

**REPORT ON**  
**COUNTY OF COLEMAN**  
**COLEMAN, TEXAS**  
**YEAR ENDED SEPTEMBER 30, 2018**

COUNTY OF COLEMAN  
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YEAR ENDED SEPTEMBER 30, 2018

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# *Reed, McKee & Co., P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

County Judge and Commissioner's Court  
County of Coleman  
Coleman, Texas 76834

### **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 the County of Coleman (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the County of Coleman as of September 30, 2018, and the respective changes in financial position and respective budgetary comparison for the general 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 management's discussion and analysis and the Schedule of Changes in Net Position Liability, Related Ratios and Schedule of Employer Contributions and related notes to supplementary information on pages 3-8 and 38-40 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 an opinion on the financial statements that collectively comprise the County of Coleman's basic financial statements. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Road & Bridge fund, Capital Projects fund, Debt Service fund, and Other Governmental funds are prepared for purposes of additional analysis and are not a required part of the basic financial statements.

The Budget vs Actual statements for the Road and Bridge fund, Capital Projects fund, Debt Service fund, and Other Governmental fund is the responsibility of management and is derived from and relates 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 statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Road and Bridge fund, Capital Projects fund, Debt Service fund, and Other Governmental Funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Reed, McKee & Co P.C*

Reed, McKee & Co., P.C.  
Certified Public Accountants

March 6, 2019

**COUNTY OF COLEMAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED**

This section of the County of Coleman's annual financial report presents our discussion and analysis of the County's financial performance for the fiscal year ended September 30, 2018. Please read it in conjunction with the Independent Auditor's Report and the County's Basic Financial Statements.

**FINANCIAL HIGHLIGHTS**

The County's net position as presented on the statement of net position, increased by \$250,351 as a result of this year's operations. The County's net position consists of unrestricted assets of \$1,409,379 which may be used to meet the County's ongoing obligations and net position invested in capital assets net of related debt of \$1,658,614 which represent the County's depreciable assets net of related debt. Restricted net assets consist mainly of funds restricted for specific use of state fees collected by the county. Total assets increased \$575,140. As is shown on Table I on page 6, current and other assets decreased by \$5,317,778 while capital assets increased \$5,892,918 as expenditures were made to build the law enforcement center. Liabilities decreased as the County paid the first bond principal payment. The County's position in relation to the pension liability increased from \$106,241 to \$408,324. This was due to the pension plan exceeding the expected rate of return. Details about this liability and other items related to the County's pension plan are detailed in the following footnotes. Other liabilities also increased due to the payables related to the construction going on for the law enforcement center in the capital projects fund.

As shown in the statement of activities the County has charges for services of \$803,145 and revenues from operating grants of \$426,235 which were used to fund total expenses of \$5,170,171. The net result of this is to create a \$250,351 increase in net position. Property taxes for maintenance and operations as well as road and bridge remained fairly constant as compared to the prior year. The County assessed \$579,079 in taxes for the debt service of the bonds in the current year. The payment of principal and interest was \$520,716. Grant revenues decreased as the remaining funds from the FEMA project for new roads was completed. Expenses decreased by \$453,438 again due to the decrease in expenditures on roads related to the above mentioned grant. Expenditures for the general government and road and bridge areas were 66% of the total expenditures in the current year. This is down slightly compared to 73% in the prior year. Again, the decrease in expenditures for roads from the FEMA project has decreased the overall percentage in the current year. The other increase is in the justice system expenses as the law enforcement center incurred additional costs to get it going.

Comparing the balance sheet for the current year to the prior year, the following items were noted. Total assets for all governmental funds are \$5,369,546 which is a decrease of \$5,726,102 compared to the prior year. The decrease is due to the money spent on the law enforcement center and the remainder of the FEMA funds not spent from the prior year. Delinquent taxes receivable increased due to the debt service portion starting in the current year. The large increase in accounts payable is directly related to the payables related to the capital project fund. The deferred revenue represents revenue received for the judge supplement that was for the 2019 fiscal year. The unassigned fund balance decreased from \$1,120,017 to \$964,263 in the current year. This represents approximately four months of operations for the general fund utilizing the current year expenditures. The current year shows a net change of a negative \$5,932,164 for all governmental funds. This is due to the \$5,667,508 amount spent in the construction fund for the law enforcement center. Salaries and benefits for all funds totaled \$2,626,162 or 22% of total expenses.

The County's budget comparison for the general fund, road and bridge fund, capital projects fund, and debt service fund is included in the financial statements for further analysis. Actual revenues of the general fund were \$272,687 less than the final budgeted amounts. As can be seen from looking at the budget comparison, taxes and the state supplement made up much of this decrease. Total expenditures in the general fund were \$117,582 less than budgeted amounts. The County amended the budget as needed in order to not over spend the appropriated amounts in the budget. The original budget for the general fund projected a decrease in fund balance for the general fund of \$44,167. The amended budget projected an increase in fund balance of \$23,118.

**COUNTY OF COLEMAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
UNAUDITED**

A comparison of the Road and Bridge budget to actual shows the following information. Actual revenues were \$39,407 less than budgeted. The decrease in fee income is offset by the additional fees received in the current year for the remaining FEMA funds. Actual expenses were \$173,422 more than budgeted amounts again due to a capital lease for \$183,727 which was not budgeted in the expenses and the proceeds are shown as other financing sources. The original budget showed an anticipated decrease in fund balance of \$463,572 while the amended budget showed a decrease of \$112,706. As can be seen, the actual decrease in fund balance was \$130,591. The budget for the capital projects fund is an on-going budget and should be completed in the next fiscal year and the budget for the debt service is matched to the tax revenues received and payments due for the bond payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statement of fiduciary net assets provides financial information about activities for each of the County offices and represents funds that have not been remitted to the Treasurer as of year end.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The supplementary information includes information for further analysis.

**Reporting the County as a Whole**

***The Statement of Net Position and the Statement of Activities***

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

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided from charges for services such as fees and fines collected in each of the various county offices. Operating grants and contributions are separate grants for specific purposes. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

**COUNTY OF COLEMAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
UNAUDITED**

These two statements report the County's net position and changes in position. The County's net position (the difference between the sum of assets and deferred outflows less liabilities and deferred inflows) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider non financial factors as well, such as changes in the County's property tax base and the condition of the County's equipment and facilities.

In the Statement of Net Position and the Statement of Activities, we present all the activities of the County as one governmental activity which is defined below.

Governmental activities—Most of the County's basic services are reported here, including the costs of running the individual offices of the County including the tax assessor-collector, district clerk, county clerk, county judge, county treasurer, sheriff's office and other general activities. Also included within the governmental activities would be the road and bridge activities as well as each of the precincts.

**Reporting the County's Most Significant Funds**

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds, not the County as a whole. Laws and contracts require the County to establish some funds, such as grants and other funds for specific fines mandated by the state. The fund financial statements reflect the general fund and separate columns for all major funds as defined by GASB 34 and all other funds combined in a column referred to as all other funds. All these funds are determined to be governmental funds as defined below.

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

**The County as Trustee**

***Reporting the County's Fiduciary Responsibilities***

The County is the trustee, or fiduciary, for money raised by the individual offices in the courthouse and jail area until those funds are remitted to the Treasurer. At the time the monthly fees are collected by the individual offices they are considered the revenues of the County in the various funds. A total of \$33,356 was due to the treasurer as of September 30, 2018 representing these revenues not remitted yet. All of the County's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. We exclude these resources from the County's other financial statements because the County cannot use these assets to finance its operations until received from these offices.

**COUNTY OF COLEMAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
UNAUDITED**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position of the County's governmental activities increased from \$3,407,341 to \$3,657,692. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – are \$1,409,379 at September 30, 2018.

