KINNEY COUNTY, TEXAS

Annual Financial Report

For the Fiscal Year Ended

September 30, 2018

Kinney County, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018

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Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kinney County, Texas, 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 Kinney County, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Road and Bridge funds, and the Recording Fees Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employees' retirement system information, and the OPEB system information on pages 3–10, 80-83 and 84–89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

BEYER & COMPANY
Certified Public Accountants
February 23, 2019

Management's Discussion and Analysis

Financial Highlights

- The assets of Kinney County, Texas exceeded its liabilities at the close of the most recent fiscal year by $6,529,241 (Net Position). Of this amount, $3,017,873 (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government’s total Net Position increased by $125,951. This is the result of a general overall decrease in expenses of $644,752.

- As of the close of the current fiscal year, Kinney County, Texas’s governmental funds reported combined ending fund balances of $2,926,498 a decrease of $386,180 in comparison with the prior year. Approximately 55% of this total amount, $1,616,123, is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, the unassigned fund balance for the general fund was $1,825,577, or 43 percent of total general fund expenditures, the fund balance for the road and bridge fund was $8,846, or 3 percent of total road and bridge fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statement: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Kinney County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Kinney County, Texas are governmental funds and agency funds.

Governmental funds:

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

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

Kinney County, Texas maintains forty-eight (48) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, the investment fund, the jail and detention facility fund, the Kinney Stonegarden 2016 fund, and the CDBG grants fund, all of which are considered to be major funds. Data from the other forty-four (44) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Kinney County, Texas adopts an annual appropriated budget for its general fund, the jail and detention facility revenue fund, and road and bridge fund.

The basic governmental fund financial statements can be found on pages 13-20 of this report. The agemcy fund can be found on page 21.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-55 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Kinney County, Texas's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 56-60 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and agency funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 61-64 of this report.

The combined statement of the agency funds can be found on page 65 through 68 of this report.

The Single Audit Section can be found on pages 69-80 of this report.

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of Kinney County, Texas, assets exceeded liabilities by $6,529,241 at the close of the most recent fiscal year.

A portion of Kinney County, Texas's Net Position (40 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Kinney County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Kinney County, Texas's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

KINNEY COUNTY, TEXAS
NET POSITION

	Governmental Activities		Total	
	2018	2017	2018	2017
Current and Other Assets	$4,208,706	$4,204,947	$4,208,706	$4,204,947
Capital Assets:	2,594,350	2,044,929	2,594,350	2,044,929
Total Assets	6,803,056	6,249,876	6,803,056	6,249,876
Total Deferred Outflows of Resources	303,603	717,085	303,603	717,085
Long-Term Liabilities	60,186	192,246	60,186	192,246
Other Liabilities	183,145	120,768	183,145	120,768
Total Liabilities	243,331	313,014	243,331	313,014
Total Deferred Inflows of Resources	334,087	250,657	334,087	250,657
Invested in Capital Assets, Net of Related Debt	2,594,350	2,044,929	2,594,350	2,044,929
Restricted	917,018	558,549	917,018	558,549
Unrestricted	3,017,873	3,799,812	3,017,873	3,799,812
Total Net Position	$6,529,241	$6,403,290	$6,529,241	$6,403,290

An additional portion of Kinney County, Texas's Net Position (14 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position ($3,017,873) may be used to meet the governments on going obligations to citizens and creditors. At the end of the current fiscal year, Kinney County, Texas reported a positive balance in the governmental activities. For the prior fiscal year, Kinney County, Texas reported positive balances in Net Position, both for the government as a whole, as well as for its separate governmental activities.

The government's total Net Position increased by $125,951. This is the result of a general overall decrease in expenses of $644,752.

KINNEY COUNTY, TEXAS
CHANGE IN NET POSITION

	Governmental Activities		Total	
	2018	2017	2018	2017
Revenues:				
Program Revenues:				
Charges for Services	$775,912	$867,655	$775,912	$867,655
Operating Grants and Contributions	1,686,277	1,398,773	1,686,277	1,398,773
Capital Grants and Contributions	156,405	531,899	156,405	531,899
General Revenues:				
Maintenance and Operations Taxes	2,312,127	2,258,976	2,312,127	2,258,976
Sales Taxes	211,436	139,528	211,436	139,528
Other Taxes	2,810	1,441	2,810	1,441
Unrestricted Investment Earnings	50,935	24,900	50,935	24,900
Miscellaneous	141,707	312,099	141,707	312,099
Total Revenue	5,337,609	5,535,271	5,337,609	5,535,271
Expenses:				
General Administration	898,833	960,158	898,833	960,158
Judicial	241,088	273,202	241,088	273,202
Legal	129,928	135,281	129,928	135,281
Financial Administration	336,742	336,514	336,742	336,514
Public Facilities	420,507	715,423	420,507	715,423
Public Safety	2,397,518	2,553,258	2,397,518	2,553,258
Public Transportation	314,482	351,378	314,482	351,378
Culture and Recreation	153,996	175,521	153,996	175,521
Health and Welfare	247,780	253,749	247,780	253,749
Conservation - Agriculture	70,784	101,926	70,784	101,926
Total Expenses	5,211,658	5,856,410	5,211,658	5,856,410
Increase in Net Position Before Transfers and Special Items	125,951	(321,139)	125,951	(321,139)
Transfers				
Increase in Net Position	125,951	(321,139)	125,951	(321,139)
Net Position at 09/30/2017	6,403,290	6,724,429	6,403,290	6,724,429
Net Position at 09/30/2018	$6,529,241	$6,403,290	$6,529,241	$6,403,290

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	$898,833	$67,695	$25,263	$0
Judicial	241,088	151,659		
Legal	129,928	300	56,107	
Financial Administration	336,742	15,119		
Public Facilities	420,507			156,405
Public Safety	2,397,518	334,708	1,468,830	
Public Transportation	314,482	190,331	49,729	
Culture and Recreation	153,996	16,100	815	
Health and Welfare	247,780		85,533	
Conservation - Agriculture	70,784			
Total Government Activities	$5,211,658	$775,912	$1,686,277	$156,405

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	$775,912	15%
Operating Grants and Contributions	1,686,277	32%
Capital Grants and Contributions	156,405	3%
Maintenance and Operations Taxes	2,312,127	43%
Sales Taxes	211,436	4%
Other Taxes	2,810	0%
Unrestricted Investment Earnings	50,935	1%
Miscellaneous	141,707	3%
	$5,337,609	100%

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

Financial Analysis of the Government's Funds

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

Governmental funds:

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

As of the end of the current fiscal year, Kinney County, Texas's governmental funds reported combined ending fund balances of $2,926,498, a decrease of $386,180 in comparison with the prior year. Approximately 55% of this total amount, $1,616,123, is available for spending at the government's discretion (unassigned fund balance).

The general fund is the chief operating fund of Kinney County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,825,577, while total fund balance reached $1,857,232. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43 percent of total general fund expenditures, while total fund balance represents 44 percent of that same amount.

The fund balance of Kinney County, Texas's general fund decreased by $262,207 during the current fiscal year. Key factors in this increase are as follows:

. This is the result of a decrease in transfers in of $2,445,787.

At the end of the current fiscal year, unassigned fund balance of the road and bridge fund was $0, while total fund balance reached $8,846. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 0 percent of total road and bridge fund expenditures, while total fund balance represents 3 percent of that same amount.

The fund balance of Kinney County, Texas's road and bridge fund decreased by $17,969 during the current fiscal year. This decrease is due to a decrease in operating transfer in of $140,622.

There is no analysis given for the Investment fund and the Jail and Detention Facility Revenue fund because they are reserve funds.

There is no analysis given for the CDBG grant fund and the Kinney Stonegarden 2016 fund because they are grant funds and comparison from year to year is impractical.

Budgetary Highlights

The decrease between the original budget and the final amended budget in the general fund was $1,028,843. This decrease was consistent amongst all the departments of the general fund.

Capital Asset and Debt Administration

Capital assets:

Kinney County, Texas's investment in capital assets for its governmental activities as of September 30, 2018, amounts to $2,594,350 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. This investment does not include infrastructure items such as roads, highways, and bridges. The total increase in Kinney County, Texas's investment in capital assets for the current fiscal year was 27 percent.

The major capital asset events during the current fiscal year included in the following: The County has various projects including a fire department project and a commercial building.

