890,657
Judicial	728,390				112,672	841,062
Legal	155,956					155,956
Financial Administration	505,739					505,739
Public Facilities	289,184					289,184
Public Safety	3,582,366		343,151		261,886	4,187,403
Public Transportation		2,004,353				2,004,353
Environmental Protection				4,099,373		4,099,373
Culture and Recreation	137,503				63,175	200,678
Health and Welfare	380,190				284,036	664,226
Conservation - Agriculture	82,532					82,532
Capital Projects - Capital Outlay and Other					2,088,472	2,088,472
Debt Service						
Principal Retirement	36,752	51,778				88,530
Interest and Fiscal Charges	8,390	1,797				10,187
Total Expenditures	7,671,013	2,057,928	343,151	4,099,373	2,936,887	17,108,352
Excess (Deficiency) of Revenues Over (Under) Expenditures	(372,600)	(44,080)	0	(2,641,006)	(257,417)	(3,315,103)
<i>OTHER FINANCING SOURCES (USES):</i>						
Capital Lease proceeds	114,597					114,597
CDL Loan	675,000					675,000
Operating Transfers In	44,000	4,920		1,363,372	135,000	1,547,292
Operating Transfers Out	(1,498,372)	(2,686)			(46,234)	(1,547,292)
Total Other Financing Sources (Uses)	(664,775)	2,234	0	1,363,372	88,766	789,597
Net Changes in Fund Balances	(1,037,375)	(41,846)	0	(1,277,634)	(168,651)	(2,525,506)
Fund Balances - Beginning	2,621,209	1,715,478	0	1,597,625	3,133,999	9,068,311
Fund Balances - Ending	\$1,583,834	\$1,673,632	\$0	\$319,991	\$2,965,348	\$6,542,805

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, 2020

Net Changes in Fund Balances - total governmental funds (S2,525,506)

Amounts reported for governmental activities in the statement of Net Position ("SNP") 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. 2,030,294
 Certain property tax revenues are deferred in the funds. This is the change in these amounts this year. 12,379
 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. 59,195

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Deferred Outflow of Resources-Contribution. This is the change in these amounts this year. 78,661
 Deferred Inflow-Changes of assumptions. This is the change in these amounts this year. (84,376)
 Deferred Inflow-Net difference between projected and actual earnings. This is the change in these amounts this year. (1,497,285)
 Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year. (60,927)
 Net Pension Receivable. This is the change in these amounts this year. 928,773
 Net Pension Payable. This is the change in these amounts this year. 686,696

(Increase) decrease in Accrued Interest Payable from beginning of period to end of period. (13,491)
 (Increase) decrease in Compensated absences from beginning of period to end of period. (18,513)
 Repayment of loan principal is an expenditure in the funds but not an expense in the SOA. 88,531
 Capital Lease Proceeds is a revenue in the funds but not a revenue in the SOA. (789,597)

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. 4,403
 Change in Net Position of governmental activities - statement of activities (S1,100,763)

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, 2020

	Budgeted Amounts		Budgetary Basis	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>REVENUES</i>				
Taxes				
Property	\$5,851,185	\$5,851,185	\$5,783,957	(\$67,228)
Intergovernmental	84,533	88,126	111,419	23,293
Licenses and Permits	5,200	5,200	7,405	2,205
Charges for Services	663,075	663,075	701,874	38,799
Interest	22,000	22,000	13,398	(8,602)
Miscellaneous	126,292	578,825	680,360	101,535
Total Revenues	6,752,285	7,208,411	7,298,413	90,002

EXPENDITURES

Current:

General Administration				
Commissioner's Court	12,200	40,279	39,359	920
County Clerk	201,587	201,587	200,174	1,413
County Judge	161,109	161,109	159,467	1,642
Economic Development	65,000	65,000	65,000	0
Elections	122,238	144,078	132,210	11,868
IT Department	150,000	169,848	167,310	2,538
Non-Departmental	913,676	1,032,458	979,436	53,022
Veterans Service	25,170	25,170	21,055	4,115
Legal				
County Attorney	158,365	158,365	155,956	2,409
Judicial				
Assistant District Attorney	110,336	110,854	110,849	5
County Court	12,500	16,162	8,037	8,125
District Clerk	200,545	200,545	200,050	495
District Court	146,250	147,710	128,502	19,208
Justices of the Peace	282,526	282,968	280,952	2,016
Financial Administration				
County Auditor	183,159	183,159	179,476	3,683
County Treasurer	139,018	139,018	134,139	4,879
Tax Assessor-Collector	201,221	201,221	192,124	9,097
Public Facilities				
Courthouse Maintenance	228,187	228,187	207,393	20,794
Public Buildings	131,500	131,500	81,791	49,709

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety				
911	\$48,766	\$48,766	\$47,172	\$1,594
Adult Probation	2,500	2,500	2,500	0
Animal Control	114,487	114,487	101,705	12,782
Constables	75,224	75,240	75,231	9
D.P.S.	47,156	49,286	49,285	1
Emergency Management	67,877	69,291	66,447	2,844
Fire	100,700	105,700	104,169	1,531
Jail	1,130,308	1,130,308	1,056,068	74,240
Sheriff	1,705,022	2,147,551	2,079,789	67,762
Culture and Recreation				
Library	131,072	131,072	121,753	9,319
Museum	15,750	15,750	15,750	0
Health and Welfare				
Elderly Services	135,000	135,000	135,000	0
Food Service	272,662	272,662	245,190	27,472
Conservation - Agriculture				
Agriculture Extension Service	84,695	84,695	82,532	2,163
Debt Service				
Principal Retirement	36,752	36,752	36,752	0
Interest and Fiscal Charges	8,390	8,390	8,390	0
Total Expenditures	<u>7,420,948</u>	<u>8,066,668</u>	<u>7,671,013</u>	<u>395,655</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(668,663)</u>	<u>(858,257)</u>	<u>(372,600)</u>	<u>485,657</u>
OTHER FINANCING SOURCES (USES):				
Capital Lease proceeds	0	114,597	114,597	0
CDL Loan	675,000	675,000	675,000	0
Operating Transfers In	44,000	79,000	44,000	(35,000)
Operating Transfers Out	<u>(645,000)</u>	<u>(605,000)</u>	<u>(605,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>74,000</u>	<u>263,597</u>	<u>228,597</u>	<u>(35,000)</u>
Net Changes in Fund Balances - Budgetary Basis	<u>(\$594,663)</u>	<u>(\$594,660)</u>	<u>(144,003)</u>	<u>\$450,657</u>
Reconciliation from cash basis to modified accrual				
Transfer to Hurricane Harvey Fund			<u>(893,372)</u>	
Net Changes in Fund Balances - Modified Accrual Basis			<u>(1,037,375)</u>	
Fund Balances - Beginning			<u>2,621,209</u>	
Fund Balances - Ending			<u>\$1,583,834</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$786,130	\$786,130	\$776,049	(\$10,081)
Intergovernmental	71,300	71,300	74,107	2,807
Licenses and Permits	250,000	250,000	218,756	(31,244)
Charges for Services	60,000	60,000	82,903	22,903
Fines and Forfeitures	650,000	650,000	837,951	187,951
Interest	6,300	6,300	4,462	(1,838)
Miscellaneous	0	0	19,620	19,620
Total Revenues	1,823,730	1,823,730	2,013,848	190,118
EXPENDITURES				
Current				
Public Transportation	1,983,560	2,029,747	2,004,353	25,394
Debt Service				
Principal Retirement	51,778	51,778	51,778	0
Interest and Fiscal Charges	1,798	1,798	1,797	1
Total Expenditures	2,037,136	2,083,323	2,057,928	25,395
Excess (Deficiency) of Revenues Over (Under) Expenditures	(213,406)	(259,593)	(44,080)	215,513
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Capital Leases		0		0
Operating Transfers In	0		4,920	4,920
Operating Transfers Out		0	(2,686)	(2,686)
Total Other Financing Sources (Uses)	0	0	2,234	2,234
Net Changes in Fund Balances	(213,406)	(259,593)	(41,846)	217,747
Fund Balances - Beginning	1,715,478	1,715,478	1,715,478	
Fund Balances - Ending	\$1,502,072	\$1,455,885	\$1,673,632	\$217,747