**Table I - NET POSITION**

	Governmental Activities 2018	Governmental Activities 2017	Increase (Decrease)
Current and other assets	\$ 5,777,870	\$ 11,095,648	\$ (5,317,778)
Capital assets, net	8,373,535	2,480,617	5,892,918
Total assets	14,151,405	13,576,265	575,140
Deferred outflows of resources	470,578	560,297	(89,719)
Long-term liabilities	9,017,668	9,679,715	(662,047)
Other liabilities	1,503,808	1,049,506	454,302
Total liabilities	10,521,476	10,729,221	(207,745)
Net Position:			
Invested in capital assets, net of related debt	1,658,614	1,252,248	406,366
Restricted	589,699	460,600	129,099
Unrestricted	1,409,379	1,694,493	(285,114)
Total Net Position	\$ 3,657,692	\$ 3,407,341	\$ 250,351

The increases and decreases in the individual categories have been discussed previously in the financial highlights section of this discussion and analysis. As can be seen there is an increase in total assets of \$575,140 and a decrease in total liabilities of \$207,745. The large increase in capital assets is due to the construction project going on which accounts for the decrease in cash included in current and other assets.

**COUNTY OF COLEMAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
UNAUDITED**

**Table II - CHANGES IN NET POSITION**

	Governmental Activities 2018	Governmental Activities 2017	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for services	\$ 803,145	\$ 814,491	\$ (11,346)
Operating grants and contributions	426,235	1,116,566	(690,331)
General Revenues:			
Property taxes – maintenance and operations	2,356,583	2,345,648	10,935
Property taxes – roads and bridges	1,010,547	1,013,154	(2,607)
Property taxes – debt service	579,079	0	579,079
Investment earnings	106,066	9,989	96,077
Miscellaneous and intermediate revenue	138,867	110,115	28,752
Total Revenue	<u>5,420,522</u>	<u>5,409,963</u>	<u>10,559</u>
Expenses:			
General government	1,533,786	1,572,896	(39,110)
Roads and bridges	1,909,551	2,577,214	(667,663)
Justice system	657,789	372,908	284,881
Public safety	827,070	852,865	(25,795)
Public health and welfare	241,975	247,726	(5,751)
Total Expenses	<u>5,170,171</u>	<u>5,623,609</u>	<u>(453,438)</u>
Increase (Decrease) in net position	250,351	(213,646)	463,997
Prior period adjustment		0	0
Net position – beginning	3,407,341	3,620,987	(213,646)
Net position – Ending	<u>\$ 3,657,692</u>	<u>\$ 3,407,341</u>	<u>\$ 250,351</u>

This table is provided to show the increases and decreases as compared to the prior year. All significant changes have been previously discussed in the financial highlights section of the discussion and analysis.

A comparison of the governmental activities expenses by function shows that there was a decrease in overall expenses of \$453,438. As shown above the decrease in road and bridge expenditures of \$667,663 is due to the decrease in expenditures on the completion of the FEMA project. The justice system expenses increased \$284,881 again due to the start up of the law enforcement center as previously explained.

**COUNTY OF COLEMAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
UNAUDITED**

**THE COUNTY'S FUNDS**

As the County completed the year, its governmental funds reported a combined fund balance of \$3,981,523 compared to a balance of \$9,913,687 in the prior year. This represents a \$5,932,164 decrease in the fund balance primarily due to the expenditures in the capital project fund for the law enforcement center.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

As of September 30, 2018, the County had \$10,178,740 invested in a broad range of capital assets, including facilities and equipment for general operations of the County and road and bridge repair. Accumulated depreciation related to these assets was \$1,805,205. Total additions of \$6,265,413 consisted of equipment acquired through a capital lease and expenditures toward the construction of a new law enforcement facility.

Debt

At the end of the current year, the County had total long term debt outstanding of \$9,394,691. This debt consisted of seven notes to a finance company also secured by equipment and a 2017 bond issue for \$8,785,000 which is detailed in the footnotes that follow.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County has adopted a budget for 2019 with a combined tax rate of \$.8828 per \$100 value. This rate includes a debt service rate of \$.1166, a road and bridge rate of \$.2366, and a maintenance and operation rate of \$.5351.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. If there are questions concerning any of the information provided in this report or a request for additional financial information, please contact the County Treasurer at the County of Coleman, 100 W Liveoak Suite 203, Coleman, TX 76834.

**BASIC FINANCIAL STATEMENTS**

COUNTY OF COLEMAN  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

	Governmental Activities
<b>ASSETS</b>	
Cash & CDs	\$ 5,062,500
Due from Other Funds	33,356
Accounts Receivable	12,452
Delinquent Taxes Receivable, Net of Allowance	261,238
Capital Assets, Net of Accumulated Depreciation	8,373,535
Net Pension Asset	408,324
Total Assets	14,151,405
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to TCDRS	470,578
 <b>LIABILITIES</b>	
Accounts Payable	768,727
Other Payables	23,358
Retainage Payable	264,700
Deferred Revenue	70,000
Notes Payable	609,691
Bonds Payable	8,785,000
Total Liabilities	10,521,476
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to TCDRS	442,815
 <b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	1,658,614
Restricted	589,699
Unrestricted	1,409,379
Total Net Position	\$ 3,657,692

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 1,533,786	\$ 278,032	\$ 36,094	\$ (1,219,660)
Roads and Bridges	1,909,551	441,053	297,448	(1,171,050)
Justice System	657,789	65,815	92,693	(499,281)
Public Safety	827,070	18,245	-	(808,825)
Public Health and Welfare	241,975	-	-	(241,975)
Total Governmental Activities	\$ 5,170,171	\$ 803,145	\$ 426,235	(3,940,791)
General Revenues:				
Property Taxes - Maintenance and Operations				2,356,583
Property Taxes - Roads and Bridges				1,010,547
Property Taxes - Debt Service				579,079
Investment Earnings				106,066
Miscellaneous				138,867
Total General Revenues				4,191,142
Change in Net Position				250,351
Net Position - Beginning				3,407,341
Net Position - Ending				\$ 3,657,692

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
BALANCE SHEET  
SEPTEMBER 30, 2018

	General	Road & Bridge	Capital Project	Debt Service	Other	Total Governmental Funds
<b>ASSETS</b>						
Cash & CDs	\$ 1,076,118	\$ 149,711	\$ 3,692,922	\$ 39,377	\$ 104,372	\$ 5,062,500
Due from Other Funds	22,701	6,038	-	-	4,617	33,356
Accounts Receivable	8,005	3,274	-	1,173	-	12,452
Delinquent Taxes Receivable	292,419	116,965	-	19,707	-	429,091
Allowance for Uncollectible Taxes	(121,873)	(44,995)	-	(985)	-	(167,853)
<b>Total Assets</b>	<b>1,277,370</b>	<b>230,993</b>	<b>3,692,922</b>	<b>59,272</b>	<b>108,989</b>	<b>5,369,546</b>
<b>LIABILITIES</b>						
Accounts Payable	49,203	38,854	680,510	-	160	768,727
Other Payables	23,358	-	-	-	-	23,358
Retainage Payable	-	-	264,700	-	-	264,700
Deferred Revenue	70,000	-	-	-	-	70,000
<b>Total Liabilities</b>	<b>142,561</b>	<b>38,854</b>	<b>945,210</b>	<b>-</b>	<b>160</b>	<b>1,126,785</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Resources - Property Taxes	170,546	71,970	-	18,722	-	261,238
<b>Total Deferred Inflows of Resources</b>	<b>170,546</b>	<b>71,970</b>	<b>-</b>	<b>18,722</b>	<b>-</b>	<b>261,238</b>
<b>FUND BALANCES</b>						
Restricted	-	-	2,747,712	40,550	26,398	2,814,660
Committed	-	120,169	-	-	82,431	202,600
Unassigned	964,263	-	-	-	-	964,263
<b>Total Fund Balances</b>	<b>964,263</b>	<b>120,169</b>	<b>2,747,712</b>	<b>40,550</b>	<b>108,829</b>	<b>3,981,523</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 1,277,370</b>	<b>\$ 230,993</b>	<b>\$ 3,692,922</b>	<b>\$ 59,272</b>	<b>\$ 108,989</b>	<b>\$ 5,369,546</b>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