	Governmental Activities		Total	
	2018	2017	2018	2017
Land	$126,796	$125,311	$126,796	$125,311
Construction in Progress	394,350	67,817	394,350	67,817
Intangible	45,155	51,331	45,155	51,331
Building and Improvements	1,404,100	1,102,100	1,404,100	1,102,100
Machinery and Equipment	623,949	698,370	623,949	698,370
Total	$2,594,350	$2,044,929	$2,594,350	$2,044,929

Additional information on Kinney County, Texas's capital assets can be found in note IV C on page 36 of this report.

Long-term debt:

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

Future Outlook

The County expects its finances to remain approximately the same as in the past. Inflation will play a factor but will affect both revenues and expenditures equally. There are no major events planned in the future.

Requests for Information

This financial report is designed to provide a general overview of Kinney County, Texas's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditors' Office, P.O. Box 1219, Brackettville, Texas 78832-1219.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	$3,001,331	$3,001,331
Receivables (net of allowance for uncollectibles)	804,164	804,164
Net Pension Receivable	370,082	370,082
Prepaid Items	33,129	33,129
Capital assets not being depreciated:		
Land	126,796	126,796
Construction in Progress	394,350	394,350
Total Capital assets being depreciated, net		
Intangible	45,155	45,155
Building and Improvements	1,404,100	1,404,100
Machinery, Vehicles, and Equipment	623,949	623,949
Total Assets	$6,803,056	$6,803,056
DEFERRED OUTFLOWS OF RESOURCES		
GASB 68		
Deferred Outflow of Resources-Contributions (after 12/31/14)	246,992	246,992
Deferred Outflow-Changes of assumptions	56,611	56,611
Total Deferred Outflows of Resources	303,603	303,603
LIABILITIES:		
Accounts Payable	$129,477	$129,477
Accrued Wages	30,335	30,335
Unearned Revenues	23,333	23,333
Noncurrent Liabilities:		
Due Within One Year	60,186	60,186
Due in More Than One Year	0	0
Total Liabilities	243,331	243,331
DEFERRED INFLOWS OF RESOURCES		
GASB 68		
Deferred Outflow-Net difference between projected and actual earnings	65,741	65,741
Deferred Inflow-Differences between expected and actual experience	268,346	268,346
Total Deferred Inflows of Resources	334,087	334,087
NET POSITION		
Invested in Capital Assets, Net of Related Debt	2,594,350	2,594,350
Restricted		
Administration - County	73,473	73,473
Administration - County Clerk	6,462	6,462
Archives	22,827	22,827
Health and Welfare	4,428	4,428
Judicial	61,362	61,362
Legal	4,350	4,350
Public Safety	588,676	588,676
Public Transportation	155,440	155,440
Unrestricted	3,017,873	3,017,873
Total Net Position	$6,529,241	$6,529,241
	0	**0**

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in: Governmental Activities	Net (Expense) Revenue and Changes in: Total
Primary Government						
Government Activities:						
General Administration	$898,833	$67,695	$25,263		($805,875)	($805,875)
Judicial	241,088	151,659			(89,429)	(89,429)
Legal	129,928	300	56,107		(73,521)	(73,521)
Financial Administration	336,742	15,119			(321,623)	(321,623)
Public Facilities	420,507			156,405	(264,102)	(264,102)
Public Safety	2,397,518	334,708	1,468,830		(593,980)	(593,980)
Public Transportation	314,482	190,331	49,729		(74,422)	(74,422)
Culture and Recreation	153,996	16,100	815		(137,081)	(137,081)
Health and Welfare	247,780		85,533		(162,247)	(162,247)
Conservation - Agriculture	70,784				(70,784)	(70,784)
Total Government Activities	5,211,658	775,912	1,686,277	156,405	(2,593,064)	(2,593,064)
Total Primary Government	$5,211,658	$775,912	$1,686,277	$156,405	(2,593,064)	(2,593,064)
General Revenues						
Taxes						
Property Taxes, Levies for General Purposes					2,312,127	2,312,127
Sales					211,436	211,436
Other					2,810	2,810
Unrestricted Investment Earnings					50,935	50,935
Miscellaneous					141,707	141,707
Total General Revenues and Transfers					2,719,015	2,719,015
Change in Net Position					125,951	125,951
Net Position - Beginning					6,403,290	6,403,290
Net Position - Ending					$6,529,241	$6,529,241

The accompanying notes are an integral part of this statement. **0** **0**

FUND FINANCIAL STATEMENTS

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

	General Fund	Road and Bridge	Investment Fund	Jail and Detention Facility Revenue	CDBG Grants	Kinney Stonegarden 2016	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	$1,802,719	$13,586	$350,000	$424,655	$0	$0	$485,883	$3,076,843
Receivables (net of allowance for uncollectibles)	123,551	1,861			43,150		7,550	176,112
Due from Other Funds	91,306						7,554	98,860
Prepaid Expenses	31,655	788					686	33,129
Total Assets	$2,049,231	$16,235	$350,000	$424,655	$43,150	$0	$501,673	$3,384,944
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts Payable	$41,712	$7,236			$16,400		$64,129	$129,477
Bank Overdraft					26,750	29,256	19,506	75,512
Accrued Wages	30,182	153					0	30,335
Due to Other Funds							98,860	98,860
Total Liabilities	71,894	7,389	0	0	43,150	29,256	182,495	334,184
DEFERRED INFLOWS OF RESOURCES								
Deferred Property Taxes	120,105						4,157	124,262
Unavailable Revenue-County Attorney Grant								0
Total deferred inflows of resources	120,105	0	0	0	0	0	4,157	124,262
Fund Balances:								
Non-Spendable								
Prepaid Items	31,655	788					686	33,129
Restricted								
Administration - County							73,473	73,473
Administration - County Clerk							6,462	6,462
Archives							22,827	22,827
Health and Welfare							4,428	4,428
Judicial							61,362	61,362
Legal							4,350	4,350
Public Safety				424,655			164,021	588,676
Public Transportation		8,058					147,382	155,440
Committed								
Administration - County			350,000				7,091	357,091
Culture and Recreation							3,137	3,137
Unassigned	1,825,577					(29,256)	(180,198)	1,616,123
Total Fund Balance	1,857,232	8,846	350,000	424,655	0	(29,256)	315,021	2,926,498
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$2,049,231	$16,235	$350,000	$424,655	$43,150	$0	$501,673	$3,384,944
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**

The accompanying notes are an integral part of this statement.

KINNEY COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
YEAR ENDED SEPTEMBER 30, 2018

Total Fund Balances - governmental funds balance sheet	2,926,498
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	2,594,350
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	967,650
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	100,929
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(60,186)
Net Position of governmental activities - statement of Net Position	$6,529,241

The accompanying notes are an integral part of this statement. **0**

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

	General Fund	Road and Bridge	Investment Fund	Jail and Detention Facility Revenue	CDBG Grants	Kinney Stonegarden 2016	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes								
Property	$2,211,392						$93,131	$2,304,523
Sales	211,436							211,436
Other	2,810							2,810
Licenses and Permits		190,121						190,121
Intergovernmental	114,534	47,246		946,326	156,405	463,021	115,150	1,842,682
Charges for Services	291,109						147,896	439,005
Fines and Forfeitures	196,910							196,910
Interest	41,035	289		4,404			5,207	50,935
Miscellaneous	119,120	681					21,906	141,707
Total Revenues	3,188,346	238,337	0	950,730	156,405	463,021	383,290	5,380,129
EXPENDITURES								
Current:								
General Administration	1,097,962						15,273	1,113,235
Judicial	234,212						6,385	240,597
Legal	130,400							130,400
Financial Administration	337,013							337,013
Public Facilities	381,914							381,914
Public Safety	1,815,541			79,075		363,718	276,474	2,534,808
Public Transportation		337,283					0	337,283
Culture and Recreation	150,685						50	150,735
Health and Welfare							246,070	246,070
Conservation - Agriculture	76,521							76,521
Capital Projects -								
Capital Outlay and Other					217,733		0	217,733
Total Expenditures	4,224,248	337,283	0	79,075	217,733	363,718	544,252	5,766,309
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,035,902)	(98,946)	0	871,655	(61,328)	99,303	(160,962)	(386,180)
OTHER FINANCING SOURCES (USES):								
Transfers In	955,446	80,977		2,282	50,769		212,081	1,301,555
Transfers Out	(181,751)	0	(529,000)	(450,000)			(140,804)	(1,301,555)
Total Other Financing Sources (Uses)	773,695	80,977	(529,000)	(447,718)	50,769	0	71,277	0
Net Changes in Fund Balances	(262,207)	(17,969)	(529,000)	423,937	(10,559)	99,303	(89,685)	(386,180)
Fund Balances - Beginning	2,119,439	26,815	879,000	718	10,559	(128,559)	404,706	3,312,678
Fund Balances - Ending	$1,857,232	$8,846	$350,000	$424,655	$0	($29,256)	$315,021	$2,926,498
	0							
The accompanying notes are an integral part of this statement.		**0**	**0**	**0**	**0**	**0**	**0**	**0**