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

REFUGIO COUNTY, TEXAS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2020

	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$122,902
Receivables (net of allowance for uncollectibles)	
Total Current Assets	<u>122,902</u>
Total Assets	<u><u>\$122,902</u></u>
 FUND EQUITY AND OTHER CREDITS	
Net Position	
Restricted for:	
Employee Insurance - Expendable	122,902
Unrestricted	
Total Net Position	<u><u>\$122,902</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, 2020

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
OPERATING REVENUES:	
Charges for Services	\$891,491
Miscellaneous	<u>4,210</u>
Total Operating Revenues	<u>895,701</u>
OPERATING EXPENSES:	
Personal Services	
Other Services and Charges	<u>891,459</u>
Total Operating Expenses	<u>891,459</u>
Operating Income (Loss)	<u>4,242</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	161
Total Non-Operating Revenues (Expenses)	<u>161</u>
Income Before Transfers	4,403
Transfers In (Out) - Net	
Change in Net Position	<u>4,403</u>
Total Net Position - Beginning	<u>118,499</u>
Total Net Position - Ending	<u>\$122,902</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 CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
Cash Flows from Operating Activities	
Receipts from customers and users	\$895,701
Payments to suppliers	(891,459)
Payments to employees	0
Net Cash Provided (Used) By Operating Activities	<u>4,242</u>
Cash Flows from Non-Capital and Related Financing Activities	
Transfers In (Out) - Net	0
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>0</u>
Cash Flows from Capital and Related Financing Activities	
Interest and Fiscal Charges	0
Purchases of Capital Assets	0
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>0</u>
Cash Flows from Investing Activities	
Interest Received	161
Net Cash Provided (Used) by Investment Activities	<u>161</u>
Net Increase (Decrease) in Cash Equivalents	4,403
Cash and Cash Equivalents at Beginning of Year	118,499
Cash and Cash Equivalents at End of Year (continued)	<u><u>\$122,902</u></u>

(continued)

GOVERN
MENTAL
ACTIVITIES-
INTERNAL
SERVICE
FUND

Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$4,242
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><u>\$4,242</u></u>
Noncash Investing, Capital, and Financing Activities:	
Borrowing from Capital Debt	<u><u>\$0</u></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, 2020

	<u>Agency Funds</u>
	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$1,242,508
Receivables (net of allowance for uncollectibles)	101,005
Total Assets	<u>\$1,343,513</u>
LIABILITIES:	
Accounts Payable	\$0
Due to Others	1,343,513
Total Liabilities	<u>1,343,513</u>
NET POSITION	
Held in Trust - Historical Purposes	0
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, 2020

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, 2020 and 10 percent of the delinquent outstanding property taxes at September 30, 2020.

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, 2020.

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, 2020.

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 activity's 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 \$1,943,002. These include work on the Multipurpose Center, Tivoli Pct. 4 Vol. Fire Station, and the Building No. 4 Mechanical Shop & Office Building.

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, 2020, 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, 2020, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$94,657
Restricted	
Construction	319,991
Environmental Protection	1,005,110
General Administration	46,449
General Administration - Records	322,003
Health and Welfare	222,229
Judicial	383,621
Permanent Improvement	1,155
Public Safety	388,635
Public Transportation	1,665,734
Committed	
Culture and Recreation	228,988
General Administration	297,894
Public Facilities	115,698
Unassigned	<u>1,450,641</u>
Total Fund Balance	<u><u>\$6,542,805</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 “measurable” 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 \$7,999,673 difference are as follows:

Capital Assets Not Being Depreciated	\$2,026,040
Capital Assets Being Depreciated	16,270,289
Depreciation Expense	(10,296,656)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>\$7,999,673</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 \$1,044,715 difference are as follows:

Capital Leases Payable	\$952,845
Accrued Interest Payable	13,491
Compensated Absences Payable	<u>78,379</u>
	<u><u>\$1,044,715</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 \$428,953 difference are as follows:

Property Taxes Receivable	\$466,571
Allowance for Doubtful Accounts	<u>(37,618)</u>
Net	<u><u>\$428,953</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 \$1,773,581 difference are as follows:

Fines Receivable	\$3,813,127
Allowance for Doubtful Accounts	(2,839,286)
Net Pension Receivable	928,773
GASB 68	
Contributions (after 12/31/19)	492,865
Changes of assumptions	46,915
Net difference between projected and actual earnings	(476,615)
Differences between expected and actual experience	<u>(192,198)</u>
Net	<u><u>\$1,773,581</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 \$2,030,294 difference are as follows:

Capital Outlay - Additions	\$2,859,051
Capital Outlay - Dispositions - Net	(69,865)
Depreciation Expense	(758,892)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>\$2,030,294</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 2020 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, 2020, expenditures did not exceed appropriations in any funds.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2020 except for the CRF 2020 COVID fund which had a deficit fund balance of \$45,313.

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, 2020, 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, 2020, the government's bank balance of \$8,458,048 with Vantage Bank was not exposed to custodial credit risk because it was fully secured by a \$17,450,000 Letter of Credit and FDIC coverage is \$250,000. The book balance of the cash at September 30, 2020 is \$8,249,754.

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	\$411,376	\$55,195				\$466,571
Intergovernmental			277,341	4,830	33,280	315,451
Charges for Services					27,215	27,215
Fines	3,813,127					3,813,127
Other	89,354	92,087				181,441
Gross Receivables	4,313,857	147,282	277,341	4,830	60,495	4,803,805
Less: Allowance for Uncollectibles	2,872,454	4,450				2,876,904
Net Total Receivables	\$1,441,403	\$142,832	\$277,341	\$4,830	\$60,495	\$1,926,901

C. Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$680,467			\$680,467
Construction in Progress	269,914	1,943,002	867,343	1,345,573
Total capital assets not being depreciated:	<u>950,381</u>	<u>1,943,002</u>	<u>867,343</u>	<u>2,026,040</u>
Capital assets being depreciated:				
Building and Improvements	5,196,485	1,310,505	0	6,506,990
Machinery and Equipment	4,861,243	472,887	259,302	5,074,828
Intangible	58,779	0	0	58,779
Infrastructure	4,629,692	0	0	4,629,692
Total capital assets being depreciated:	<u>14,746,199</u>	<u>1,783,392</u>	<u>259,302</u>	<u>16,270,289</u>
Less: Accumulated Depreciation for:				
Building and Improvements	2,900,182	174,779		3,074,961
Machinery and Equipment	3,476,016	501,246	189,437	3,787,825
Intangible	50,986	5,878		56,864
Infrastructure	3,300,017	76,989		3,377,006
Total Accumulated Depreciation	<u>9,727,201</u>	<u>758,892</u>	<u>189,437</u>	<u>10,296,656</u>
Total Capital Assets Depreciated, Net	<u>5,018,998</u>	<u>1,024,500</u>	<u>69,865</u>	<u>5,973,633</u>
Governmental Activities capital assets, Net	<u>\$5,969,379</u>	<u>\$2,967,502</u>	<u>\$937,208</u>	<u>\$7,999,673</u>

The 2019-2020 depreciation is as follows:

Governmental Activities	
General Administration	\$47,783
Judicial	4,920
Public Facilities	79,328
Public Safety	336,698
Public Transportation	242,532
Environmental Protection	4,108
Culture and Recreation	16,999
Health and Welfare	24,262
Conservation - Agriculture	2,262
Total Depreciation Expense - Governmental Activities	<u>\$758,892</u>

The infrastructure capital assets were not fully depreciated at September 30, 2020.

Construction commitments: There was various construction in the County which is capitalized in Construction in Progress as \$1,943,002. These include work on the Multipurpose Center, Tivoli Pct. 4 Vol. Fire Station, and the Building No. 4 Mechanical Shop & Office Building.

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 IN				TOTAL
	GENERAL FUND	ROAD AND BRIDGE FUNDS	HURRICANE HARVEY	NON-MAJOR GOVERNMENTAL FUNDS	
TRANSFER OUT					
GENERAL FUND			1,363,372	135,000	\$1,498,372
NON-MAJOR GOVERNMENTAL FUNDS	44,000	4,920			48,920
TOTALS	\$44,000	\$4,920	\$1,363,372	\$135,000	\$1,547,292

All 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 2021 year.

E. Leases

Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were \$35,107 for the year ended September 30, 2020.

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

Year Ending Sep. 30	Amount
2021	\$19,349
2022	11,746
2023	8,485
2024	0
Total	<u>\$39,580</u>

Rent expenditures were \$18,177 for the year ended September 30, 2020. Sublease rental income was \$0 for the year ended September 30, 2020. Rental income was \$4,376 for the year ended September 30, 2020.

F. Long-Term Debt

Capital Leases: The government has entered into 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:

Asset:	Hart Automatic		Total
	Voting Machine	Body Cameras	
Cost	\$200,000	\$114,597	\$314,597
Less: Accumulated Depreciation	78,639	22,919	101,558
Total	<u>\$121,361</u>	<u>\$91,678</u>	<u>\$213,039</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020, were as follows:

YEAR	Governmental Activities		
	Hart Automatic Voting Machine	Body Cameras	Total
2021	\$45,142	\$25,414	\$70,556
2022	45,142	25,414	\$70,556
2023	45,142	25,414	\$70,556
2024	45,142	25,414	\$70,556
2025		25,414	\$25,414
TOTAL MINIMUM LEASE PAYMENTS	180,568	127,070	307,638
LESS: AMOUNT REPRESENTING INTEREST	17,320	12,473	\$29,793
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$163,248	\$114,597	\$277,845

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	\$251,779	\$114,597	\$88,531	\$277,845	\$59,703	\$218,142
Notes Payable		675,000		675,000		675,000
Compensated Absences	59,866	78,379	59,866	78,379	78,379	0
GASB 68 Payable	686,696		686,696	0		0
Grand Total	\$998,341	\$867,976	\$835,093	\$1,031,224	\$138,082	\$893,142

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2020-21 year is \$78,379. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$138,082 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2019-2020 is \$23,677.

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 claim's 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

Stanley Tuttle is the Commissioner of Precinct #2. His son Matt Tuttle is a Deputy Sheriff for the County.

Rita Trojcak – Treasurer (sister-in-law) & Cindy Henderson- Chief Deputy Treasurer (sister-in-law).

C. Subsequent Events

On October 13, 2020, the County entered into an agreement with Santos McBain Management & Planning for Grant Administration Services for the Texas Commission on Environmental Quality (TCEQ) RESTORE for the following Texas Coast Projects: City of Woodsboro/Veterans Park, Austwell City Park and City of Austwell-Hines Bay Boat Dock for the total cost of services of \$37,200. The County authorized a grant to Refugio County Elderly Services in the amount of \$39,271 to be used between October 1, 2020 and September 30, 2021. The County accepted the Center for Tech and Civic Life (CTCL) grant that was awarded to the Refugio County Elections Office in the amount of \$17,317.75.

On October 27, 2020, the County approved the Tax Abatement Agreement with Blackjack Creek Wind Farm, LLC. RWE will pay \$2,000 per megawatt pilot payment, a payment in lieu of taxes, based on the anticipated 38.4 MGW which would be a total of \$76,800 payment annually for a ten-year period. The County approved the 2020 Help America Vote Act (HAVA) Election Security Sub-Grant to Texas Counties in the amount of \$120,000 with a \$16,000 match requirement that will be paid from the General fund.

On November 10, 2020, the County approved the bid from C.G. McDonald Electric in the amount of \$148,469 for the Courthouse Emergency Generator Project.

On December 8, 2020, the County awarded the bid to Nueces Power Equipment in the amount of \$126,705.51, with an extended warranty for \$2,700 for a used 2017 motor grader.

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, 2020.

Cause No. 2020-03-13092, Garner Environmental Services, Inc. v. Refugio County, Texas, in the District Court, 135th Judicial District, Refugio County, Texas. Garner Environmental Services, Inc. (“Garner”) filed suit against the County on March 30, 2020. Garner sued the County for breach of contract related to services rendered to the County incurred in response to the recovery from Hurricane Harvey in August 2017. According to the allegations of Garner, the County owes Garner the amount of \$2,774,009.30 for services and materials that were provided to the County as part of the post-hurricane recovery response. The County has denied the allegations made by Garner and is aggressively defending the lawsuit. In this regard, the County has asserted that the Garner contract is unenforceable as the contract fails to comply with certain federal guidelines pertaining to time and material contract. Assuming the contract is unenforceable, the charges asserted by Garner are uncollectable against the County because of the bar of sovereign immunity. Second, the County disputes the charges that comprise the Plaintiff’s claim as the County disputes whether the services were performed, were properly ordered, or were invoiced correctly in accordance with the contract. No attempt has been made to settle the claim and it is unlikely that the County will pursue settlement of the claim.

Susie Lerma – This claim has been brought under the Texas Tort Claims Act and arises out of a vehicle accident. A lawsuit is currently pending. All legal costs will be paid by Texas Association of Counties.

E. Tax Abatements

There were no tax abatements at September 30, 2020.

F. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)	Net Pension Liability / (Asset)	
	December 31, 2018	December 31, 2019
Total pension liability	\$17,422,607	\$18,190,859
Fiduciary net position	16,735,911	19,119,632
Net pension liability/(asset)	686,696	(928,773)
Fiduciary net position as a % of total pension liability	96.06%	105.11%
Pensionable covered payroll	\$4,505,849	\$4,598,310
Net Pension liability as a % of covered payroll	15.24%	(20.20%)

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, 2019 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, 2018	December 31, 2019
Measurement date	December 31, 2018	December 31, 2019
Employer's fiscal year	October 1, 2019	September 30, 2020

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	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁸⁾ Hedge Fund Research, Inc. (HFRI) Fund of Funds	6.00%	5.50%
Hedge Funds	Composite Index	8.00%	2.30%

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)
2020	\$19,119,632	\$589,531	\$1,290,146	\$19,120	\$1,520,108	\$19,920,005
2021	19,920,005	528,546	1,178,533	19,920	1,586,917	20,837,015
2022	20,837,015	507,100	1,243,575	20,837	1,657,724	21,737,427
2023	21,737,427	486,397	1,320,540	21,737	1,726,743	22,608,290
2024	22,608,290	415,513	1,376,043	22,608	1,792,230	23,417,382
2025	23,417,382	395,234	1,454,542	23,417	1,853,811	24,188,468
2026	24,188,468	376,744	1,532,973	24,188	1,912,390	24,920,441
2027	24,920,441	360,729	1,610,775	24,920	1,967,925	25,613,400
2028	25,613,400	343,923	1,669,349	25,613	2,021,033	26,283,394
2029	26,283,394	324,644	1,782,795	26,283	2,070,006	26,868,966
2030	26,868,966	308,859	1,855,339	26,869	2,113,906	27,409,523
2031	27,409,523	293,353	1,906,195	27,410	2,155,034	27,924,305
2032	27,924,305	280,030	1,949,424	27,924	2,194,466	28,421,453
2033	28,421,453	265,391	2,010,541	28,421	2,231,706	28,879,588
2034	28,879,588	251,792	2,061,550	28,880	2,266,232	29,307,182
2035	29,307,182	240,529	2,095,942	29,307	2,299,037	29,721,499
2036	29,721,499	228,353	2,130,580	29,721	2,330,721	30,120,272
2037	30,120,272	217,370	2,165,056	30,120	2,361,200	30,503,666
2038	30,503,666	206,433	2,215,191	30,504	2,389,815	30,854,219
2039	30,854,219	195,937	2,243,996	30,854	2,416,635	31,191,941
2040	31,191,941	183,076	2,285,304	31,192	2,441,826	31,500,347
2041	31,500,347	168,938	2,340,889	31,500	2,464,026	31,760,922
2042	31,760,922	155,538	2,371,005	31,761	2,483,394	31,997,088
2043	31,997,088	142,479	2,412,942	31,997	2,500,330	32,194,958
2044	32,194,958	129,661	2,446,677	32,195	2,514,501	32,360,248
2045	32,360,248	116,994	2,469,647	32,360	2,526,468	32,501,703
2046	32,501,703	105,353	2,488,527	32,502	2,536,708	32,622,735
2047	32,622,735	95,454	2,484,550	32,623	2,546,271	32,747,287
2048	32,747,287	85,372	2,532,223	32,747	2,554,062	32,821,751
2049	32,821,751	75,839	2,566,211	32,822	2,558,362	32,856,919
2050	32,856,919	67,184	2,600,835	32,857	2,559,490	32,849,901
2051	32,849,901	59,308	2,590,384	32,850	2,559,025	32,845,000
2052	32,845,000	51,426	2,594,003	32,845	2,558,171	32,827,749
2053	32,827,749	43,917	2,591,824	32,828	2,556,563	32,803,577
2054	32,803,577	37,711	2,577,874	32,804	2,554,913	32,785,523
2055	32,785,523	31,676	2,553,526	32,786	2,554,179	32,785,066
2056	32,785,066	26,210	2,517,909	32,785	2,555,339	32,815,921
2057	32,815,921	21,289	2,482,019	32,816	2,559,067	32,881,442
2058	32,881,442	17,235	2,434,736	32,881	2,566,088	32,997,148
2059	32,997,148	13,807	2,384,503	32,997	2,577,315	33,170,770

2060	33,170,770	11,008	2,325,947	33,171	2,593,585	33,416,245
2061	33,416,245	8,608	2,264,819	33,416	2,615,791	33,742,409
2062	33,742,409	6,951	2,195,567	33,742	2,644,882	34,164,933
2063	34,164,933	5,461	2,125,560	34,165	2,681,810	34,692,479
2064	34,692,479	3,710	2,062,353	34,692	2,726,961	35,326,105
2065	35,326,105	2,131	1,996,979	35,326	2,780,793	36,076,724
2066	36,076,724	1,503	1,917,271	36,077	2,844,704	36,969,583
2067	36,969,583	910	1,838,256	36,970	2,920,104	38,015,371
2068	38,015,371	589	1,755,574	38,015	3,008,042	39,230,413
2069	39,230,413	266	1,674,121	39,230	3,109,634	40,626,962
2070	40,626,962	106	1,590,233	40,627	3,226,024	42,222,232
2071	42,222,232	85	1,505,275	42,222	3,358,550	44,033,370
2072	44,033,370	0	1,422,179	44,033	3,508,477	46,075,635
2073	46,075,635	0	1,338,773	46,076	3,677,132	48,367,918
2074	48,367,918	0	1,256,429	48,368	3,865,986	50,929,107
2075	50,929,107	0	1,174,973	50,929	4,076,575	53,779,780
2076	53,779,780	0	1,094,523	53,780	4,310,561	56,942,038
2077	56,942,038	0	1,015,070	56,942	4,569,734	60,439,760
2078	60,439,760	0	936,776	60,440	4,856,019	64,298,563
2079	64,298,563	0	859,772	64,299	5,171,487	68,545,979
2080	68,545,979	0	784,227	68,546	5,518,359	73,211,565
2081	73,211,565	0	710,454	73,212	5,899,016	78,326,915
2082	78,326,915	0	638,880	78,327	6,315,999	83,925,707
2083	83,925,707	0	569,973	83,926	6,772,015	90,043,823
2084	90,043,823	0	504,187	90,044	7,269,952	96,719,544
2085	96,719,544	0	441,869	96,720	7,812,895	103,993,850
2086	103,993,850	0	383,280	103,994	8,404,151	111,910,727
2087	111,910,727	0	328,722	111,911	9,047,271	120,517,365
2088	120,517,365	0	278,457	120,517	9,746,063	129,864,454
2089	129,864,454	0	232,757	129,864	10,504,620	140,006,453
2090	140,006,453	0	191,791	140,006	11,327,346	151,002,002
2091	151,002,002	0	155,602	151,002	12,218,986	162,914,384
2092	162,914,384	0	124,151	162,914	13,184,665	175,811,984
2093	175,811,984	0	97,324	175,812	14,229,924	189,768,772
2094	189,768,772	0	74,904	189,769	15,360,760	204,864,859
2095	204,864,859	0	56,543	204,865	16,583,672	221,187,123
2096	221,187,123	0	41,813	221,187	17,905,713	238,829,836
2097	238,829,836	0	30,261	238,830	19,334,531	257,895,276
2098	257,895,276	0	21,422	257,895	20,878,425	278,494,384
2099	278,494,384	0	14,816	278,494	22,546,397	300,747,471

