

KARNES COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

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CPAs | ADVISORS

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KARNES COUNTY, TEXAS

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Commissioner's Court
Karnes County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the major fund budget to actual statements of Karnes County, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Karnes County, Texas' 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.

Auditors' 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, the aggregate remaining fund information, and major fund budget to actual statements of Karnes County, Texas, as of September 30, 2019, and the respective changes in financial position 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, required Texas County and District Retirement System (TCDRS) pension schedules, and the required other postemployment benefits (OPEB) statement 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 Karnes County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and nonmajor fund budget to actual schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

ABIP, PC

San Antonio, Texas
June 9, 2020

KARNES COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2019

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Karnes County, Texas exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$86,026,406 (net position). Of this amount, \$43,380,519 (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 \$5,823,931. This increase is attributable to an increase in property taxes, sales taxes, investment earnings, and permits issued for use of right of way easements in the road and bridge fund.
- As of the close of the current fiscal year, Karnes County, Texas' governmental funds reported combined ending fund balances of \$51,638,746, an increase of \$2,205,149 in comparison with the prior year. Approximately 57% of this total amount, \$29,582,791, 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 \$29,582,791 or 186 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of Karnes County, Texas' assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 Karnes County, Texas is improving or deteriorating.

The statement of activities presents information showing how the County'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).

Government-wide financial statements of Karnes County, Texas include general administration, public safety, public transportation, health and welfare, public facilities, legal, judicial, financial administration, conservation, and culture and recreation.

The government-wide financial statements include only Karnes County, Texas itself (known as the primary government). The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Karnes 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 Karnes County, Texas are governmental 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 funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Karnes County, Texas maintains twenty-five (25) 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 balance for the general fund and the road and bridge funds which are considered to be major funds. Data from the other twenty-three (23) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Budgets for all budgeted general, debt service, and special revenue funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2019 fiscal year were adopted for the general fund, the road and bridge funds, the county and district clerk fund, the general records management fund, the jury fund, the county library fund, the courthouse maintenance fund, the courthouse security fund, the emergency management fund, the justice of the peace court fees fund, the emergency services district/rural fire fund, the KCGF fund, the interest and sinking fund, the sheriff's contribution fund, the law library fund, the court reporter fund, the contract election fund, and the EMS donation fund.

The basic governmental fund financial statements can be found on pages 13-22 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-45 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Karnes County, Texas' net pension liability and total other postemployment benefit liability to its employees. Required supplementary information can be found on pages 49-52 of this report.

The combining statements referred to earlier in connection with major road and bridge funds, agency funds, and nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 56-66 of this report. The budget comparison schedules in connection with the nonmajor governmental funds can be found on pages 69-84 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 Karnes County, Texas, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$86,026,406 as of September 30, 2019.

Forty (40%) percent of Karnes County, Texas' net position reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment). Karnes County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

STATEMENT OF NET POSITION

	GOVERNMENTAL ACTIVITIES	
	2019	2018
Current and other assets	\$ 55,176,599	\$ 55,812,035
Capital assets	<u>34,558,186</u>	<u>34,447,516</u>
Total assets	<u>89,734,785</u>	<u>90,259,551</u>
Deferred outflow of resources - pension	<u>1,906,331</u>	<u>778,720</u>
Long-term liabilities	2,858,535	4,472,548
Other liabilities	<u>2,347,692</u>	<u>5,674,091</u>
Total liabilities	<u>5,206,227</u>	<u>10,146,639</u>
Deferred inflow of resources - pension	<u>408,483</u>	<u>689,157</u>
Net position		
Net investment in capital assets	34,558,186	30,129,982
Restricted	8,087,701	7,033,792
Unrestricted	<u>43,380,519</u>	<u>43,038,701</u>
Total net position	<u>\$ 86,026,406</u>	<u>\$ 80,202,475</u>

An additional portion of Karnes County, Texas' net position (\$8,087,701 or 9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$43,380,519) may be used to meet the government's ongoing obligations to citizens and creditors.

STATEMENT OF ACTIVITIES

	GOVERNMENTAL ACTIVITIES	
	2019	2018
REVENUES		
Program revenues		
Charges for services	\$ 5,933,000	\$ 4,070,198
Operating grants and contributions	61,645	402,072
Capital grants and contributions	-	-
General revenues		
Property taxes	18,616,687	18,119,500
Sales tax	6,088,188	5,608,186
Sales tax refund	(918,109)	(3,121,915)
Unrestricted investment earnings	1,340,482	747,400
Gain (loss) on sale of assets	(12,932)	(52,684)
Royalties	578,114	1,010,087
Miscellaneous	910,398	380,506
Total revenues	32,597,473	27,163,350.00
EXPENSES		
General administration	2,779,173	3,252,379
Legal	382,738	398,743
Judicial	1,557,465	1,555,227
Financial administration	803,249	745,305
Public facilities	319,136	260,262
Public safety	7,398,036	6,867,662
Public transportation	12,750,457	9,541,435
Culture and recreation	529,353	458,124
Health and welfare	79,431	89,689
Conservation - agriculture	174,504	146,458
Total expenses	26,773,542	23,315,284
Change in net position	5,823,931	3,848,066
NET POSITION AT OCTOBER 1,	80,202,475	76,499,401
RESTATEMENT OF BEGINNING NET POSITION	-	(144,992)
NET POSITION AT SEPTEMBER 30,	\$ 86,026,406	\$ 80,202,475