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

Net Changes in Fund Balances - total governmental funds	($386,180)
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	549,421
(Increase) decrease in Net Pension Receivable from beginning of period to end of period.	370,082
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	(50,124)
GASB 68	
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	(224)
Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	17,324
Deferred Outflow-Net difference between projected and actual earningsThis is the change in these amounts this year.	(496,323)
Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year.	(17,689)
(Increase) decrease in compensated absences from beginning of period to end of period.	(8,198)
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	140,258
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	7,604
Change in Net Position of governmental activities - statement of activities	$125,951
The accompanying notes are an integral part of this statement.	**(0)**

KINNEY COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Budgetary	Variance with Final Budget - Positive
	Original	Final	Basis	(Negative)
REVENUES				
Taxes				
Property	$2,195,845	$2,197,927	$2,211,392	$13,465
Sales	121,000	168,808	211,436	42,628
Other	1,050	2,810	2,810	0
Intergovernmental	69,233	109,330	114,534	5,204
Charges for Services	243,850	281,017	291,109	10,092
Fines and Forfeitures	237,000	182,707	196,910	14,203
Interest	10,000	37,778	41,035	3,257
Miscellaneous	109,134	71,786	119,120	47,334
Total Revenues	2,987,112	3,052,163	3,188,346	136,183
EXPENDITURES				
Current:				
General Administration				
County Judge	173,216	151,181	164,652	(13,471)
County-District Clerk	169,938	139,413	151,283	(11,870)
Non-Departmental	599,238	457,106	516,375	(59,269)
P.C. Bridge Salaries	10,000	2,024	2,024	0
Roads and Bridges	115,738	105,837	113,628	(7,791)
Judicial				
District Court	108,111	99,161	102,328	(3,167)
Justice of the Peace	140,409	121,194	131,884	(10,690)
Legal				
County Attorney	144,702	121,334	130,400	(9,066)
Financial Administration				
County Auditor	109,027	88,693	96,811	(8,118)
County Treasurer	118,237	107,241	115,950	(8,709)
Tax Assessor-Collector	129,380	113,527	124,252	(10,725)
Public Facilities				
Civic Center	33,500	27,195	30,243	(3,048)
County Courthouse and Annex	632,535	281,412	346,108	(64,696)
Filippone Building	13,900	5,426	5,563	(137)

(continued)

(continued)

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Public Safety				
Ambulance	$635,852	$554,495	$610,238	($55,743)
Constable	72,245	66,386	71,573	(5,187)
Drug Task Force	54,160	40,004	43,706	(3,702)
Fire	141,900	93,931	86,706	7,225
Sheriff	1,002,274	869,589	1,003,318	(133,729)
Culture and Recreation				
County Library	151,240	120,314	130,914	(10,600)
Parks	30,048	17,929	19,771	(1,842)
Conservation - Agriculture				
Agriculture Extension Service	99,508	72,923	76,521	(3,598)
Total Expenditures	$4,685,158	$3,656,315	$4,074,248	($417,933)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,698,046)	(604,152)	(885,902)	(281,750)
OTHER FINANCING SOURCES (USES):				
Transfers In	900,000	1,760,679	955,446	(805,233)
Transfers Out	(309,429)	(121,000)	(181,751)	(60,751)
Total Other Financing Sources (Uses)	590,571	1,639,679	773,695	(865,984)
Net Changes in Fund Balances - Cash Basis	($1,107,475)	$1,035,527	(112,207)	($1,147,734)

Reconcilation from budgetary basis to modified accrual basis:	
Land Purchase	(150,000)
Net Changes in Fund Balances - Modified Accrual Basis	(262,207)
Fund Balances - Beginning	2,119,439
Fund Balances - Ending	$1,857,232
	0

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

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

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Licenses and Permits	$135,000	$171,340	$190,121	$18,781
Intergovernmental	0	0	47,246	47,246
Interest	300	277	289	12
Miscellaneous	0	60,700	681	(60,019)
Total Revenues	135,300	232,317	238,337	6,020
EXPENDITURES				
Current				
Public Transportation	329,171	270,809	337,283	(66,474)
Total Expenditures	329,171	270,809	337,283	(66,474)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(193,871)	(38,492)	(98,946)	(60,454)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	193,871	89,233	80,977	(8,256)
Operating Transfers Out				0
Total Other Financing Sources (Uses)	193,871	89,233	80,977	(8,256)
Net Changes in Fund Balances	0	50,741	(17,969)	(68,710)
Fund Balances - Beginning	26,815	26,815	26,815	
Fund Balances - Ending	$26,815	$77,556	$8,846	($68,710)

The notes to the financial statements are an integral part of this statement. **0**

KINNEY COUNTY, TEXAS
JAIL DETENTION FACILITY REVENUE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$870,000	$844,850	$946,326	$101,476
Interest	2,400	3,831	4,404	573
Miscellaneous				0
Total Revenues	872,400	848,681	950,730	102,049
EXPENDITURES				
Current:				
Public Safety	135,923	76,793	79,075	(2,282)
Total Expenditures	135,923	76,793	79,075	(2,282)
Excess (Deficiency) of Revenues Over (Under) Expenditures	736,477	771,888	871,655	99,767
OTHER FINANCING SOURCES (USES):				
Transfers In			2,282	2,282
Transfers Out	(736,477)	(450,000)	(450,000)	0
Total Other Financing Sources (Uses)	(736,477)	(450,000)	(447,718)	2,282
Net Changes in Fund Balances	0	321,888	423,937	102,049
Fund Balances - Beginning	718	718	718	
Fund Balances - Ending	$718	$322,606	$424,655	$102,049

The notes to the financial statements are an integral part of this statement. **0**

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

ASSETS	
Cash and Cash Equivalents	$412,416
Receivables	0
Total Assets	$412,416
LIABILITIES:	
Accounts Payable	$59,619
Due to Others	352,797
Total Liabilities	$412,416

The accompanying notes are an integral part of this statement.

Note: The Agency funds was the only fiduciary fund type of the County in the 2018 year.

I. Summary of Significant Accounting Policies

A. Reporting entity

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
The road and bridge fund accounts for the activities of the government's road and bridge operations.
The investment fund is used to administer monies to help pay for general County operations.
The Jail and Detention Facility Revenue fund is used to administer monies used in the day to day operations of the local detention facility.
The CDBG Grant fund is used to administer various CDBG grants the County may receive.
The Kinney Stonegarden 2016 Grant fund is used to administer federal reimbursement monies paid to the County to help defray the costs of sheriff deputies’ overtime.

C. Fiduciary Funds

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value.

2. Receivables and Payables

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

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

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

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

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2018. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide but not in the fund financial statements.

4. Restricted Assets

There were no restricted assets at September 30, 2018.

5. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure items such as roads, highways, and bridges are not included.

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. The County currently has a fire station building project. The County has various projects including a fire department project and a commercial building.

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

Assets	*Years*
Buildings	40
Building Improvements	20
Leasehold Improvements	30
Land Improvements	30
Electrical Generation Systems	22
Electrical Systems	10
Plumbing Systems	10
Central Air/Heat Systems	10
Equipment	06
Office Furnishings	07
Law Enforcement Equipment	05
Life Safety Equipment	05
Works of Art	Permanent
Land	Permanent
Land Improvements	Permanent
Library Materials	Permanent
Vehicles	05
Office Equipment	06
Computer Equipment	03
Furniture	07

6. Compensated Absences

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

7. Fund Balances – Governmental Funds

As of September 30, 2018, fund balances of the governmental funds are classified as follows:

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

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

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

Unassigned — all other spendable amounts.

As of September 30, 2018, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	$33,129
Restricted	
Administration - County	73,473
Administration - County Clerk	6,462
Archives	22,827
Health and Welfare	4,428
Judicial	61,362
Legal	4,350
Public Safety	588,676
Public Transportation	155,440
Committed	
Administration - County	357,091
Culture and Recreation	3,137
Unassigned	1,616,123
Total Fund Balance	$2,926,498

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

In fiscal year 2011, the Commissioner's Court adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 25 percent of the subsequent year's budgeted General Fund expenditures.

8. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has no items that qualify for reporting in this category.