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, 2018	\$17,422,607	\$16,735,911	\$686,696
Changes of the year:			
Service cost	494,783		494,783
Interest on total pension liability	1,416,039		1,416,039
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	(254,431)		(254,431)
Effect of assumptions changes or inputs	0		0
Refund of contributions	(106,668)	(106,668)	0
Benefit payments	(781,471)	(781,471)	0
Administrative expenses		(14,570)	14,570
Member contributions		321,882	(321,882)
Net investment income		2,748,717	(2,748,717)
Employer contributions		224,857	(224,857)
Other	0	(9,025)	9,025
Balances as of December 31, 2019	\$18,190,859	\$19,119,632	(\$928,773)

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	\$20,309,928	\$18,190,859	\$16,391,802
Fiduciary net position	19,119,632	19,119,632	19,119,632
Net pension liability/(asset)	\$1,190,296	(\$928,773)	(\$2,727,830)

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2019 to December 31, 2019
Service cost	\$494,783
Interest on total pension liability	1,416,039
Effect of plan changes	0
Administrative expenses	14,570
Member contributions	(321,882)
Expected investment return net of investment expenses	(1,341,114)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(193,504)
Recognition of assumption changes or inputs	84,376
Recognition of investment gains or losses	89,682
Other	9,025
Pension expense	\$251,975

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	\$275,667	\$83,469
Changes of assumptions	0	46,915
Net difference between projected and actual earnings	476,615	0
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:	
2020	(\$179,969)
2021	(160,313)
2022	(97)
2023	(281,519)
2024	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2019	
Original Amount (a)	Date Established (b)	Original Recognition Period (c)	Amount Recognized for 2018 (a) / (c)	Inflows	Outflows
Investment (gains) or losses					
(\$1,407,603)	12/31/2019	5.0	(\$281,521)	\$1,126,082	\$0
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
Economic/demographic (gains) or losses					
(254,431)	12/31/2019	4.0	(63,608)	190,823	0
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
Assumption changes or inputs					
0	12/31/2019	4.0	0	0	0
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

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31						2013 - 2009
	2019	2018	2017	2016	2015	2014	
Total Pension Liability							
Service cost	\$494,783	\$517,996	\$495,313	\$639,416	\$588,092	\$556,571	N/A
Interest on total pension liability	1,416,039	1,326,947	1,264,177	1,176,621	1,117,545	1,077,810	N/A
Effect of plan changes	0	0	0	0	(82,144)	0	N/A
Effect of assumption changes or inputs	0	0	187,662	0	187,301	0	N/A
Effect of economic/demographic (gains) or losses	(254,431)	166,937	(339,377)	(119,405)	(284,671)	(440,572)	N/A
Benefit payments/refunds of contributions	<u>(888,139)</u>	<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	768,252	1,122,510	784,822	923,554	758,321	421,181	<u>N/A</u>
Total pension liability, beginning	<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>13,412,219</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$18,190,859</u>	<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	\$224,857	\$239,710	\$244,057	\$306,849	\$357,204	\$353,978	N/A
Member contributions	321,882	315,409	323,559	343,670	378,277	352,468	N/A
Investment income net of investment expenses	2,748,717	(328,266)	2,249,714	1,070,336	112,200	922,450	N/A
Benefit payments/refunds of contributions	(888,139)	(889,370)	(822,953)	(773,079)	(767,802)	(772,628)	N/A
Administrative expenses	(14,570)	(13,442)	(11,585)	(11,501)	(10,256)	(10,733)	N/A
Other	<u>(9,025)</u>	<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	2,383,722	(684,167)	1,979,259	1,126,292	93,014	553,639	N/A
Fiduciary net position, beginning	<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>13,667,873</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$19,119,632</u>	<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>(\$928,773)</u>	<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	105.11%	96.06%	106.87%	99.52%	98.10%	102.81%	N/A
Pensionable covered payroll	\$4,598,310	\$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	-20.20%	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
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%
2019	224,857	224,857	0	4,598,310	4.9%

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	4.9 years (based on contribution rate calculated in 12/31/2019 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. 2019: 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, 2018	Dec. 31, 2019
Number of inactive employees entitled to but not yet receiving benefits:	80	93
Number of active employees:	114	120
Average monthly salary:	\$3,218	\$3,206
Average age:	48.93	48.84
Average length of service in years:	10.83	10.05
<hr/>		
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	81	86
Average monthly benefit:	\$762	\$769

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, 2019 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, 2019 financial reporting metrics are the same as those used in the December 31, 2019 actuarial valuation analysis for Refugio County.

The following is a description of the assumptions used in the December 31, 2019 actuarial valuation analysis for Refugio County. This information may also be found in the Refugio County December 31, 2019 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%
45-40	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						2013 - 2009
	2019	2018	2017	2016	2015	2014	
Total Pension Liability							
Service cost	\$494,783	\$517,996	\$495,313	\$639,416	\$588,092	\$556,571	N/A
Interest on total pension liability	1,416,039	1,326,947	1,264,177	1,176,621	1,117,545	1,077,810	N/A
Effect of plan changes	0	0	0	0	(82,144)	0	N/A
Effect of assumption changes or inputs	0	0	187,662	0	187,301	0	N/A
Effect of economic/demographic (gains) or losses	(254,431)	166,937	(339,377)	(119,405)	(284,671)	(440,572)	N/A
Benefit payments/refunds of contributions	<u>(888,139)</u>	<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	768,252	1,122,510	784,822	923,554	758,321	421,181	<u>N/A</u>
Total pension liability, beginning	<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>13,412,219</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$18,190,859</u>	<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	\$224,857	\$239,710	\$244,057	\$306,849	\$357,204	\$353,978	N/A
Member contributions	321,882	315,409	323,559	343,670	378,277	352,468	N/A
Investment income net of investment expenses	2,748,717	(328,266)	2,249,714	1,070,336	112,200	922,450	N/A
Benefit payments/refunds of contributions	(888,139)	(889,370)	(822,953)	(773,079)	(767,802)	(772,628)	N/A
Administrative expenses	(14,570)	(13,442)	(11,585)	(11,501)	(10,256)	(10,733)	N/A
Other	<u>(9,025)</u>	<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	2,383,722	(684,167)	1,979,259	1,126,292	93,014	553,639	N/A
Fiduciary net position, beginning	<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>13,667,873</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$19,119,632</u>	<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>(\$928,773)</u>	<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	105.11%	96.06%	106.87%	99.52%	98.10%	102.81%	N/A
Pensionable covered payroll	\$4,598,310	\$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	-20.20%	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
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%
2019	224,857	224,857	0	4,598,310	4.9%

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 12/31/2019 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. 2019: 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, 2019 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Refugio County December 31, 2019 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 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, 2020