Total fund balances of governmental funds	\$ 3,981,523
Net capital assets used in governmental activities are recognized in the Statement of Net Position.	8,373,535
Net pension asset is recognized in the Statement of Net Position.	408,324
Deferred outflows related to TCDRS are recognized in the Statement of Net Position.	470,578
Net delinquent property taxes receivable are not deferred in the Statement of Net Position.	261,238
Notes payable are recognized in the Statement of Net Position.	(609,691)
Bonds payable are recognized in the Statement of Net Position.	(8,785,000)
Deferred inflows related to TCDRS are recognized in the Statement of Net Position.	<u>(442,815)</u>
Total net position of governmental activities	<u>\$ 3,657,692</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General	Road & Bridge	Capital Project	Debt Service	Other	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 2,354,331	\$ 1,008,979	\$ -	\$ 560,357	\$ -	\$ 3,923,667
Fees	217,344	441,053	-	-	57,145	715,542
Fines	87,603	-	-	-	-	87,603
Intergovernmental	127,837	297,448	-	950	-	426,235
Interest	7,456	673	97,936	-	-	106,065
Miscellaneous	47,220	227,972	6,131	-	1,482	282,805
<b>Total Revenues</b>	<b>2,841,791</b>	<b>1,976,125</b>	<b>104,067</b>	<b>561,307</b>	<b>58,627</b>	<b>5,541,917</b>
<b>EXPENDITURES</b>						
General Government	1,555,144	-	-	-	86,638	1,641,782
Roads and Bridges	-	2,288,660	-	-	-	2,288,660
Justice System	388,380	-	5,771,575	520,757	12,708	6,693,420
Public Safety	794,893	-	-	-	1,987	796,880
Public Health and Welfare	235,361	-	-	-	1,705	237,066
<b>Total Expenditures</b>	<b>2,973,778</b>	<b>2,288,660</b>	<b>5,771,575</b>	<b>520,757</b>	<b>103,038</b>	<b>11,657,808</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131,987)	(312,535)	(5,667,508)	40,550	(44,411)	(6,115,891)
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital Lease Proceeds	-	183,727	-	-	-	183,727
Transfers In	-	10,671	-	-	25,550	36,221
Transfers Out	(23,767)	(12,454)	-	-	-	(36,221)
<b>Total Other Financing Sources (Uses)</b>	<b>(23,767)</b>	<b>181,944</b>	<b>-</b>	<b>-</b>	<b>25,550</b>	<b>183,727</b>
<b>Net Change in Fund Balances</b>	<b>(155,754)</b>	<b>(130,591)</b>	<b>(5,667,508)</b>	<b>40,550</b>	<b>(18,861)</b>	<b>(5,932,164)</b>
Fund Balances - Beginning	1,120,017	250,760	8,415,220	-	127,690	9,913,687
Fund Balances - Ending	\$ 964,263	\$ 120,169	\$ 2,747,712	\$ 40,550	\$ 108,829	\$ 3,981,523

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2018

Total net change in fund balances of governmental funds	\$ (5,932,164)
Capital outlay expenditures are capitalized in the government-wide financial statements.	6,265,413
Depreciation of capital assets is recognized in the government-wide financial statements.	(228,558)
The undepreciated basis in capital assets sold is costed out in the government-wide financial statements.	(143,937)
Pension contributions paid to TCDRS during the year have either been recognized in the computation of the Net Pension Asset or included in Deferred Outflows Related to TCDRS in the government-wide financial statements.	240,617
Pension expense as determined under GASB 68 is recognized in the Statement of Activities.	(258,586)
Net delinquent property taxes receivable are not deferred in the government-wide financial statements. The current year increase has been recognized in the Statement of Activities.	22,542
Proceeds from the issuance of notes payable are reported as an increase in liabilities in the government-wide financial statements.	(183,727)
Repayments of principal on bonds and notes payable are reported as a decrease in liabilities in the government-wide financial statements.	<u>468,751</u>
Change in net position of governmental activities	<u><u>\$ 250,351</u></u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Taxes</b>				
Ad Valorem Taxes-Current	\$ 2,428,668	\$ 2,428,668	\$ 2,288,921	\$ (139,747)
Ad Valorem Taxes-Delinquent	55,000	55,000	40,942	(14,058)
Penalty and Interest Taxes	33,773	33,773	24,468	(9,305)
Total Taxes	<u>2,517,441</u>	<u>2,517,441</u>	<u>2,354,331</u>	<u>(163,110)</u>
<b>Fees</b>				
Alcoholic Beverages	7,000	7,266	7,266	-
Law Library	3,500	4,025	4,025	-
Jury Fees	350	500	160	(340)
Defensive Driving Fees	1,000	1,000	908	(92)
Bail Bond Fee	-	304	304	-
D.P.S. Arrest Fees	1,800	1,800	1,129	(671)
T.P.W. Arrest Fees	700	700	500	(200)
Indigent Legal Services Fee	100	100	58	(42)
Judicial Support Fee	400	427	427	-
Time Payment Fee	2,300	2,300	2,067	(233)
Local Judicial Education	200	215	215	-
Child Safety	50	50	-	(50)
1-1-04 Forward Fees	2,500	3,145	3,145	-
Drug Court Program	100	134	134	-
Indigent Defense Fee	125	128	128	-
Jury Reimbursement Fee	500	278	278	-
Truancy Prevention	300	626	626	-
DNA Testing Fee (DNS CS)	-	99	99	-
Justice Court-Indigent	20	33	33	-
EMS Trauma Fund	100	141	141	-
Local Traffic Fee	1,500	1,527	1,527	-
Probate-Indigent	20	25	25	-
County Court-Civil-Indigent	10	10	3	(7)
D. Court-Divorce-Indigent	10	10	8	(2)
District Court-Other Indigent	50	50	45	(5)
J.P. Dismissal Fee	200	200	-	(200)
State Traffic Fees	700	789	789	-
Criminal Indigent Fees	10	10	5	(5)
Tax Assessor-Collector Fees	80,000	80,000	76,889	(3,111)
District Clerk Fees	16,000	16,170	16,170	-
County Clerk Fees	53,000	64,339	64,339	-
Sheriff's Fees	15,000	16,460	17,055	595
County Judge Fees	200	256	286	30
County Attorney Fees	500	500	265	(235)
Constable Fees	400	400	280	(120)
Dist.Clerk-Atty.General Fees	1,500	3,090	4,253	1,163
Prisoner Transport Reimb.	3,000	3,818	3,818	-
Other Revenue-Elections	100	2,819	2,819	-
Septic System Permit Fees	3,000	7,125	7,125	-
Septic System Inspection Fees	5,501	5,501	-	(5,501)
Total Fees	<u>201,746</u>	<u>226,370</u>	<u>217,344</u>	<u>(9,026)</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Fines</b>				
District Clerk-Fines	18,000	27,126	29,685	2,559
County Clerk-Fines	10,000	10,000	1,771	(8,229)
Justice of Peace Fines	45,000	45,000	42,111	(2,889)
Sheriff-Fines	600	910	910	-
Motor Carrier Weight Violation	-	8,400	-	(8,400)
Justice of Peace-Deferred Disposition	10,000	10,000	13,121	3,121
Moving Violation Fees	10	10	5	(5)
Total Fines	83,610	101,446	87,603	(13,843)
<b>Intergovernmental</b>				
U.S. Treasury in Lieu of Taxes	5,000	9,538	9,538	-
State Salary Supplement	82,400	152,400	82,318	(70,082)
Tier Two Salary Supplement	8,400	8,400	8,400	-
Tier Three Salary Supplement	8,400	16,800	8,400	(8,400)
State Excess Contribution	500	-	406	406
State Juror Reimbursement	4,000	4,000	3,332	(668)
Indigent Defense Grant	12,000	15,443	15,443	-
Total Intergovernmental	120,700	206,581	127,837	(78,744)
Interest - Interest Earned	4,000	8,000	7,456	(544)
<b>Miscellaneous</b>				
Oil and Gas Royalties	50	50	-	(50)
Other Revenue	1,000	18,234	18,234	-
Telephone Commission	600	1,094	1,094	-
District Attorney Reimbursement	27,500	27,500	27,500	-
Community Foundation - Abilene	-	7,370	-	(7,370)
Healthy County Reimbursements	-	392	392	-
Total Miscellaneous	29,150	54,640	47,220	(7,420)
Total Revenues	2,956,647	3,114,478	2,841,791	(272,687)
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental	709,451	727,669	698,031	29,638
Tax Assessor-Collector	111,262	111,010	111,007	3
District Clerk	94,148	94,148	87,280	6,868
County Clerk	122,737	119,018	117,654	1,364
County Judge	81,171	78,885	77,836	1,049
Commissioners Court	8,300	8,300	5,300	3,000
County Treasurer	81,170	81,521	81,444	77
Veterans Service Officer	500	-	-	-
County Extension Office	127,420	126,513	122,460	4,053
Courthouse and Jail Buildings	90,210	112,151	112,151	-
Elections	14,000	16,700	14,925	1,775
Permanent Improvements	210,000	134,000	127,056	6,944
Total General Government	1,650,369	1,609,915	1,555,144	54,771