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

9. Net position flow assumption

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

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds." The details of this $60,186 difference are as follows:

Compensated Absences	$60,186
	$60,186

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds” report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this $2,594,350 difference are as follows:

Capital Assets Not Being Depreciated	$521,146
Capital Assets Being Depreciated	5,965,051
Depreciation Expense	(3,891,847)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	$2,594,350

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles.)" The details of this $100,929 difference are as follows:

Property Taxes Receivable	$108,910
Allowance for Doubtful Accounts	(7,981)
Net	$100,929

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this $967,650 difference are as follows:

Fines Receivable	$1,010,775
Allowance for Doubtful Accounts	(382,723)
Net Pension Receivable	370,082
GASB 68	
Deferred Outflow of Resources-Contributions (after 12/31/17)	246,992
Deferred Inflow-Differences between expected and actual experience	(268,346)
Deferred Outflow-Changes of assumptions	56,611
Deferred Inflow-Differences between projected and actual experience	(65,741)
Net	$967,650

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $549,421 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	$328,018
Capital Outlay - Additions - Being Depreciated	502,914
Capital Outlay - Deletions - Net	0
Depreciation Expense	(281,511)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	$549,421

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioner's Court, the County Judge prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioner's Court.

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

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

Budgets for all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2018 fiscal year were adopted for the General Fund, the Road and Bridge Fund, and the Jail Detention Facility Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2018, expenditures did not exceed appropriations in any fund except for the General fund whereby actual expenditures of $4,074,248 exceeded budgeted expenditures of $3,656,315 by $417,933, the Road and Bridge fund whereby actual expenditures of $337,283 exceeded budgeted expenditures of $270,809 by $66,474, and the Jail Detention Facility Revenue fund whereby actual expenditures of $79,075 exceeded budgeted expenditures of $76,793 by $2,282.

C. Deficit fund equity: There were no deficit fund balances as of September 30, 2018 except for the Kinney Stonegarden 2016 fund which had a negative fund balance of $89,685, County Detention Center fund which had a negative fund balance of $20,063, the Border Star JAG fund which had a negative fund balance of $67,527, the Operation Stonegarden fund which had a negative fund balance of $32,058, the Indigent Health Care fund which had a negative fund balance of $24,131, the JAG 2532507 fund which had a negative fund balance of $3,132, the Kinney Stonegarden 2017 fund which had a negative fund balance of $28,921, and the Operation Stonegarden Grant 2013 which had a negative fund balance of $4,366. These negative fund balances are expected to be liquidated by future resources of the funds.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as Texpool and Tex Star, through which political subdivisions and other entities may invest public funds. Texpool and Tex Star uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. Texpool and Tex Star does not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. Texpool has a credit rating of AAA and and Tex Star has a credit rating of AAAm from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. Texpool and Tex Star invests in a high quality portfolio of debt securities investments that are legally permissible for local governments in the state.

Most funds participate in a pooling of cash and investment income in order to maximize investment opportunities. Each fund may liquidate its equity in the pool on demand.

Policies Governing Deposits and Investments

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

Custodial Credit Risk - Deposits: The County's deposits and certificates of deposit are entirely with the county depository covered by federal depository insurance (FDIC) or by collateral held by the government's agent in the government's name. The County's deposits of $1,045,313 is not exposed to custodial credit risk because its deposits were fully covered by either depository insurance or $4,745,622 securities pledged in the name of the County. The book amount of the cash at September 30, 2018 is $534,392.

Interest rate risk: In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

Credit risk: State law limits investments in commercial paper and corporate bonds to the top two rating issued by nationally recognized statistical rating organizations (NRSROs). It is the government's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2018 the local investment pools Texpool and Tex Star (100% of portfolio) were rated AAA and AAAm, respectively, by Standard and Poor's.

Concentration of credit risk: The County places no limit on the amount the County may invest in any one issuer. 54 percent of the County's investments are in an insured Texpool account and 46 percent are in an insured Tex Star account.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2018, the County had $1,323,275 in investments in an insured TexPool account and had $1,143,664 in investments in an insured Tex Star account.

As of September 30, 2018, the government had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Tex Star Funds	$1,323,275	1
TEXPOOL	1,143,664	1

The County participates in two Local Government Investment Pools: TexPool and Tex Star. The County invests in TexPool and Tex Star to provide its liquidity needs. Both are local government investment pools established in conformity with the Inter-local Cooperation Act Chapter 791 of the Texas Government Code and the Public Investment Act Chapter 2256 of the Code. TexPool and Tex Star are 2(a) 7 like funds meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of $1.00, although this cannot be guaranteed. The County considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder short of a significant change in value. The TexPool funds and the Tex Star funds are within the Governmental Activities.

B. Receivables

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

	General	Road and Bridge	CDBG Grants	Other Governmental Funds	Total
Receivables					
Taxes	$104,423			$4,487	$108,910
Accounts	26,779	1,861		3,393	32,033
Intergovernmental			43,150		43,150
Fees and Fines	1,010,775				1,010,775
Gross Receivables	1,141,977	1,861	43,150	7,880	1,194,868
Less: Allowance for Uncollectibles	390,374			330	390,704
Net Total Receivables	$751,603	$1,861	$43,150	$7,550	$804,164

The receivables are expected to be collected within one year.

C. Capital Assets

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

Governmental Activities: Capital assets not being depreciated:	Beginning Balances	Increases	Decreases	Ending Balances
Land	$125,311	$1,485		$126,796
Construction in Progress	$67,817	$326,533		394,350
Total capital assets not being depreciated:	193,128	328,018	0	521,146
Capital assets being depreciated:				
Intangible	61,763			61,763
Building and Improvements	2,057,488	371,816		2,429,304
Machinery, Equipment and Vehicles	3,500,359	131,098	157,473	3,473,984
Total capital assets being depreciated:	5,619,610	502,914	157,473	5,965,051
Less: Accumulated Depreciation for:				
Intangible	10,432	6,176		16,608
Building and Improvements	955,388	69,816		1,025,204
Machinery, Equipment and Vehicles	2,801,989	205,519	157,473	2,850,035
Total Accumulated Depreciation	3,767,809	281,511	157,473	3,891,847
Total Capital Assets Depreciated, Net	1,851,801	221,403	0	2,073,204
Governmental Activities capital assets, Net	$2,044,929	$549,421	$0	$2,594,350

Construction commitments

The County currently has a fire station building project. The County has various projects including a fire department project and a commercial building.

The depreciation expensed for the year ended September 30, 2018 is as follows:

Governmental Activities	
General Administration	$34,739
Financial Administration	1,080
Public Facilities	7,041
Public Safety	169,131
Public Transportation	46,410
Culture and Recreation	19,721
Health and Welfare	3,245
Conservation - Agriculture	144
Total Depreciation Expense - Governmental Activities	$281,511

D. Interfund Receivables, Payables, and Transfers

Due to/from other funds are as follows:

ACCOUNT	***AMOUNT***	***REASON***	***EXPECTED TO BE LIQUIDATED***
GENERAL FUND			
DUE FROM VARIOUS NON-DEPARTMENTAL FUNDS	$91,306	FUND GENERAL OPERATIONS	WITHIN YEAR
VARIOUS NON-DEPARTMENTAL FUNDS			
DUE FROM VARIOUS NON-DEPARTMENTAL FUNDS	7,554	FUND GENERAL OPERATIONS	WITHIN YEAR
	$98,860		

There were no interfund balances as of September 30, 2018.
There were no advances at September 30, 2018.

The transfers for the year ended September 30, 2018 are as follows:

	TRANSFER IN					
TRANSFER OUT	GENERAL FUND	ROAD AND BRIDGE FUND	JAIL AND DETENTION FACILITY FUNDS	CDBG GRANTS FUNDS	OTHER GOVERN-MENTAL FUNDS	TOTAL
GENERAL FUND		$977	$2,282	$40,465	$138,027	$181,751
INVESTMENT FUND	529,000					529,000
JAIL AND DETENTION FACILITY FUNDS	450,000					450,000
CDBG GRANTS						0
OTHER GOVERNMENTAL FUNDS	(23,554)	80,000		10,304	74,054	140,804
TOTALS	$955,446	$80,977	$2,282	$50,769	$212,081	$1,301,555

The above transfers are considered to be non-recurring. The transfers into the General Fund, the Road and Bridge Fund, and the Jail Detention Facility fund are for daily operations. The transfer into the CDBG Grant Funds is for the administration of the grants.