	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	\$971,991	\$18	\$507,259	\$136,628	\$1,615,896
Receivables (net of allowance for uncollectibles)	141,462		1,370		142,832
Prepaid Expenses	7,898				7,898
Total Assets	<u>\$1,121,351</u>	<u>\$18</u>	<u>\$508,629</u>	<u>\$136,628</u>	<u>\$1,766,626</u>
<i>LIABILITIES AND FUND BALANCES:</i>					
<i>Liabilities:</i>					
Accounts Payable	\$40,577				\$40,577
Accrued Wages Payable	1,672				1,672
Total Liabilities	<u>42,249</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,249</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>					
Unavailable Revenue-Property Taxes					
Total deferred inflows of resources	<u>50,745</u>		<u>0</u>		<u>50,745</u>
<i>Fund Balances:</i>					
<i>Non-Spendable</i>					
Prepaid Items	7,898				7,898
<i>Restricted</i>					
Public Transportation	1,020,459	18	508,629	136,628	1,665,734
Total Fund Balance	<u>1,028,357</u>	<u>18</u>	<u>508,629</u>	<u>136,628</u>	<u>1,673,632</u>
Total Liabilities and Fund Balances	<u>\$1,121,351</u>	<u>\$18</u>	<u>\$508,629</u>	<u>\$136,628</u>	<u>\$1,766,626</u>

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, 2020

	Road and Bridge	Road and Bridge Shared Equip	Road and Bridge Special	Lateral Road	Total Road and Bridge
<i>REVENUES</i>					
Taxes					
Property	\$776,049				\$776,049
Intergovernmental			62,740	11,367	74,107
Licenses and Permits	218,756				218,756
Charges for Services	82,903				82,903
Fines and Forfeitures	837,951				837,951
Interest	2,225	33	1,726	478	4,462
Miscellaneous	9,656		9,964		19,620
Total Revenues	<u>1,927,540</u>	<u>33</u>	<u>74,430</u>	<u>11,845</u>	<u>2,013,848</u>
<i>EXPENDITURES</i>					
Current:					
Public Transportation					
Road and Bridge	1,720,242		77,805		1,798,047
Capital Projects -					
Capital Outlay and Other		206,306			206,306
Debt Service					
Principal Retirement	53,575				53,575
Interest and Fiscal Charges					0
Total Expenditures	<u>1,773,817</u>	<u>206,306</u>	<u>77,805</u>	<u>0</u>	<u>2,057,928</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>153,723</u>	<u>(206,273)</u>	<u>(3,375)</u>	<u>11,845</u>	<u>(44,080)</u>
<i>OTHER FINANCING SOURCES (USES):</i>					
Operating Transfers In		4,920			4,920
Operating Transfers Out	(2,686)				(2,686)
Total Other Financing Sources (Uses)	<u>(2,686)</u>	<u>4,920</u>	<u>0</u>	<u>0</u>	<u>2,234</u>
Net Changes in Fund Balances	151,037	(201,353)	(3,375)	11,845	(41,846)
Fund Balances - Beginning	877,320	201,371	512,004	124,783	1,715,478
Fund Balances - Ending	<u>\$1,028,357</u>	<u>\$18</u>	<u>\$508,629</u>	<u>\$136,628</u>	<u>\$1,673,632</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	SPECIAL REVENUE					
	AIRPORT FUND	ASSET SHARING	ATTORNEY ADMINI- STRATION	COUNTY CLERK RECORD MANAGEMENT	COURT- HOUSE SECURITY	COURT TECH- NOLOGY
ASSETS						
Cash and Cash Equivalents	\$181,879	\$43,468	\$2,444	\$232,159	\$89,303	\$12,893
Receivables (net of allowance for uncollectibles)	4,530			3,729	6,082	85
Due from Other Funds						
Prepaid Expenses	1,104					
Total Assets	\$187,513	\$43,468	\$2,444	\$235,888	\$95,385	\$12,978
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$593				\$1,000	
Accrued Wages						
Bank Overdraft						
Total Liabilities	593	0	0	0	1,000	0
Fund Balances						
Non-Spendable						
Prepaid Items						
Restricted						
Environmental Protection						
General Administration						
General Administration - Records				235,888		
Judicial			2,444			12,978
Health and Welfare						
Permanent Improvement						
Public Safety					94,385	
Committed						
Culture and Recreation	186,920					
General Administration		43,468				
Public Facilities						
Unassigned						
Total Fund Balances	186,920	43,468	2,444	235,888	94,385	12,978
TOTAL LIABILITIES AND FUND BALANCES	\$187,513	\$43,468	\$2,444	\$235,888	\$95,385	\$12,978

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

SPECIAL REVENUE

CRF 2020 COVID 19	DISTRICT CLERK RECORD MANAGEMENT	ELDERLY SERVICES FUND	ELECTION ADMINI- STRATION	EMPLOY- MENT CONTIN- GENCY	ESTRAY FUND	GRANT FUND	JAIL COMM- ISSARY JURY	JUSTICE COURT TECH	
	\$24,723	\$131,127	\$4,384	\$186,923	\$3,489	\$46,121	\$116,446	\$17,274	\$25,805
	143	33,280		679		328	367		4,657
\$0	\$24,866	\$164,407	\$4,384	\$187,602	\$3,489	\$46,449	\$116,813	\$17,274	\$30,462
		\$1,173	\$5,505				530		212
		\$244							
\$44,877									
45,313	0	1,417	5,505	0	0	0	530	0	212
		0							
						46,449			
	24,866							17,274	30,250
		162,990							
					3,489		116,283		
				187,602					
(45,313)			(1,121)						
(45,313)	24,866	162,990	(1,121)	187,602	3,489	46,449	116,283	17,274	30,250
\$0	\$24,866	\$164,407	\$4,384	\$187,602	\$3,489	\$46,449	\$116,813	\$17,274	\$30,462

REFUGIO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020
 (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	\$124,457	\$13,003	\$8,269	\$7,430	\$4,989	\$42,068	\$230,982
Receivables (net of allowance for uncollectibles)		120					
Due from Other Funds							
Prepaid Expenses							
Total Assets	\$124,457	\$13,123	\$8,269	\$7,430	\$4,989	\$42,068	\$230,982
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$3,671						10,351
Accrued Wages							
Bank Overdraft							
Total Liabilities	3,671	0	0	0	0	0	10,351
Fund Balances							
Non-Spendable							
Prepaid Items							
Restricted							
Environmental Protection							
General Administration							
General Administration - Records							
Judicial		13,123					
Health and Welfare							220,631
Permanent Improvement							
Public Safety	120,786		8,269	7,430	4,989		
Committed							
Culture and Recreation						42,068	
General Administration							
Public Facilities							
Unassigned							
Total Fund Balances	120,786	13,123	8,269	7,430	4,989	42,068	220,631
TOTAL LIABILITIES AND FUND BALANCES	\$124,457	\$13,123	\$8,269	\$7,430	\$4,989	\$42,068	\$230,982

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 FORF-EITURE	TCLEOSE TRAINING	VEHICLE REPLACE-MENT	CAPITAL IMPROVE-MENT FUND	COASTAL PROTEC-TION	COURT-HOUSE RESTOR-ATION	NON-MAJOR GOVERN-MENTAL FUND
\$119,622	\$86,926	\$28,091	\$4,913	\$64,544	\$1,155	\$1,006,707	\$115,698	\$2,977,292
4,126	89			2,280				60,495
								0
								1,104
\$123,748	\$87,015	\$28,091	\$4,913	\$66,824	\$1,155	\$1,006,707	\$115,698	\$3,038,891
\$2,454	\$900					\$1,597		\$28,422
								\$244
								\$44,877
2,454	900	0	0	0	0	1,597	0	73,543
								0
						1,005,110		1,005,110
								46,449
	86,115							322,003
121,294								222,229
								383,621
					1,155			1,155
		28,091	4,913					388,635
								228,988
				66,824				297,894
							115,698	115,698
								(46,434)
121,294	86,115	28,091	4,913	66,824	1,155	1,005,110	115,698	2,965,348
\$123,748	\$87,015	\$28,091	\$4,913	\$66,824	\$1,155	\$1,006,707	\$115,698	\$3,038,891