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Justice System				
County Attorney	133,970	137,387	120,900	16,487
District Attorney	51,277	51,277	44,228	7,049
Justice of Peace	94,920	121,058	103,884	17,174
Adult Probation	5,700	5,700	5,432	268
Juvenile Probation	6,000	-	6,000	(6,000)
District Court	107,832	112,124	106,931	5,193
Permanent Improvements	2,000	2,000	1,005	995
Total Justice System	<u>401,699</u>	<u>429,546</u>	<u>388,380</u>	<u>41,166</u>
Public Safety				
Sheriff	648,587	787,958	778,161	9,797
Constable	15,759	16,690	16,777	(87)
Permanent Improvements	35,000	-	(45)	45
Total Public Safety	<u>699,346</u>	<u>804,648</u>	<u>794,893</u>	<u>9,755</u>
Public Health and Welfare				
Donations	220,800	220,701	208,811	11,890
Welfare	28,600	26,550	26,550	-
Total Public Health and Welfare	<u>249,400</u>	<u>247,251</u>	<u>235,361</u>	<u>11,890</u>
Total Expenditures	<u>3,000,814</u>	<u>3,091,360</u>	<u>2,973,778</u>	<u>117,582</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	-	-	(23,767)	(23,767)
Net Change in Fund Balance	(44,167)	23,118	(155,754)	(178,872)
Fund Balance - Beginning	<u>1,120,017</u>	<u>1,120,017</u>	<u>1,120,017</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,075,850</u>	<u>\$ 1,143,135</u>	<u>\$ 964,263</u>	<u>\$ (178,872)</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2018

	<u>General</u>
<u>ASSETS</u>	
Cash	\$ 509,518
Certificates of Deposit	<u>29,167</u>
Total Assets	<u><u>538,685</u></u>
<u>LIABILITIES</u>	
Due to Other Funds	33,356
Due to Others	<u>505,329</u>
Total Liabilities	<u><u>\$ 538,685</u></u>

The accompanying notes are an integral part of this financial statement.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements**  
**September 30, 2018**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** – Coleman County (“the County”) is a political subdivision of the State of Texas and is governed by the Commissioner’s Court, a five member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, justice system, public safety, public health and welfare, as well as general administrative and support services. There are no component units included within the reporting entity.

**Government-Wide and Fund Financial Statements** – The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services – payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions – payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

**Measurement Focus and Basis of Accounting** – Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

**Measurement Focus** - The government-wide financial statements are presented using the economic resources, measurement focus, as well as the fiduciary fund financial statements. The fund financial statements are reported using the current financial resources measurement focus.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements - Continued**  
**September 30, 2018**

**Measurement Focus and Basis of Accounting - Continued**

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

Basis of Accounting – The government-wide financial statements use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property tax revenues are recognized under the “susceptible to accrual” concept, that is, when they are both measurable and available. The County considers them “available” if they will be collected within 60 days of the end of the year. Other revenues are recorded when collected by the various County officials.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting.

The government reports the following major governmental funds:

General Fund – This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Road and Bridge Fund – This fund is a special revenue fund and is used to account for revenues for the road and bridge precincts.

Capital Projects Fund – The proceeds from Long-term debt financing and revenues and expenditures related to the authorized construction and other capital asset acquisitions are accounted for in the capital project fund.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Measurement Focus and Basis of Accounting – Continued**

Debt Service Fund – This fund account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Additionally, the government reports the following fund type;

Fiduciary Funds – These funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individual, private organizations, other governments, or other County funds.

**Interfund Receivables and Payables** – Activity between individual funds may result in amounts owed between funds which are classified as due to and from other funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

**Capital Assets** - In the government-wide financial statements, capital assets arising from modified accrual transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. These capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

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.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-20
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified accrual transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Restricted Assets** – 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.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Compensated Absences** – County employees are entitled to vacation and sick leave based upon their length of employment. Sick leave is earned at a rate of 10 days per year and can be accumulated up to 45 days but must be used and is not payable at termination. Vacation pay is earned after three months of employment at various levels depending upon the length of employment. The County is not paying any accumulation of vacation pay at termination.

**Fund Equity** – In the fund financial statements, governmental funds report fund balances in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The *nonspendable* classification represents assets that will be consumed or must be maintained intact and therefore will never convert to cash, such as inventories of supplies or prepaid amounts. Provisions of laws, contracts, and grants specify how fund resources can be used in the *restricted* classification. The nature of these two classifications precludes a need for a policy from the county commissioners. However, the commissioners do develop a policy for the three unrestricted classifications – *committed*, *assigned*, and *unassigned*.

From time to time, the county commissioners may commit fund balances by a majority vote in a scheduled meeting. The commissioners' commitment may be modified or rescinded by a majority vote in a scheduled meeting. Commissioners' commitments cannot exceed the amount of fund balance that is greater than the sum of *nonspendable* and *restricted* fund balances since that practice would commit funds that the County does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Commissioners.

The Commissioners may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Commissioners may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Commissioners by a majority vote in a scheduled meeting.

When the County makes expenditures that can be made from either restricted or unrestricted balances, the expenditure should be charged to restricted balances. When the County incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditure should be charged to committed if directly associated with the specific commitment, to assigned if directly associated with the specific assignment, and to unassigned.

**Property Tax Revenues** – Property taxes are assessed on January 1 of each year at which time a tax lien attaches to the property to secure the payment of taxes. Property taxes are levied on October 1 of each year. The taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the following year at which time they become subject to penalties and interest.

**Interfund Transfers** – Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Note 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budget** – The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for all governmental funds are adopted on a modified accrual basis and cover a one-year period. Appropriations lapse at year end.

**Excess of Expenditures over Appropriations**

The County over spent the capital projects fund and the road and bridge fund budgets in the current year. See those budget schedules for further details.