E. Long-Term Debt

The government had no long-term debt during the audit year and at September 30, 2018 except for the following:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated Absences	$51,988	$60,186	$51,988	$60,186	$60,186	$0
Net Pension Liability	140,258		140,258	0		0
	$192,246	$60,186	$192,246	$60,186	$60,186	$0

F. Leases

Operating Leases:

The government leases equipment under noncancellable operating leases. Total costs for such leases were $15,007 for the year ended September 30, 2018. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	Amount
2019	$ 6,251
2020	3,926
2021	2,456
2022	2,204
Total	$14,837

Rent expenditures were $0 for the year ended September 30, 2018. Rental income was $3,000 for the year ended September 30, 2018.

V. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage and subrogation).

1. General Liability Insurance

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

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

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

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

2. Property and Casualty Insurance

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

3. Workers' Compensation Insurance

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

4. Group Health and Life Insurance

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

5. Unemployment Compensation Insurance

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

B. Related Party Transaction

The County had the following related party transaction during the year.

Commissioner Pct #3 owns D&D Hardware where the County occasionally purchases various items. The total amount of the purchases for the 2017-2018 year was $8,431.38. There were no amounts owed to the company by the County at year end nor did the Commissioner owe any amounts to the County at year end.

Commissioner Pct #4 owns PAPCO Air Conditioning whom the County occasionally uses. The total amount of the purchases for the 2017-2018 year was $11,701.00. There were no amounts owed to the company by the County at year end nor did the Commissioner owe any amounts to the County at year end.

County purchased a building from County Judge's niece on December 11, 2017 for $150,000.00

A former County Judge and Fire Chief owns TW Equipment LLC. The total amount of the purchases for the 2017-2018 year was $60,804.83. There were no amounts owed to the company by the County at year end nor did the former County Judge and Fire Chief owe any amounts to the County at year end.

C. Subsequent Events

On October 9, 2018, approval was given to purchase a Chevy Tahoe for the Sheriff's office in the amount of $36,055.69 with $21,900.00 being paid through the Jag Grant and the remainder of $14,155.69 being paid from the abandonment and forfeiture fund from Sheriff's Department. Approval to accept contract for Architectural Services from Davis Powell Architect for the Dental Clinic project with the total fee being $32,951.00 of which $26,951.00 will be paid from a Grant and the remaining $6,000.00 to be paid from Memorial Clinic Committee.

On December 10, 2018 approval of an invoice from Allison, Bass & Magee, L.L.P. for legal services for a suit filed by County Attorney Todd Durden vs. Commissioners Court and County Attorney Todd Durden vs. County Clerk Isela Ramon in the amount of $21,376.64. Approval of an intercom system for the Jail in the amount of $27,760.00 to be paid out of Building Maintenance.

D. Contingent Liabilities

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

There were no lawsuits against the County at September 30, 2018 through the audit report date which would be deemed material.

E. Other Post-employment Benefits

There are no post employment benefits.

F. Tax abatements

An agreement with EC&R SOUTHWEST, LLC (Wind Farm) to provide a 70% tax abatement for business Property and Improvements constructed, expanded, or acquired for a period of ten years provided the Improvements once constructed, shall constitute fixtures and shall remain in place and operational, to the extent commercially reasonable until at least twenty (20) years after the date the Certificate for such Improvements is provided by the Company. The incentive period began in the year ended September 30, 2010. The abatement amounted to $199,235 for the fiscal year ended September 30, 2018.

An agreement with a Solar Farm to provide a 70% tax abatement for business Property and Improvements constructed, expanded, or acquired for a period of ten years provided the Improvements once constructed, shall constitute fixtures and shall remain in place and operational, to the extent commercially reasonable until at least twenty (20) years after the date the Certificate for such Improvements is provided by the Company. The incentive period began in the year ended September 30, 2014. The abatement amounted to $86,584 for the fiscal year ended September 30, 2018.

H. Defined Benefit Pension Plans

Net Pension Liability/ (Asset)

Net Pension Liability / (Asset)	December 31, 2016	December 31, 2017
Total pension liability	$6,839,875	$7,223,662
Fiduciary net position	6,699,617	7,593,743
Net pension liability / (asset)	140,258	(370,082)
Fiduciary net position as a % of total pension liability	97.95%	105.12%
Pensionable covered payroll(1)	$2,231,472	$2,347,882
Net pension liability as a % of covered payroll	6.29%	(15.76%)

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

Discount Rate

Discount rate(2)	8.10%	8.10%
Long-term expected rate of return, net of investment expense(2)	8.10%	8.10%
Municipal bond rate(3)	Does not apply	Does not apply

Other Key Actuarial Assumptions

All 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.

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

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

	Beginning Date	Ending Date
Valuation date	December 31, 2016	December 31, 2017
Measurement date	December 31, 2016	December 31, 2017
Employer's fiscal year	October 1, 2017	September 30, 2018

Projection of Fiduciary Net Position

Calendar Year Ending'*	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses'" (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2018	$7,593,743	$343,219	$595,227	$7,594	$604,784	$7,938,926
2019	7,938,926	299,078	459,675	7,939	636,360	8,406,751
2020	8,406,751	274,433	490,936	8,407	672,015	8,853,856
2021	8,853,856	259,840	520,345	8,854	706,466	9,290,963
2022	9,290,963	247,702	541,385	9,291	740,536	9,728,526
2023	9,728,526	225,661	568,394	9,729	774,014	10,150,078
2024	10,150,078	209,340	605,440	10,150	806,024	10,549,852
2025	10,549,852	197,186	640,003	10,550	836,534	10,933,019
2026	10,933,019	186,805	670,667	10,933	865,925	11,304,149
2027	11,304,149	178,231	700,049	11,304	894,465	11,665,493
2037	14,520,488	103,012	1,008,664	14,520	1,139,618	14,739,933
2047	15,897,505	38,831	1,228,552	15,898	1,239,821	15,931,707
2057	15,530,076	8,878	1,256,059	15,530	1,207,792	15,475,157
2067	16,194,754	566	951,857	16,195	1,273,355	16,500,623
2077	23,026,239	0	536,001	23,026	1,842,926	24,310,137
2087	43,830,732	0	184,238	43,831	3,541,232	47,143,896
2097	93,009,844	0	23,093	93,010	7,529,187	100,422,929

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a)-(b)
Balances as of December 31, 2016	$6,839,875	$6,699,617	$140,258
Changes for the year:			
Service cost	299,322		299,322
Interest on total pension liability(1)	561,618		561,618
Effect of plan changes(2)	47,511		47,511
Effect of economic/demographic gains or losses	(154,495)		(154,495)
Effect of assumptions changes or inputs	49,290		49,290
Refund of contributions	(131,496)	(131,496)	0
Benefit payments	(287,963)	(287,963)	0
Administrative expenses		(5,050)	5,050
Member contributions		164,352	(164,352)
Net investment income		976,681	(976,681)
Employer contributions		178,675	(178,675)
Other(3)	0	(1,072)	1,072
Balances as of December 31, 2017	$7,223,662	$7,593,743	$(370,082)

Sensitivity Analysis

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

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	$8,089,960	$7,223,662	$6,490,227
Fiduciary net position	7,593,743	7,593,743	7,593,743
Net pension liability/ (asset)	$496,217	($370,082)	($1,103,516)

Pension Expense/ (Income)

Pension Expense/ (Income)	January 1, 2017 to December 31, 2017
Service cost	$299,322
Interest on total pension liability	561,618
Effect of plan changes	47,511
Administrative expenses	5,050
Member contributions	(164,352)
Expected investment return net of investment expenses	(539,391)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(136,806)
Recognition of assumption changes or inputs	31,966
Recognition of investment gains or losses	59,033
Other	1,072
Pension expense/ (income)	$165,023

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

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$268,346	$0
Changes of assumptions	0	56,611
Net difference between projected and actual earnings	65,741	0
Contributions made subsequent to measurement date	N/A	Employer determined

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

Year ended December 31:	
2018	$(45,807)
2019	(39,462)
2020	(104,749)
2021	(87,458)
2022	0
Thereafter(4	0

Schedule of Deferred Inflows and Outflows of Resources

	Expense/ (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2017	
	Original Amount (a)	**Date Established (b)**	Original Recognition Period (c)	Amount **Recognized** for 2017 (a)+ (c)	**Inflows**	Outflows
Investment (gains) or losses						
	$(437,290)	**12/31/2017**	**5.0**	**$(87,458)**	**$349,832**	$0
	45,054	**12/31/2016**	**5.0**	**9,011**	0	**27,032**
	597,894	**12/31/2015**	**5.0**	**119,579**	0	**239,158**
	89,506	**12/31/2014**	**5.0**	**17,901**	0	**17,901**
Economic/ demographic (gains) or losses						
	(154,495)	**12/31/2017**	**4.0**	**(38,624)**	**115,872**	0
	(217,168)	**12/31/2016**	**4.0**	**(54,292)**	**108,584**	0
	(147,672)	**12/31/2015**	**4.0**	**(36,918)**	**36,918**	0
	(34,863)	**12/31/2014**	**5.0**	**(6,973)**	**6,973**	0
Assumption changes or inputs						
	49,290	**12/31/2017**	**4.0**	**12,323**	0	**36,968**
	0	**12/31/2016**	**4.0**	0	0	0
	78,575	**12/31/2015**	**4.0**	**19,644**	0	**19,644**
	0	**12/31/2014**	**5.0**	0	0	0