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	SPECIAL REVENUE					
	AIRPORT FUND	ASSET SHARING	ATTORNEY ADMINI- STRATION	COUNTY CLERK RECORD MANAGEMENT	COURT- HOUSE SECURITY	COURT TECH- NOLOGY
<i>REVENUES</i>						
Intergovernmental						
Charges for Services	57,875		140	31,557	24,879	1,436
Interest	554	203	7	726	340	
Miscellaneous	5,423					
Total Revenues	63,852	203	147	32,283	25,219	1,436
<i>EXPENDITURES</i>						
Current:						
General Administration						
Non-Departmental				406		
Judicial						
Judicial						
Public Safety						
Juvenile Probation						
Sheriff					53,473	
Culture and Recreation						
Airport	63,175					
Health and Welfare						
Elderly Services						
Capital Projects -						
Capital Outlay and Other						
Total Expenditures	63,175	0	0	406	53,473	0
Excess (Deficiency) of Revenues Over (Under)						
Expenditures	677	203	147	31,877	(28,254)	1,436
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating Transfers In	20,000					
Operating Transfers Out		(2,234)				
Total Other Financing Sources (Uses)	20,000	(2,234)	0	0	0	0
Net Changes in Fund Balances	20,677	(2,031)	147	31,877	(28,254)	1,436
Fund Balances - Beginning	166,243	45,499	2,297	204,011	122,639	11,542
Fund Balances - Ending	\$186,920	\$43,468	\$2,444	\$235,888	\$94,385	\$12,978

(continued)

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

SPECIAL REVENUE

CRF 2020 COVID 19	DISTRICT CLERK RECORD MANAGEMENT	ELDERLY SERVICES FUND	ELECTION ADMINI- STRATION	EMPLOY- MENT CONTIN- GENCY	ESTRAY FUND	GRANT FUND	JAIL COMM- ISSARY	JURY	JUSTICE COURT TECH
\$34,183		\$213,846				\$1,288,746		\$1,802	
	2,040	16,765					9,560	600	20,264
	37	7	19	547			414	7	86
		154,116		25,966	1,198	19,070			
34,183	2,077	384,734	19	26,513	1,198	1,307,816	9,974	2,409	20,350
79,496			10,953	14,600				4,024	21,707
					139		9,512		
		284,036							
						2,049,799			
79,496	0	284,036	10,953	14,600	139	2,049,799	9,512	4,024	21,707
(45,313)	2,077	100,698	(10,934)	11,913	1,059	(741,983)	462	(1,615)	(1,357)
								5,000	
0	0	0	0	0	0	0	0	5,000	0
(45,313)	2,077	100,698	(10,934)	11,913	1,059	(741,983)	462	3,385	(1,357)
0	22,789	62,292	9,813	175,689	2,430	788,432	115,821	13,889	31,607
(\$45,313)	\$24,866	\$162,990	(\$1,121)	\$187,602	\$3,489	\$46,449	\$116,283	\$17,274	\$30,250

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020
 (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
<i>REVENUES</i>							
Intergovernmental Charges for Services	\$80,194			\$685	\$685		
Interest	284	1,754	15			126	520
Miscellaneous						40,300	54,382
Total Revenues	80,478	1,754	15	685	685	40,426	54,902
<i>EXPENDITURES</i>							
Current:							
General Administration							
Non-Departmental							
Judicial							
Judicial							
Public Safety							
Juvenile Probation	159,434						
Sheriff							35,751
Culture and Recreation							
Airport							
Health and Welfare							
Elderly Services							
Capital Projects -							
Capital Outlay and Other							
Total Expenditures	159,434	0	0	0	0	0	35,751
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,956)	1,754	15	685	685	40,426	19,151
<i>OTHER FINANCING SOURCES (USES):</i>							
Operating Transfers In	110,000						
Operating Transfers Out						(40,000)	
Total Other Financing Sources (Uses)	110,000	0	0	0	0	(40,000)	0
Net Changes in Fund Balances	31,044	1,754	15	685	685	426	19,151
Fund Balances - Beginning	89,742	11,369	8,254	6,745	4,304	41,642	201,480
Fund Balances - Ending	\$120,786	\$13,123	\$8,269	\$7,430	\$4,989	\$42,068	\$220,631

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 FORF-EITURE	TCLEOSE TRAINING	VEHICLE REPLACE-MENT	CAPITAL IMPROVE-MENT FUND	COASTAL PROTEC-TION	COURT-HOUSE RESTOR-ATION	NON-MAJOR GOVERN-MENTAL FUND
						\$476,239		\$2,096,380
76,814	2,244							245,928
350	264	75		164		2,638	257	7,640
				24,567			4,500	329,522
77,164	2,508	75	0	24,731	0	478,877	4,757	2,679,470
	4,594					16,597		126,646
86,941								112,672
			3,577					159,434
								102,452
								63,175
								284,036
				38,673				2,088,472
86,941	4,594	0	3,577	38,673	0	16,597	0	2,936,887
(9,777)	(2,086)	75	(3,577)	(13,942)	0	462,280	4,757	(257,417)
								135,000
(4,000)								(46,234)
(4,000)	0	0	0	0	0	0	0	88,766
(13,777)	(2,086)	75	(3,577)	(13,942)	0	462,280	4,757	(168,651)
135,071	88,201	28,016	8,490	80,766	1,155	542,830	110,941	3,133,999
\$121,294	\$86,115	\$28,091	\$4,913	\$66,824	\$1,155	\$1,005,110	\$115,698	\$2,965,348

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, 2020

	Juvenile Fee Funds	State Fees	Cash Bond Fund	County Officer Accounts	Totals
ASSETS					
Cash and Cash Equivalents	\$17,348	\$208,158	\$64,191	\$952,811	\$1,242,508
Accounts Receivable	0	101,005	0		101,005
Total Assets	\$17,348	\$309,163	\$64,191	\$952,811	\$1,343,513
LIABILITIES:					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Due to Others	17,348	309,163	64,191	952,811	1,343,513
Total Liabilities	\$17,348	\$309,163	\$64,191	\$952,811	\$1,343,513

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BALANCE			BALANCE
	10/1/2019	ADDITIONS	DEDUCTIONS	9/30/2020
<u>JUVENILE FEE FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$17,311	\$37		\$17,348
Accounts Receivable				0
Total Assets	\$17,311	\$37	\$0	\$17,348

LIABILITIES:				
Accounts Payable				\$0
Due to Others	17,311	37	0	17,348
Total Liabilities	\$17,311	\$37	\$0	\$17,348

	BALANCE			BALANCE
	10/1/2019	ADDITIONS	DEDUCTIONS	9/30/2020
<u>STATE FEES</u>				
ASSETS				
Cash and Cash Equivalents	\$142,754	\$65,404		\$208,158
Accounts Receivable	57,127	43,878		101,005
Total Assets	\$199,881	\$109,282	\$0	\$309,163