**Note 3 – DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**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 of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) 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.

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

**Custodial Credit Risk – Deposits and Investments:** In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits and investments in certificates of deposit, since they are covered by depository insurance and pledged securities held by a third party in the County's name.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Deposits and Investments – Continued**

Concentration of Credit Risk: The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2018, all of the County's investments in certificates of deposits are with its depository bank. The certificates of deposit are completely covered by pledged securities as described in the preceding paragraph. The County also has funds in an investment pool account with Tex Star. These funds have their own security pledge.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2018, was not significantly exposed to credit risk. As of September 30, 2018 the County's investments in the Tex Star Investment Pool was rated AAA by Standards & Poor.

Public Funds Investment Pools – Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of the participants in the pool and other persons who do not have business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying portfolio within one half of one percent of the value of its shares.

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

Foreign Currency Risk: Not applicable.

As of September 30, 2018, the County had the following cash, certificates of deposit and temporary investments for all governmental type funds and fiduciary funds:

Cash on Hand and in Bank	\$ 606,678
Certificates of Deposit	1,328,697
Tex-Star	<u>3,665,810</u>
Total Cash and Cash Equivalent	<u>\$ 5,601,185</u>

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Interfund Transfers and Balances** – During the year ended September 30, 2018, the General Fund and the Road & Bridge Fund made transfers totaling \$36,221 to various other nonmajor governmental funds.

The following is a summary of amounts due from and due to other funds as of September 30, 2018:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
Fiduciary Funds	General Fund	\$ 22,701	Unremitted Fees
Fiduciary Funds	Road & Bridge Fund	6,038	Unremitted Fees
Fiduciary Funds	Other Governmental Funds	<u>4,617</u>	Unremitted Fees
Total		<u>\$ 33,356</u>	

**Capital Assets** – Capital asset activity for the year ended September 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
General Road & Bridge	\$ 140,179	\$ 0	\$ 0	\$ 140,179
Precinct One	691,978	123,120	(139,650)	675,448
Precinct Two	649,799	0	0	649,799
Precinct Three	849,458	19,677	0	869,135
Precinct Four	696,601	222,633	(154,366)	764,868
Sheriff	215,445	0	0	215,445
Courthouse	207,921	128,408	0	336,329
911 Equipment	73,638	0	0	73,638
Law Enforcement Center	<u>682,324</u>	<u>5,771,575</u>	<u>0</u>	<u>6,453,899</u>
Total Capital Assets	\$ 4,207,343	\$6,265,413	\$ (294,016)	\$ 10,178,740
Less Accumulated Depreciation	<u>(1,726,726)</u>	<u>(228,558)</u>	<u>150,079</u>	<u>(1,805,205)</u>
Capital Assets, Net	<u>\$ 2,480,617</u>	<u>\$6,036,855</u>	<u>\$ (143,937)</u>	<u>\$ 8,373,535</u>

Expenditures on the Law Enforcement Center of \$6,453,899 are the costs associated with the bond proceeds and represent the amount of funds spent as of September 30, 2018. These expenditures represent a project in progress therefore, no depreciation is calculated on this until the project is completed.

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 15,600
Road and Bridges	178,963
Justice System	3,650
Public Safety	25,436
Public Health & Welfare	<u>4,909</u>
Total	<u>\$ 228,558</u>

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Long-Term Debt** – Long-term debt as of September 30, 2018 consist of the following:

**Capital Leases:**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
3.2% capital lease payable to a finance company with monthly payments of \$1,831 maturing June 7, 2017	\$ 68,581	\$ 0	\$ 24,824	\$ 43,757
3.2% capital lease payable to a finance company with monthly payments of \$539.42 maturing on 12-27-17	105,774	0	105,774	0
3.2% capital lease payable to a finance company with monthly payments of \$474.05 maturing on 7-19-18	35,987	0	5,287	30,700
2.9% capital lease payable to a finance company with monthly payments of \$1,187.27 maturing on 11-14-18	49,581	0	12,981	36,600
2.9% capital lease payable to a finance company with monthly payments of \$1,328.92 maturing on 9-11-20	141,551	0	13,017	128,534
3.2% capital lease payable to a finance company with monthly payments of \$2,022.09 maturing on 4-24-22	202,647	0	18,043	184,604
2.9% capital lease payable to a finance company with monthly payments of \$597.96 maturing on 9-21-20	20,594	0	6,667	13,927
3.6% capital lease payable to a finance company with monthly payments of \$1,750.71 with a final payment of \$106,750.71 on 10-6-22	0	183,727	12,158	171,569
<b>Total</b>	<u>\$ 624,715</u>	<u>\$ 183,727</u>	<u>\$ 198,751</u>	<u>\$ 609,691</u>

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Bonds Payable:**

Coleman County, Texas General Obligation Bonds, Series 2017

These bonds were issued on August 7, 2017 for the face amount of \$9,055,000 at an effective interest rate of 3.0091255% and are scheduled to mature on February 15, 2042. The bond has annual principal payments due on each February 15<sup>th</sup> beginning in 2018 and semi-annual interest payments due on August 15<sup>th</sup> and February 15<sup>th</sup> of each year. Interest rates range from 3% for the first twenty years of the bonds and 3.125% to 3.250% for the remaining five years until maturity. Bonds may be redeemed early beginning on February 15, 2028.

See below the combined changes in long-term debt.

	<u>Beginning Balances</u>	<u>Additons</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital Leases	\$ 624,715	\$ 183,727	\$ 198,751	\$ 609,691	\$ 122,023
Series 2017 Bonds	<u>9,055,000</u>	<u>0</u>	<u>270,000</u>	<u>8,785,000</u>	<u>255,000</u>
	<u>\$9,679,715</u>	<u>\$ 183,727</u>	<u>\$ 468,751</u>	<u>\$ 9,394,691</u>	<u>\$ 377,023</u>

Future minimum payments for the total long-term debt are as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 377,023	\$ 283,214	\$ 660,237
2020	445,021	272,450	717,471
2021	314,499	259,265	573,764
2022	425,290	247,938	673,228
2023	392,859	233,555	626,414
2024-2028	1,565,000	1,028,362	2,593,362
2029-2033	1,815,000	775,763	2,590,763
2034-2038	2,110,000	481,706	2,591,706
2039-2042	<u>1,950,000</u>	<u>129,188</u>	<u>2,079,188</u>
	<u>\$ 9,394,691</u>	<u>\$ 3,711,442</u>	<u>\$13,106,133</u>

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Note 4 – OTHER INFORMATION**

**Pension Plan**

Plan Description – The County provides retirement, disability, and survivor benefits for all of its full-time non-temporary employees through a statewide, agent multiple-employer, public employee retirement system through the Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The most recent CAFR can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

The plan provisions are adopted by the governing body of the employer within the option available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**Introduction**

The funding policy governs how the Texas County & District System (TCDRS) determines the employer contributions required to ensure that benefits provided to TCDRS members are funded in a reasonable and equitable manner. The goals of TCDRS' funding policy are to fully fund benefits over the course of employees' careers to ensure intergenerational equity, and to balance rate and benefit stability with the need for the plan funding to be reflective of current plan conditions.

The policy documents the current funding policies in effect for the December 31, 2016 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan.

**TCDRS Funding Overview**

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Pension Plan – Continued**  
**Funding Policy**

The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.

Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.

Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

**Methodology for Determining Employer Contribution Rates**

The board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments

Discounts the estimate of future benefit payments so the present based on the long-term rate of investment return to determine the present value of future benefits

Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are as follows.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Pension Plan – Continued**

1. Actuarial cost method – TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.
2. Amortization policy – The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UAAL amounts are amortized on a level-percentage-of-covered-payroll basis over a closed period with a layered approach. The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year new layers are established to amortize changes in the UAAL due to actuarial gains or losses, as well as any plan benefit changes elected by an employer for that year.