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	$299,322	$302,229	$287,554	$313,069	NIA	NIA	NIA	NIA	NIA	NIA
Interest on total pension liability	561,618	529,112	495,671	451,004	NIA	NIA	NIA	NIA	NIA	NIA
Effect of plan changes	47,511	0	(42,716)	0	NIA	NIA	NIA	NIA	NIA	NIA
Effect of assumption changes or inputs	49,290	0	78,575	0	NIA	NIA	NIA	NIA	NIA	NIA
Effect of economic/demographic (gains) or losses	(154,495)	(217,168)	(147,672)	(34,863)	NIA	NIA	NIA	NIA	NIA	NIA
Benefit payments/refunds of contributions	(419 459)	(310 700)	1188 031}	(177 849)	NIA	NIA	NIA	NIA	NIA	NIA
Net change in total pension liability	383,786	303,473	483,381	551,361	NIA	NIA	NIA	NIA	NIA	NIA
Total pension liability, beginning	6 839 875	6 536 403	6 053 021	5 501 660	NIA	NIA	NIA	NIA	NIA	NIA
Total pension liability, ending (a)	S7 223 662	$6 839 875	S6 536 403	S6 053 021	NIA	NIA	NIA	NIA	NIA	NIA
Fiduciary Net Position										
Employer contributions	$178,675	S166,690	$166,307	$160,005	NIA	NIA	NIA	NIA	NIA	NIA
Member contributions	164,352	156,203	153,784	147,956	NIA	NIA	NIA	NIA	NIA	NIA
Investment income net of investment expenses	976,681	459,120	(87,435)	381,006	NIA	NIA	NIA	NIA	NIA	NIA
Benefit payments/refunds of contributions	(419,459)	(310,700)	(188,031)	(177,849)	NIA	NIA	NIA	NIA	NIA	NIA
Administrative expenses	(5,050)	(5,003)	(4,472)	(4,584)	NIA	NIA	NIA	NIA	NIA	NIA
Other	11 072)	24 462	130419)	*3,771*	NIA	NIA	NIA	NIA	NIA	NIA
Net change in fiduciary net position	894,126	490,771	9,734	510,304	NIA	NIA	NIA	NIA	NIA	NIA
Fiduciary net position, beginning	6 699 617	6 208 846	6199112	5 688 807	NIA	NIA	NIA	NIA	NIA	NIA
Fiduciary net position, ending (b)	$7 593 743	S6 699 617	$6 208 846	$6199112	NIA	NIA	NIA	NIA	NIA	NIA
Net pension liability/ (asset), ending= (a) - (b)		S14ll25ll	il2Z.55L		r.J/A	WA	A	WA	WA	WA
Fiduciary net position as a % of total pension liability	**105.12%**	**97.95%**	94.99%	**102.41%**	NIA	NIA	NIA	NIA	NIA	NIA
Pensionable covered payroll	$2,347,882	$2,231,472	$2,196,916	$2,113,659	NIA	NIA	NIA	NIA	NIA	NIA
Net pension liability/(asset) as % of covered payroll	-15.76%	**6.29%**	14.91%	-6.91%	NIA	NIA	NIA	NIA	NIA	NIA

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2008	$72,104	$72,104	0	$1,436,331	5.0%
2009	78,369	78,369	0	1,424,888	5.5%
2010	109,993	109,993	0	1,578,092	7.0%
2011	108,238	108,238	0	1,620,325	6.7%
2012	121,064	121,064	0	1,674,484	7.2%
2013	145,055	145,055	0	1,883,835	7.7%
2014	160,005	160,005	0	2,113,659	7.6%
2015	166,307	166,307	0	2,196,916	7.6%
2016	166,690	166,690	0	2,231,472	7.5%
2017	178,675	178,675	0	2,347,882	7.6%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	7.5 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

Appendix A- GASB 68 Plan Description for Kinney County

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

a. Kinney County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

b. A brief description of benefit terms:
   1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
   2) The plan provides retirement, disability and survivor benefits.
   3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
   4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
   5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.

c. Membership information is shown in the chart below.

d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Kinney County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2017 are shown in the Schedule of Employer Contributions.

e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec. 31, 2016	Dec. 31,2017
Number of inactive employees entitled to but not yet receiving benefits:	50	51
Number of active employees:	72	77
Average monthly salary*:	$2,465	$2,618
Average age*:	47.04	46.83
Average length of service in years*:	8.13	7.77

Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	31	**34**
Average monthly benefit:	$696	**$754**

**Averages reported for active employees.*

Appendix B-Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASS analysis were the same as those used in the December 31, 2017 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Kinney County December 31, 2017 Summary Valuation Report for further details.

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

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal(1)
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C
Salary Increases	Same as funding valuation: See Appendix C
Investment Rate of Return	8.10% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Kinney County are not considered to be substantively automatic under GASS 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASS calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation: See Appendix C
Turnover	Same as funding valuation: See Appendix C
Mortality	Same as funding valuation: See Appendix C

<1> *Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.*

Appendix C-Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2016 financial reporting metrics are the same as those used in the December 31, 2017 actuarial valuation analysis for Kinney County.

The following is a description of the assumptions used in the December 31, 2017 actuarial valuation analysis for Kinney County. This information may also be found in the Kinney County December 31, 2017 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

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

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

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

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	**3.25%**

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

Appendix D-Contributions Made Subsequent to Measurement Date

GASB Statement No. 71 ("GASB 71"), *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,* requires employer contributions made between the measurement date, which is the date used to determine an employer's net pension liability ("NPL"), and the employer's fiscal year end be reported as a deferred outflow of resources ("DOoR"). The statement "requires a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability."

Texas County & District Retirement System
Funding Policy

Effective as of the Dec. 31, 2014 valuation

Introduction

The funding policy governs how the Texas County & District Retirement 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.

This policy documents the current funding policies in effect for the Dec. 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.

- 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 by 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 to 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: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions.

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.

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.

For newly participating districts that have five or fewer employees who are all within five years of retirement eligibility, any initial UAAL and any subsequent adoption of prior service credits are amortized over a five-year closed amortization period. This ensures that benefits are appropriately funded over the current generation of employees.

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.

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.

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 increase.

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-wide 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.

Review* of *actuarial assumptions

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 recommendations for accuracy, appropriateness and reasonableness. These audits alternate between a peer review and a 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.

Review of employer contribution rates

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.

Review and modification of funding policy

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.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	$299,322	$302,229	$287,554	$313,069	NIA	NIA	NIA	NIA	NIA	NIA
Interest on total pension liability	561,618	529,112	495,671	451,004	NIA	NIA	NIA	NIA	NIA	NIA
Effect of plan changes	47,511	0	(42,716)	0	NIA	NIA	NIA	NIA	NIA	NIA
Effect of assumption changes or inputs	49,290	0	78,575	0	NIA	NIA	NIA	NIA	NIA	NIA
Effect of economic/demographic (gains) or losses	(154,495)	(217,168)	(147,672)	(34,863)	NIA	NIA	NIA	NIA	NIA	NIA
Benefit payments/refunds of contributions	(419 459)	(310 700)	1188 031}	(177 849)	NIA	NIA	NIA	NIA	NIA	NIA
Net change in total pension liability	383,786	303,473	483,381	551,361	NIA	NIA	NIA	NIA	NIA	NIA
Total pension liability, beginning	6 839 875	6 536 403	6 053 021	5 501 660	NIA	NIA	NIA	NIA	NIA	NIA
Total pension liability, ending (a)	S7 223 662	$6 839 875	S6 536 403	S6 053 021	NIA	NIA	NIA	NIA	NIA	NIA
Fiduciary Net Position										
Employer contributions	$178,675	S166,690	$166,307	$160,005	NIA	NIA	NIA	NIA	NIA	NIA
Member contributions	164,352	156,203	153,784	147,956	NIA	NIA	NIA	NIA	NIA	NIA
Investment income net of investment expenses	976,681	459,120	(87,435)	381,006	NIA	NIA	NIA	NIA	NIA	NIA
Benefit payments/refunds of contributions	(419,459)	(310,700)	(188,031)	(177,849)	NIA	NIA	NIA	NIA	NIA	NIA
Administrative expenses	(5,050)	(5,003)	(4,472)	(4,584)	NIA	NIA	NIA	NIA	NIA	NIA
Other	11 072)	24 462	130419)	3,771	NIA	NIA	NIA	NIA	NIA	NIA
Net change in fiduciary net position	894,126	490,771	9,734	510,304	NIA	NIA	NIA	NIA	NIA	NIA
Fiduciary net position, beginning	6 699 617	6 208 846	6199112	5 688 807	NIA	NIA	NIA	NIA	NIA	NIA
Fiduciary net position, ending (b)	$7 593 743	S6 699 617	$6 208 846	$6199112	NIA	NIA	NIA	NIA	NIA	NIA
Net pension liability/ (asset), ending= (a) - (b)		$140,258	$327,557		N/A	WA	A	WA	WA	WA
Fiduciary net position as a % of total pension liability	**105.12%**	**97.95%**	94.99%	**102.41%**	NIA	NIA	NIA	NIA	NIA	NIA
Pensionable covered payroll	$2,347,882	$2,231,472	$2,196,916	$2,113,659	NIA	NIA	NIA	NIA	NIA	NIA
Net pension liability/(asset) as % of covered payroll	-15.76%	**6.29%**	14.91%	-6.91%	NIA	NIA	NIA	NIA	NIA	NIA