LIABILITIES:				
Accounts Payable				0
Due to Others	199,881	109,282	0	309,163
Total Liabilities	\$199,881	\$109,282	\$0	\$309,163

	BALANCE			BALANCE
	10/1/2019	ADDITIONS	DEDUCTIONS	9/30/2020
<u>CASH BOND FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$63,964	\$227		\$64,191
Accounts Receivable				0
Total Assets	\$63,964	\$227	\$0	\$64,191

LIABILITIES:				
Accounts Payable				\$0
Due to Others	63,964	227	0	64,191
Total Liabilities	\$63,964	\$227	\$0	\$64,191

<u>COUNTY OFFICER ACCOUNTS</u>	BALANCE			BALANCE
	10/1/2019	ADDITIONS	DEDUCTIONS	9/30/2020
ASSETS				
Cash and Cash Equivalents	\$1,020,547		\$67,736	\$952,811
Accounts Receivable				0
Total Assets	<u>\$1,020,547</u>	<u>\$0</u>	<u>\$67,736</u>	<u>\$952,811</u>

LIABILITIES:				
Accounts Payable				\$0
Due to Others	1,020,547	0	67,736	952,811
Total Liabilities	<u>\$1,020,547</u>	<u>\$0</u>	<u>\$67,736</u>	<u>\$952,811</u>

	BALANCE			BALANCE
<u>TOTAL</u>	10/1/2019	ADDITIONS	DEDUCTIONS	9/30/2020
ASSETS				
Cash and Cash Equivalents	\$1,244,576	\$65,668	\$67,736	\$1,242,508
Accounts Receivable	57,127	43,878	0	101,005
Total Assets	<u>\$1,301,703</u>	<u>\$109,546</u>	<u>\$67,736</u>	<u>\$1,343,513</u>

LIABILITIES:				
Accounts Payable	0	\$0	\$0	\$0
Due to Others	1,301,703	109,546	67,736	1,343,513
Total Liabilities	<u>\$1,301,703</u>	<u>\$109,546</u>	<u>\$67,736</u>	<u>\$1,343,513</u>

SINGLE AUDIT SECTION

Fairgrounds Cattle Corral			None	24,447
Fairgrounds Art Pavilion 5			None	20,398
Fairgrounds BBQ Pavillion 6			None	29,844
Fairgrounds Ticket Building 3			None	4,170
Fairgrounds New Exhibit Hall			None	10,945
Fairground Old Exhibit Hall			None	16,134
County Culverts			None	190,790
Pct. 1 Structures (7)			None	51,550
Pct . 1 Maint. Office & Carport			None	44,710
Pct . 1 Dump Truck Barn (Tall)			None	36,500
Pct. 1 Landfill Used Oil			None	945
Pct. 1 Road Damage			None	105
Pct. 2 Tool Shed			None	1,717
Pct. 2 Fuel Pavilion Struct.			None	2,286
Landfill Used Oil Shed 15x22			None	114
Pct. 2 Projects #4750			None	1,668
Pct. 2 Bonnieview Comm. Park Play			None	1,995
Airport Terminal Building			None	458,183
Airport- TX Throne Charges			None	5,423
Airport Portable Facilities Rental			None	5,195
Pct. 4 Mech. Shop & Office			None	449,914
Pct. 4 Maint./Barn Contents & Office			None	11,166
Pct. 4 Road Damage			None	614,924
Tivoli Fire Dept .			None	369,339
				<u>3,421,299</u>
Passed Through				
Texas Division of Emergency Management				
Operation Stonegarden Grant Program	97.067			
STONEGARDEN 17-RSO		None	None	162,788
STONEGARDEN 18- RSO		None	None	474,174
				<u>636,962</u>
Direct				
Community Disaster Loans	97.030	None	None	<u>675,000</u>
Total U.S. Department of Homeland Security				<u>4,733,261</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$5,394,408</u></u>

CFDA=CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE NUMBER

See Accompanying Notes to Schedule of Federal Financial Assistance

REFUGIO COUNTY, TEXAS
 BUDGET COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: The Texas General Land Office
 CFDA Number: 14.228
 Project Number: 20-065-110-C306
 Contract Period: Unknown

	FEDERAL		VARIANCE
	PRIOR YEAR	CURRENT YEAR	
	BUDGET		
REVENUE			
Federal	\$11,957,845	\$571,841	\$11,386,004
TOTAL REVENUE:	11,957,845	0	11,386,004
EXPENSES			
Federal			
Construction	11,957,845	571,841	11,386,004
TOTAL EXPENSES	11,957,845	0	11,386,004
Excess Revenue over Expenditures	\$0	\$0	\$0

REFUGIO COUNTY, TEXAS
 BUDGET COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas Department of Agriculture
 CFDA Number: 14.228
 Project Number: 7219351
 Contract Period: 1/1/ 2020 to 12/ 30/ 2021

	FEDERAL		VARIANCE
	PRIOR YEAR	CURRENT YEAR	
	BUDGET		
REVENUE			
Federal	\$300,000	\$19,950	\$280,050
Local	15,000		15,000
TOTAL REVENUE:	315,000	0	295,050
EXPENSES			
Federal			
Construction 03J w	217,000		217,000
Engineering 03J W	50,000	3,450	46,550
General Program Administration	33,000	16,500	16,500
Local	15,000		15,000
TOTAL EXPENSES	315,000	0	295,050
Excess Revenue over Expenditures	\$0	\$0	\$0

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 Commissioner's Court
Refugio County, 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 County, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Refugio County, Texas's basic financial statements, and have issued our report thereon dated May 4, 2021.

Internal Control over Financial Reporting

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

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

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 as items 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Refugio County, Texas's Response to Findings

Refugio County, Texas's response to the 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 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 4, 2021

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' 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' major federal programs for the year ended September 30, 2020. Refugio County, Texas' 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' 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' 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' 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, 2020.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

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' 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' 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 & COMPANY
Certified Public Accountants
May 4, 2021

REFUGIO COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 September 30, 2020. 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, 2020

Federal

Section II-Financial Statement Findings

None

Significant Deficiencies:

2019-001 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. ***This finding has been corrected.***

Section III-Federal or State Award findings & Questioned Costs

None

REFUGIO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Section I Summary of Auditors Results

Financial Statements Section

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 were no material weaknesses disclosed during the audit.

Federal Awards Section

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 (Presidentially Declared Disasters) - 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.

Section II-Financial Statement Findings

Material Weaknesses:

None

Significant Deficiencies:

2020-1 Solid Waste Citizens Collection Centers

Condition: Solid Waste Citizens Collection Centers – We noted that at all collection stations the receipts are handwritten with no description, there is just a name and/or Driver’s License number and amount. There is no way to tell if the customer was charged correctly without a description.

Criteria: Internal controls should be in place that provide reasonable assurance that controls are sufficient to safeguard the collections against either theft or error to maintain the best control system as possible.

Effect: Because the County does not have proper controls in place for the Collection Center the financial statements can be materially misstated either through mistake, error, or fraud.

Cause of Condition: This condition exists because the County had not been charging the prior two years and did not think it necessary for the current year.

Recommendation: We suggest a description of what is being dumped be added on the receipt or use some type of cash register or computer system to issue receipts; to avoid the possibility of financial statements being materially misstated either through mistake, error, or fraud.

Section II- Federal Awards Findings

None