Benefit enhancements are amortized over a 15 year closed period. All other changes in the UAAL are amortized over 20 year closed periods. These amortization periods are generally more conservative than those of most other public retirement plans and are stricter than the minimum amortization period required under state law.

Notwithstanding the layered approach, the total UAAL payment may not be less than the required payment obtained by amortizing the entire UAAL over a 20 year period.

If a plan is overfunded, the overfunded actuarial accrued liability (OAAL) is calculated annually using a 30 year open amortization period.

3. Asset Valuation Method – When determining the actuarial value of assets used for measuring a plan's funded status, TCDRS smooths each year's actuarial investment gains and losses and recognizes them over a five-year period to better reflect the system's long-term investment horizons and to keep employer contribution rates more stable. As actuarial asset investment gains and losses are recognized, they become part of the actuarial gains and losses for the year and are funded according to the amortization policy. The five-year period helps stabilize employer rates while still ensuring that rates are reflective of current market conditions.

In addition, the board has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by the board. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels, during a low point in a market cycle.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Pension Plan - Continued**

4. Actuarial Assumptions – Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increases.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system valuation report.

**Oversight**

The board has established review policies to ensure that actuarial assumptions are appropriate and that the methodology for determining employer contribution rates is being correctly applied. TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience. TCDRS assumptions are compared to plan experience and future expectations, and changes to the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study.

An actuarial audit of every investigation of experience is required and must be performed by an independent auditing actuary to review the consulting actuary's analysis, conclusions and recommendation for accuracy, appropriateness and reasonableness. These audits alternate between a peer review and full replication audit of the investigation of experience. In a peer review audit of the investigation, the reviewing actuary uses the raw results of the investigation for demographic assumptions as calculated by the consulting actuary to test the conclusions and recommendations. In addition, the reviewing actuary independently analyzes economic assumptions to test the results and recommendations of the consulting actuary. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the investigation, in addition to performing all of the steps of a peer review, the auditing actuary fully replicates the calculation of the investigation's raw results.

In order to test accuracy and ensure that the actuarial methods and assumptions are being correctly applied, an audit of the valuation is required every four years. These audits are conducted by an independent reviewing actuary and alternate between a peer review and a full replication audit of the valuation. In the peer review audit of the valuation, the actuary uses a sample of participant data and TCDRS plans to test the results of the valuation. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the valuation, the auditing actuary performs all the steps of a peer review audit but instead of analyzing sample data and plans, the auditing actuary fully replicates the original actuarial valuation.

The board will review this policy on a regular basis and may modify this policy at its discretion. Modifications to the policy may be submitted for consideration to the board by staff and/or outside consulting actuaries as circumstances warrant.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Pension Plan - Continued**

<b>Net Pension Liability / (Asset)</b>	<u><b>December 31, 2016</b></u>	<u><b>December 31, 2017</b></u>
Total pension liability	\$ 7,328,229	\$ 7,629,590
Fiduciary net position	7,221,988	8,037,914
Net pension liability / (asset)	106,241	(408,324)
Fiduciary net position as a % of total pension liability	98.55%	105.35%
Pensionable covered payroll	1,740,686	1,810,071
Net pension liability as a % of covered payroll	6.10%	(22.56)%

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

**Discount rate**

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

\*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 the 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 payment sin 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.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Pension Plan - Continued**

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. Or 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 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 expense for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate of return on assets for funding purposes of 8.00%, net of expenses, increased by 0.10% to be gross of administrative expenses.

**Other Key Actuarial Assumptions**

The actuarial assumptions that determined the total pension liability as of December 31, 2017, 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.

**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 show below are provided by TCDRS' investment consultant. The numbers shown are based on January 2018 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every 4 years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Pension Plan – Continued**

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

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Note 3 – Pension Plan – Continued**

**Changes in Net Pension Liability / (Asset)**

<b>Changes in Net Pension Liability / (Asset)</b>	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (a) – (b)</b>
Balances as of December 31, 2016	\$ 7,328,229	\$ 7,221,988	\$ 106,241
Changes for the year:			
Service Cost	194,269		194,269
Interest on total pension liability	590,860		590,860
Effect of plan changes	0		0
Effect of economic/demographic gains and losses	(60,899)		(60,899)
Effect of assumption changes or inputs	42,048		42,048
Refund of contributions	(45,518)	(45,518)	0
Benefit payments	(419,398)	(419,398)	0
Administrative expenses		(5,345)	5,345
Member contributions		126,705	(126,705)
Net Investment income		1,050,520	(1,050,520)
Employer contributions		112,043	(112,043)
Other		(3,081)	3,081
Balances at December 31, 2017	\$ 7,629,590	\$ 8,037,914	\$ (408,324)

**Sensitivity Analysis**

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

	<u>1% Decrease 7.10%</u>	<u>Current Discount Rate 8.10%</u>	<u>1% Increase 9.10%</u>
Total pension liability	\$ 8,402,341	\$ 7,629,590	\$ 6,956,920
Fiduciary net position	8,037,914	8,037,914	8,037,914
Net pension liability / (asset)	\$ 364,427	\$ (408,324)	\$(1,080,994)

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Pension Plan - Continued**

**Pension Expense**

Pension Expense / (Income)	<u>January 1, 2017 to December 31, 2017</u>
Service cost	\$ 194,269
Interest on total pension liability	590,860
Effect of plan changes	0
Administrative expenses	5,345
Member contributions – (All Paid by County for Members, so expensed)	(126,705)
Expected investment return net of investment expenses	(575,665)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(12,447)
Recognition of assumption changes or inputs	29,144
Recognition of investment gains or losses	24,002
Other	<u>3,081</u>
Pension expense/(income)	<u>\$ 131,884</u>

As of December 31, 2017, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 62,931	\$ 5,978
Changes of assumptions	0	50,168
Net difference between projected and actual earnings	149,473	0
Contributions made subsequent to measurement date	N/A	184,020

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

Year ended December 31:	
2018	\$ 35,270
2019	(5,202)
2020	(91,356)
2021	(94,971)
2022	0
Thereafter	0

**COUNTY OF COLEMAN**  
**Notes to the Financial Statements – Continued**  
**September 30, 2018**

**Note 3 – Pension Plan - Continued**

**Schedule of Deferred Inflows and Outflow of Resources**

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/17	Balance of Deferred Inflows 12/31/17	Balance of Deferred Outflows 12/31/17
Investment						
(gains) or losses	\$(474,855)	12/31/17	5.0	\$ (94,971)	\$ 379,884	\$ 0
	41,641	12/31/16	5.0	8,328	0	24,985
	473,912	12/31/15	5.0	94,782	0	189,565
	79,310	12/31/14	5.0	15,862	0	15,862
Economic/ Demographic						
(gains) or losses	(60,899)	12/31/17	4.0	(15,225)	45,674	0
	(34,514)	12/31/16	4.0	(8,629)	17,257	0
	23,912	12/31/15	4.0	5,978	0	5,978
	21,713	12/31/14	4.0	5,428	0	0
Assumption						
Changes on inputs	42,048	12/31/17	4.0	10,512	0	31,536
	0	12/31/16	4.0	0	0	0
	74,527	12/31/15	4.0	18,632	0	18,632
	0	12/31/14	4.0	0	0	0
Employer & Employee Contributions Made subsequent To measurement Date	0			0	0	184,020

**REQUIRED SUPPLEMENTARY INFORMATION**

COUNTY OF COLEMAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS  
SEPTEMBER 30, 2018