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2008	$72,104	$72,104	0	$1,436,331	5.0%
2009	78,369	78,369	0	1,424,888	5.5%
2010	109,993	109,993	0	1,578,092	7.0%
2011	108,238	108,238	0	1,620,325	6.7%
2012	121,064	121,064	0	1,674,484	7.2%
2013	145,055	145,055	0	1,883,835	7.7%
2014	160,005	160,005	0	2,113,659	7.6%
2015	166,307	166,307	0	2,196,916	7.6%
2016	166,690	166,690	0	2,231,472	7.5%
2017	178,675	178,675	0	2,347,882	7.6%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	7.5 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

Appendix B-Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2017 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Kinney County December 31, 2017 Summary Valuation Report for further details.

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

	SPECIAL REVENUE																			
	BEQUEATHS/ DONATIONS ELMS AND TREES	BORDER STAR JAG	CCP RECORD MANAGEMENT	CHAPTER 203 RMP - CLERK	CHAPTER 203 RMP - VAR.	CIVIL COURT FEES	COMMUNITY DEVELOP- MENT	CONGRESS- IONAL LINEBACKER	CONTINUING EDUCATION JUDGE	CONTINUING EDUCATION CONSTABLE	COUNTY AND DISTRICT COURT TECH	COUNTY DETENTION CENTER	COURTHOUSE SECURITY	DISTRICT CLERK - RM&P	DISTRICT COURT CIVIL	ELDERLY NUTRITION	ELECTION	FAMILY PROTECTION	FIRE RESCUE DONATIONS	FM & LATERAL ROAD FUND
ASSETS																				
Cash and Cash Equivalents			$814	$5,302	$2,399	$3,320	$53,386	$0	$150		$3,668	$197	$81,070	$1,417	$55	$4,235	$2,790	$300	$0	$119,909
Receivables (net of allowance for uncollectibles)								179												4,157
Due to Other Funds																				
Prepaid Items																686				
	$0	$0	$814	$5,302	$2,399	$3,320	$53,386	$179	$150	$0	$3,668	$197	$81,070	$1,417	$55	$4,921	$2,790	$300	$0	$124,066
LIABILITIES AND FUND BALANCES																				
Liabilities																				
Accounts Payable		$514										$20,260				$834				
Bank Overdraft																				
Accrued Wages																				
Due to Other Funds		67,013						164												
Total Liabilities	0	67,527	0	0	0	0	0	164	0	0	0	20,260	0	0	0	834	0	0	0	0
DEFERRED INFLOWS OF RESOURCES																				
Unavailable Revenue-Property Taxes																				4,157
Total deferred inflows of resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,157
Fund Balances:																				
Non-Spendable																				
Prepaid Items																686				
Restricted																				
Administration - County					2,399	3,320	53,386		150								2,790			
Administration - County Clerk			814	5,302																
Archives																				
Health and Welfare																3,401				
Judicial											3,668			1,417	55					
Legal																				
Public Safety								15					81,070					300	0	
Public Transportation																				119,909
Committed																				
Administration - County																				
Culture and Recreation																				
Unassigned		(67,527)										(20,063)								
Total Fund Balances	0	(67,527)	814	5,302	2,399	3,320	53,386	15	150	0	3,668	(20,063)	81,070	1,417	55	4,087	2,790	300	0	119,909
TOTAL LIABILITIES AND FUND BALANCES	$0	$0	$814	$5,302	$2,399	$3,320	$53,386	$179	$150	$0	$3,668	$197	$81,070	$1,417	$55	$4,921	$2,790	$300	$0	$124,066
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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

SPECIAL REVENUE

HEALTHY COUNTY	HOT CHECK	INDIGENT HEALTH CARE	JAG NO. 2532502	JAG NO. 2532506	JAG NO. 2532507	JP TECH-NOLOGY FUND	KINNEY COUNTY HISTORICAL COMMISSION - CONTRIBUTIONS	KSCO PLAIN MKTING GRANT	LATERAL ROAD FUND	LAW LIBRARY	LBSP FUND	PRE-TRIAL DIVERSION	RECORD ARCHIVE FEE	RECORD MANAGEMENT AND PRES-ERVATION	RM&P VARIOUS COUNTY OFFICES	SHERIFF CONTIN-UING EDUCATION	STRAC EMS GRANT	UNCLAIMED FUNDS	OPERA-TION STONE GARDEN	STONE GARDEN GRANT 2013	STONE GARDEN GRANT 2014	KINNEY STONE GARDEN 2015	KINNEY STONE GARDEN 2017	VITAL STATISTICS PRES-ERVATION	TOTAL NON-MAJOR GOVERN-MENTAL FUNDS
$1,027	$2	$889	$0	$0	$0	$56,435	$3,137	$3,961	$27,473	$4,348		$62,758	$22,827	$10,153	$1,275	$5,149	$0	$7,091	$0			$0	$0	$346	$485,883
																					3,214				7,550
											7,554														7,554
																									686
$1,027	$2	$889	$0	$0	$0	$56,435	$3,137	$3,961	$27,473	$4,348	$7,554	$62,758	$22,827	$10,153	$1,275	$5,149	$0	$7,091	$0	$0	$3,214	$0	$0	$346	$501,673
		$25,020				$213											$0		$375	$4,366			$12,547		$64,129
					3,132																		16,374		19,506
																									0
																			31,683						98,860
0	0	25,020	0	0	3,132	213	0	0	0	0	0	0	0	0	0	0	0	0	32,058	4,366	0	0	28,921	0	182,495
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,157
																									686
														10,153	1,275										73,473
																								346	6,462
													22,827												22,827
1,027																									4,428
						56,222																			61,362
	2									4,348															4,350
								3,961			7,554	62,758				5,149					3,214				164,021
									27,473																147,382
																		7,091							7,091
							3,137																		3,137
		(24,131)			(3,132)														(32,058)	(4,366)			(28,921)		(180,198)
1,027	2	(24,131)	0	0	(3,132)	56,222	3,137	3,961	27,473	4,348	7,554	62,758	22,827	10,153	1,275	5,149	0	7,091	(32,058)	(4,366)	3,214	0	(28,921)	346	315,021
$1,027	$2	$889	$0	$0	$0	$56,435	$3,137	$3,961	$27,473	$4,348	$7,554	$62,758	$22,827	$10,153	$1,275	$5,149	$0	$7,091	$0	$0	$3,214	$0	$0	$346	$501,673
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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

SPECIAL REVENUE

	BEQUEATHS/ DONATIONS ELMS AND TREES	BORDER STAR JAG	CCP RECORD MANAGEMENT	CHAPTER 203 RMP - CLERK	CHAPTER 203 RMP - VAR.	CIVIL COURT FEES	COMMUNITY DEVELOP-MENT	CONGRESS-IONAL LINEBACKER	CONTINUING EDUCATION JUDGE	CONTINUING EDUCATION CONSTABLE	COUNTY AND DISTRICT COURT TECH	COUNTY DETENTION CENTER	COURTHOUSE SECURITY	DISTRICT CLERK - RM&P	DISTRICT COURT CIVIL	ELDERLY NUTRITION	ELECTION	FAMILY PROTECTION	FIRE RESCUE DONATIONS	FM & LATERAL ROAD FUND
REVENUES																				
Taxes																				
Property																				$93,131
Intergovernmental																62,841				
Charges for Services			125	309	81	415	3,078		70	678	438	81,364	8,438	210						
Interest							687						1,066							1,840
Miscellaneous																19,406			2,500	
Total Revenues	$0	$0	$125	$309	$81	$415	$3,765	$0	$70	$678	$438	$81,364	$9,504	$210	$0	$82,247	$0	$0	$2,500	$94,971
EXPENDITURES																				
Current:																				
General Administration							3,500													
Judicial																				
Public Safety										2,471		101,624	4,502						82,285	
Public Transportation																				
Culture and Recreation																				
Health and Welfare																180,068				
Capital Projects -																				
Capital Outlay and Other																				
Total Expenditures	0	0	0	0	0	0	3,500	0	0	2,471	0	101,624	4,502	0	0	180,068	0	0	82,285	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	125	309	81	415	265	0	70	(1,793)	438	(20,260)	5,002	210	0	(97,821)	0	0	(79,785)	94,971
OTHER FINANCING SOURCES (USES):																				
Transfers In							50,541									96,000			7,027	
Transfers Out	(50,500)																		(10,304)	(80,000)
Total Other Financing Sources (Uses)	(50,500)	0	0	0	0	0	50,541	0	0	0	0	0	0	0	0	96,000	0	0	(3,277)	(80,000)
Net Changes in Fund Balances	(50,500)	0	125	309	81	415	50,806	0	70	(1,793)	438	(20,260)	5,002	210	0	(1,821)	0	0	(83,062)	14,971
Fund Balances - Beginning	50,500	(67,527)	689	4,993	2,318	2,905	2,580	15	80	1,793	3,230	197	76,068	1,207	55	5,908	2,790	300	83,062	104,938
Fund Balances - Ending	$0	($67,527)	$814	$5,302	$2,399	$3,320	$53,386	$15	$150	$0	$3,668	($20,063)	$81,070	$1,417	$55	$4,087	$2,790	$300	$0	$119,909

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

	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

SPECIAL REVENUE																									
HEALTHY COUNTY	HOT CHECK	INDIGENT HEALTH CARE	JAG NO. 2532502	JAG NO. 2532506	JAG NO. 2532507	JP TECH-NOLOGY FUND	KINNEY COUNTY HISTORICAL COMMISSION - CONTRIBUTIONS	KSCO PLAIN MKTING GRANT	LATERAL ROAD FUND	LAW LIBRARY	LBSP FUND	PRE-TRIAL DIVERSION	RECORD ARCHIVE FEE	RECORD MANAGEMENT AND PRES-ERVATION	RM&P VARIOUS COUNTY OFFICES	SHERIFF CONTIN-UING EDUCATION	STRAC EMS GRANT	UNCLAIMED FUNDS	OPERA-TION STONE GARDEN	STONE GARDEN GRANT 2013	STONE GARDEN GRANT 2014	KINNEY STONE GARDEN 2015	KINNEY STONE GARDEN 2017	VITAL STATISTICS PRES-ERVATION	TOTAL NON-MAJOR GOVERN-MENTAL FUNDS
																									$93,131
			7,500		23,005			4,934	2,483								14,387								115,150
						7,102				1,225		14,440	17,776	9,810	210	2,077								50	147,896
		28				699			205			682													5,207
																									21,906
$0	$0	$28	$7,500	$0	$23,005	$7,801	$0	$4,934	$2,688	$1,225	$0	$15,122	$17,776	$9,810	$210	$2,077	$14,387	$0	$0	$0	$0	$0	$0	$50	383,290
													4,250	7,523											15,273
						6,073				312															6,385
			7,500		26,137			973				7,155				476	14,387					43	28,921		276,474
																									0
							50																		50
68		65,934																							246,070
																									0
68	0	65,934	7,500	0	26,137	6,073	50	973	0	312	0	7,155	4,250	7,523	0	476	14,387	0	0	0	0	43	28,921	0	544,252
(68)	0	(65,906)	0	0	(3,132)	1,728	(50)	3,961	2,688	913	0	7,967	13,526	2,287	210	1,601	0	0	0	0	0	(43)	(28,921)	50	(160,962)
		35,000		2,746																		20,767			212,081
																									(140,804)
0	0	35,000	0	2,746	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20,767	0	0	71,277
(68)	0	(30,906)	0	2,746	(3,132)	1,728	(50)	3,961	2,688	913	0	7,967	13,526	2,287	210	1,601	0	0	0	0	0	20,724	(28,921)	50	(89,685)
1,095	2	6,775		(2,746)	0	54,494	3,187		24,785	3,435	7,554	54,791	9,301	7,866	1,065	3,548	0	7,091	(32,058)	(4,366)	3,214	(20,724)	0	296	404,706
$1,027	$2	($24,131)	$0	$0	($3,132)	$56,222	$3,137	$3,961	$27,473	$4,348	$7,554	$62,758	$22,827	$10,153	$1,275	$5,149	$0	$7,091	($32,058)	($4,366)	$3,214	$0	($28,921)	$346	$315,021
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

KINNEY COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	COURT COSTS	PAYROLL	COUNTY DETENTION CENTER	OLD SHERIFF FORFEITURE FUND	COUNTY OFFICER ACCOUNTS	TOTAL
ASSETS						
Cash and Cash Equivalents	$159,595	$46,235	$0	$46,250	$168,059	$420,139
Receivables	0	0	0	0	0	0
Total Assets	$159,595	$46,235	$0	$46,250	$168,059	$420,139
LIABILITIES:						
Accounts Payable	59,619	0	0	0	0	$59,619
Due to Others	99,976	46,235	0	46,250	168,059	360,520
Total Liabilities	$159,595	$46,235	$0	$46,250	$168,059	$420,139

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

COURT COSTS	BALANCE 10/1/2017	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2018
ASSETS				
Cash and Cash Equivalents	$166,677	$248,770	$255,852	$159,595
Receivables	0			0
Total Assets	$166,677	$248,770	$255,852	$159,595
LIABILITIES:				
Accounts Payable	$15,850	$59,619	$15,850	$59,619
Due to Others	150,827	189,151	240,002	99,976
Total Liabilities	$166,677	$248,770	$255,852	$159,595

PAYROLL	BALANCE 10/1/2017	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2018
ASSETS				
Cash and Cash Equivalents	$52,309		$6,074	$46,235
Receivables	0			0
Total Assets	$52,309	$0	$6,074	$46,235
LIABILITIES:				
Accounts Payable	$0			$0
Due to Others	52,309	0	6,074	46,235
Total Liabilities	$52,309	$0	$6,074	$46,235

COUNTY DETENTION CENTER	BALANCE 10/1/2017	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2018
ASSETS				
Cash and Cash Equivalents	$0	$8,826,529	$8,826,529	$0
Total Assets	$0	$8,826,529	$8,826,529	$0
LIABILITIES:				
Accounts Payable	$0			$0
Due to Others	0	8,826,529	8,826,529	0
Total Liabilities	$0	$8,826,529	$8,826,529	$0

OLD SHERIFF FORFEITURE FUND	BALANCE 10/1/2017	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2018
ASSETS				
Cash and Cash Equivalents	$40,965	$18,555	$13,270	$46,250
Total Assets	$40,965	$18,555	$13,270	$46,250
LIABILITIES:				
Accounts Payable	$62			$62
Due to Others	40,903	18,555	13,270	46,188
Total Liabilities	$40,965	$18,555	$13,270	$46,250

COUNTY OFFICER ACCOUNTS	BALANCE 10/1/2017	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2018
ASSETS				
Cash and Cash Equivalents	$160,336	$7,723		$168,059
Total Assets	$160,336	$7,723	$0	$168,059
LIABILITIES:				
Accounts Payable	$0			$0
Due to Others	160,336	7,723	0	168,059
Total Liabilities	$160,336	$7,723	$0	$168,059

TOTAL	BALANCE 10/1/2017	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2018
ASSETS				
Cash and Cash Equivalents	$420,287	$9,101,577	$9,101,725	$420,139
Receivables	0	0	0	0
Total Assets	$420,287	$9,101,577	$9,101,725	$420,139
LIABILITIES:				
Accounts Payable	$15,850	$59,619	$15,850	$59,619
Due to Others	404,437	9,041,958	9,085,875	360,520
Total Liabilities	$420,287	$9,101,577	$9,101,725	$420,139