	Year Ended December 31			
	2017	2016	2015	2014
<b>Total Pension Liability (Asset)</b>				
Service cost	\$ 194,268	\$ 196,164	\$ 184,668	\$ 178,211
Interest on total pension liability	590,860	558,319	527,300	501,048
Effect of plan changes	-	-	(16,507)	-
Effect of assumption changes or inputs	42,048	-	74,527	-
Effect of economic/demographic (gains) or losses	(60,899)	(34,514)	23,912	21,713
Benefit payments/refunds of contributions	(464,916)	(369,585)	(405,990)	(410,883)
Net change in total pension liability	301,361	350,384	387,910	290,089
Total pension liability, beginning	7,328,229	6,977,845	6,589,935	6,299,846
Total pension liability, ending (a)	<u>\$ 7,629,590</u>	<u>\$ 7,328,229</u>	<u>\$ 6,977,845</u>	<u>\$ 6,589,935</u>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 112,043	\$ 119,933	\$ 119,064	\$ 115,502
Member contributions	126,705	121,848	115,757	111,212
Investment income net of investment expenses	1,050,520	509,392	86,710	454,984
Benefit payments/refunds of contributions	(464,916)	(369,585)	(405,990)	(410,883)
Administrative expenses	(5,345)	(5,524)	(4,954)	(5,195)
Other	(3,081)	(43,785)	64,079	48,089
Net change in fiduciary net position	815,926	332,279	(25,334)	313,709
Fiduciary net position, beginning	7,221,988	6,889,709	6,915,043	6,601,334
Fiduciary net position, ending (b)	<u>\$ 8,037,914</u>	<u>\$ 7,221,988</u>	<u>\$ 6,889,709</u>	<u>\$ 6,915,043</u>
Net pension liability/(asset) ending = (a) - (b)	<u>\$ (408,324)</u>	<u>\$ 106,241</u>	<u>\$ 88,136</u>	<u>\$ (325,108)</u>
Fiduciary net position as a % of total pension liability	105.35%	98.55%	98.74%	104.93%
Pensionable covered payroll	\$ 1,810,071	\$ 1,740,686	\$ 1,653,666	\$ 1,589,749
Net pension liability (asset) as a % of covered payroll	-22.56%	6.10%	5.33%	-20.46%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.*

**COUNTY OF COLEMAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
SEPTEMBER 30, 2018**

<u>Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2008	\$ 84,359	\$ 84,359	\$ -	\$ 1,343,292	6.3%
2009	71,569	71,569	-	1,440,013	5.0%
2010	94,658	94,658	-	1,456,273	6.5%
2011	88,382	88,382	-	1,482,917	6.0%
2012	95,391	95,391	-	1,490,489	6.4%
2013	103,019	103,019	-	1,542,202	6.7%
2014	115,502	115,502	-	1,588,749	7.3%
2015	119,064	119,064	-	1,653,666	7.2%
2016	119,933	119,933	-	1,740,686	6.9%
2017	112,043	112,043	-	1,810,071	6.2%

Note: It should be noted that the above is the employer contributions only in accordance with GASB 68 requirements. The County of Coleman also pays for the employee contributions.

COUNTY OF COLEMAN  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED SEPTEMBER 30, 2018

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	10.7 years (based on contribution rate calculated in 12/31/17 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of Return	8.00%, net of 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 Plan Provisions 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

**SUPPLEMENTARY INFORMATION**

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - ROAD & BRIDGE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Taxes-Lateral Road and FM	\$ 902,873	\$ 902,873	\$ 863,835	\$ (39,038)
Taxes-Flood Control	99,811	99,811	95,982	(3,829)
Delinquent Ad Valorem Taxes	23,000	31,645	31,645	-
Penalty and Interest-Taxes	14,190	17,517	17,517	-
Total Taxes	<u>1,039,874</u>	<u>1,051,846</u>	<u>1,008,979</u>	<u>(42,867)</u>
Fees				
Vehicle Registration	294,030	294,030	400	(293,630)
Vehicle Registration-Supple.	194,654	439,740	440,653	913
Total Fees	<u>488,684</u>	<u>733,770</u>	<u>441,053</u>	<u>(292,717)</u>
Intergovernmental				
U.S. Treasury in Lieu of Taxes	1,980	4,131	4,131	-
State Lateral Road & FM Funds	34,178	34,178	25,634	(8,544)
FEMA Grant Funds	-	-	223,446	223,446
CTIF Grant	116,000	116,000	44,237	(71,763)
Total Intergovernmental	<u>152,158</u>	<u>154,309</u>	<u>297,448</u>	<u>143,139</u>
Interest - Interest Earned	<u>662</u>	<u>707</u>	<u>673</u>	<u>(34)</u>
Miscellaneous				
Other Revenue	67,400	67,400	55,972	(11,428)
Sale of Equipment	7,500	7,500	172,000	164,500
Total Miscellaneous	<u>74,900</u>	<u>74,900</u>	<u>227,972</u>	<u>153,072</u>
Total Revenues	<u>1,756,278</u>	<u>2,015,532</u>	<u>1,976,125</u>	<u>(39,407)</u>
<b>EXPENDITURES</b>				
General Road & Bridge				
Salaries Commissioners	209,000	209,000	175,249	33,751
Salaries-Other	31,921	31,921	31,921	-
Social Security Taxes	48,000	48,000	47,576	424
Retirement	82,500	82,500	81,795	705
Health Insurance	147,000	147,000	140,795	6,205
Unemployment Taxes	400	400	-	400
Tax Appraisal District	50,000	50,000	45,502	4,498
Other Expenses	4,000	1,500	712	788
Insurance	19,000	4,000	2,487	1,513
General Precinct Expenses	20,000	30,435	30,435	-
Outside Audit	5,000	5,000	-	5,000

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - ROAD & BRIDGE FUND - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>General Road &amp; Bridge - Continued</b>				
Flood Control-SWCD	10,000	10,000	10,000	-
Fuel	-	8,709	8,709	-
<b>Total General Road &amp; Bridge</b>	<b>626,821</b>	<b>628,465</b>	<b>575,181</b>	<b>53,284</b>
<b>Precinct 1</b>				
Operators Salaries Precinct 1	95,765	95,765	94,538	1,227
Capital Purchases	20,000	85,000	123,120	(38,120)
Equipment Maintenance	30,000	30,000	28,116	1,884
Pickup Allowance	8,400	8,400	8,400	-
Fuel	20,000	35,000	29,285	5,715
Supplies	240,000	157,500	24,568	132,932
Insurance	804	-	-	-
Other Precinct Expenses	3,500	6,000	4,985	1,015
<b>Total Precinct 1</b>	<b>418,469</b>	<b>417,665</b>	<b>313,012</b>	<b>104,653</b>
<b>Precinct 2</b>				
Operators Salaries Precinct 2	95,765	95,765	95,382	383
Debt Service	18,000	5,000	17,276	(12,276)
Other Expenses	-	-	190	(190)
Capital Purchases	50,000	-	-	-
Equipment Maintenance	44,000	89,138	89,138	-
Pickup Allowance	8,400	8,400	8,400	-
Fuel	35,000	35,000	29,638	5,362
Supplies	100,000	165,000	154,497	10,503
Insurance	1,259	-	-	-
Other Precinct Expenses	4,000	6,759	6,759	-
<b>Total Precinct 2</b>	<b>356,424</b>	<b>405,062</b>	<b>401,280</b>	<b>3,782</b>
<b>Precinct 3</b>				
Operators Salaries Precinct 3	95,765	95,765	95,481	284
Debt Service	43,800	3,800	41,477	(37,677)
Capital Purchases	50,000	30,000	19,677	10,323
Equipment Maintenance	38,000	58,000	57,222	778
Pickup Allowance	8,400	8,400	8,400	-
Fuel	25,000	42,000	40,120	1,880
Supplies	60,000	60,000	55,538	4,462
Insurance	1,333	-	-	-
Other Precinct Expenses	3,500	7,000	5,916	1,084
<b>Total Precinct 3</b>	<b>325,798</b>	<b>304,965</b>	<b>323,831</b>	<b>(18,866)</b>
<b>Precinct 4</b>				
Operators Salaries Precinct 4	95,765	95,765	95,765	-
Debt Service	43,603	13,400	161,559	(148,159)

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - ROAD & BRIDGE FUND - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Precinct 4 - Continued				
Capital Purchases	50,000	50,000	222,633	(172,633)
Equipment Maintenance	30,000	30,000	26,396	3,604
Pickup Allowance	8,400	8,400	8,400	-
Fuel	25,000	26,373	26,373	-
Supplies	220,000	129,143	129,143	-
Insurance	570	-	-	-
Other Precinct Expenses	6,000	6,000	5,087	913
Total Precinct 4	<u>479,338</u>	<u>359,081</u>	<u>675,356</u>	<u>(316,275)</u>
 Total Expenditures	 <u>2,206,850</u>	 <u>2,115,238</u>	 <u>2,288,660</u>	 <u>(173,422)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Capital Lease Proceeds	-	-	183,727	183,727
Transfers In	-	-	10,671	10,671
Transfers Out	(13,000)	(13,000)	(12,454)	546
 Net Other Financing Sources (Uses)	 <u>(13,000)</u>	 <u>(13,000)</u>	 <u>181,944</u>	 <u>194,944</u>
 Net Change in Fund Balance	 (463,572)	 (112,706)	 (130,591)	 (17,885)
 Fund Balance - Beginning	 <u>250,760</u>	 <u>250,760</u>	 <u>250,760</u>	 <u>-</u>
 Fund Balance - Ending	 <u>\$ (212,812)</u>	 <u>\$ 138,054</u>	 <u>\$ 120,169</u>	 <u>\$ (17,885)</u>

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Interest - Interest Earned	\$ -	\$ -	\$ 97,936	\$ 97,936
Miscellaneous - Bond Funds	-	5,457,131	6,131	5,451,000
Total Revenues	-	5,457,131	104,067	5,548,936
<u>EXPENDITURES</u>				
Justice System				
Land & Closing	-	55,105	-	55,105
Independent Testing	-	9,128	9,128	-
Civil Engineering	-	6,660	17,200	(10,540)
Geotechnical Investigation	-	17,200	-	17,200
Surveying	-	3,500	3,500	-
General Construction	-	4,429,976	5,364,448	(934,472)
Dirt Work	-	162,113	162,113	-
Furniture, Fixtures, Equipment	-	60,890	60,890	-
Architectural Engineering	-	723,844	129,576	594,268
Contingency	-	23,349	24,720	(1,371)
Total Justice System	-	5,491,765	5,771,575	(279,810)
Net Change in Fund Balance	-	(34,634)	(5,667,508)	5,632,874
Fund Balance - Beginning	8,415,220	8,415,220	8,415,220	-
Fund Balance - Ending	\$ 8,415,220	\$ 8,380,586	\$ 2,747,712	\$ 5,632,874

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Taxes				
Bond/I&S Current	\$ -	\$ 555,096	\$ 555,096	\$ -
Bond/I&S Delinquent	-	3,046	3,046	-
Bond/I&S Penalty & Int	-	2,215	2,215	-
Total Taxes	-	560,357	560,357	-
Intergovernmental - U.S. Treasury in Lieu of Taxes		950	950	
Total Revenues	-	561,307	561,307	-
<u>EXPENDITURES</u>				
Justice System				
Interest Paid - I&S	-	250,717	250,717	-
Administrative Fee - I&S	-	-	40	(40)
Bond Payments	-	270,000	270,000	-
Total Justice System	-	520,717	520,757	(40)
Net Change in Fund Balance	-	40,590	40,550	40
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ 40,590	\$ 40,550	\$ (40)

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Fees				
Hot Check Fees	\$ 3,600	\$ 3,600	\$ 1,680	\$ (1,920)
Courthouse Security Fee	6,500	6,500	5,852	(648)
Justice Court Technology Fund	2,500	2,500	2,492	(8)
District Clerk Fees	2,200	2,345	2,150	(195)
County Clerk Fees	600	600	279	(321)
Law Enforcement Education Fund-Sheriff	1,000	-	-	-
Law Enforcement Education Fund-Constable	1,000	-	-	-
PVS Funds	600	600	513	(87)
County Clerk Archive Fees	17,000	19,890	19,890	-
District Clerk Criminal Technology Fees	100	110	110	-
County Clerk Criminal Technology Fees	100	200	42	(158)
Dist Clerk Civil Record Preservation Fees	1,200	1,390	1,390	-
Cty Clerk Civil Record Preservation Fees	500	530	530	-
District Clerk Archive Fees	1,100	1,380	1,380	-
County Clerk Records Management Fees	2,000	20,000	19,937	(63)
Supplemental Guardianship Fees	1,000	1,000	900	(100)
Total Fees	41,000	60,645	57,145	(3,500)
Miscellaneous				
Workers Comp-General Fund	-	-	53	53
Workers Comp-R&B Fund	-	-	62	62
Seized Funds Received	5,000	5,000	-	(5,000)
Healthy County Reimbursements	500	1,367	1,367	-
Total Miscellaneous	5,500	6,367	1,482	(4,885)
Total Revenues	46,500	67,012	58,627	(8,385)
<b>EXPENDITURES</b>				
General Government				
Workers Compensation Fund	23,139	23,139	23,055	84
Records Management Fund	1,500	1,500	110	1,390
District Clerk Records Management Fund	3,000	3,000	-	3,000
Preservation of Vital Statistics Fund	1,000	1,000	764	236
County Clerk Archive Fund	23,000	50,038	50,038	-
District Clerk Criminal Technology Fund	300	300	-	300
County Clerk Criminal Technology Fund	500	500	-	500
District Clerk Civil Records Preserv Fund	3,000	3,000	-	3,000
County Clerk Civil Records Preserv Fund	600	600	-	600
District Clerk Archive Fund	3,000	3,000	-	3,000
County Clerk Record Management Fund	15,000	15,000	12,671	2,329
Supplemental Guardianship Fund	500	500	-	500
Forfeiture and Seizure Fund	5,000	5,000	-	5,000
Total General Government	79,539	106,577	86,638	19,939

The accompanying notes are an integral part of this financial statement.

COUNTY OF COLEMAN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>EXPENDITURES - CONTINUED</u>				
Justice System				
Courthouse Security Fund	25,000	25,000	2,115	22,885
Justice Court Technology Fund	7,000	7,000	2,610	4,390
County Attorney Hot Check Fund	11,000	11,359	7,983	3,376
Total Justice System	<u>43,000</u>	<u>43,359</u>	<u>12,708</u>	<u>30,651</u>
Public Safety				
Law Enforcement Education Fund	<u>2,500</u>	<u>2,500</u>	<u>1,987</u>	<u>513</u>
Public Health and Welfare				
Healthy County Fund	<u>1,000</u>	<u>1,705</u>	<u>1,705</u>	<u>-</u>
Total Expenditures	<u>126,039</u>	<u>154,141</u>	<u>103,038</u>	<u>51,103</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	23,139	23,205	25,550	(2,345)
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Other Financing Sources (Uses)	<u>23,139</u>	<u>23,205</u>	<u>25,550</u>	<u>(2,345)</u>
Net Change in Fund Balance	(56,400)	(63,924)	(18,861)	(61,833)
Fund Balance - Beginning	<u>127,690</u>	<u>127,690</u>	<u>127,690</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 71,290</u>	<u>\$ 63,766</u>	<u>\$ 108,829</u>	<u>\$ (61,833)</u>

The accompanying notes are an integral part of this financial statement.