The increase in net position for 2019 was \$5,823,931, and was \$1,975,865 more than the prior year increase in net position of \$3,848,066. This increase of the change in net position from 2018 to 2019 was mainly attributable to an increase in property and sales taxes, investment earnings, and permits issued for use of right of way easements in the road and bridge fund.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

	<u>REVENUES</u>	<u>%</u>
Charges for services	\$ 5,933,000	17.65
Operating grants and contributions	61,645	0.18
Property taxes	18,616,687	55.56
Sales tax	6,088,188	18.16
Unrestricted investment earnings	1,340,482	4.00
Royalties	578,114	1.73
Miscellaneous	<u>910,398</u>	<u>2.72</u>
 Total revenues	 <u>\$ 33,528,514</u>	 <u>100.00%</u>

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

Governmental funds

The focus of Karnes County, Texas' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Karnes County, Texas' 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, Karnes County, Texas' governmental funds reported combined ending fund balances of \$51,638,746, an increase of \$2,205,149 in comparison with the prior year. Approximately 57 percent of this total amount, \$29,582,791, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining amount of \$22,055,955 is to be used for special revenue funds and prepaid expenses.

The general fund is the chief operating fund of Karnes County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$29,582,791. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

The fund balance of Karnes County, Texas' general fund decreased by \$3,277,832 during the current fiscal year. General fund revenues exceeded expenditures by \$1,324,480, however a refund of sales tax to the State of Texas of \$918,109 and a transfer of \$3,684,203 to the courthouse maintenance fund resulted in the change of fund balance of (\$3,277,832).

The fund balance of Karnes County, Texas' road and bridge fund increased by \$1,201,096 during the current fiscal year.

Budgetary highlights

The amended budgeted expenditures in the general fund were \$18,916,992 and actual expenditures were \$3,050,248 less than budget; the largest savings was in the sheriff's department budget.

The road and bridge fund expended \$2,250,723 less than budgeted expenditures. This was caused by spending less on road maintenance and construction than what was budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

Karnes County, Texas’ investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$34,558,186 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, and infrastructure items such as roads and bridges. The total increase in Karnes County, Texas’ investment in capital assets for the current fiscal year was .32 percent.

The major capital asset events during the current fiscal year were the completion of the new jail and the purchase of vehicles and other equipment.

CAPITAL ASSETS
(Net of Depreciation)

	GOVERNMENTAL ACTIVITIES	
	<u>2019</u>	<u>2018</u>
Land	\$ 175,432	\$ 175,432
Construction in progress	15,383	10,739,655
Building and improvements	28,503,519	18,168,209
Machinery, vehicles, and equipment	2,426,015	1,851,523
Infrastructure	<u>3,437,837</u>	<u>3,512,697</u>
 Totals	 <u>\$ 34,558,186</u>	 <u>\$ 34,447,516</u>

Additional information on Karnes County, Texas’ capital assets can be found in note 3 on page 35 of this report.

Long-term debt

At the end of the current fiscal year, Karnes County, Texas had total bonded debt outstanding of \$-0-.

	<u>BALANCE</u> <u>10/1/2018</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>9/30/2019</u>
Governmental activities				
Total bonds payable	<u>\$ 4,317,534</u>	<u>\$ -</u>	<u>\$ (4,317,534)</u>	<u>\$ -</u>

Karnes County, Texas’ total bonded debt was paid off during the current fiscal year.

Additional information on Karnes County, Texas’ long-term debt can be found in note 3 on page 36 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact the Karnes County Auditor's Office, 200 East Calvert, Karnes City, Texas 78118, or (830) 780-2721.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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KARNES COUNTY, TEXAS
STATEMENT OF NET POSITION

September 30, 2019

	<u>PRIMARY</u> <u>GOVERNMENTAL</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 53,414,790
Receivables - net of allowance for uncollectibles	1,689,029
Prepaid expenses	72,780
Capital assets not being depreciated	
Land	175,432
Construction in progress	15,383
Total capital assets being depreciated - net	
Building and improvements	28,503,519
Machinery and equipment	2,426,015
Infrastructure	<u>3,437,837</u>
Total assets	<u>89,734,785</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	<u>1,906,331</u>
Total assets and deferred outflows of resources	<u>\$ 91,641,116</u>
LIABILITIES AND NET POSITION	
Current liabilities	
Accounts payable	\$ 1,925,459
Accrued wages	348,279
Noncurrent liabilities	
Due within one year	73,954
Due in more than one year	73,953
OPEB liability	162,397
Net pension liability	<u>2,622,185</u>
Total liabilities	<u>5,206,227</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension charges	<u>408,483</u>
NET POSITION	
Net investment in capital assets	34,558,186
Restricted for special revenues	8,067,349
Restricted for law enforcement	20,352
Unrestricted	<u>43,380,519</u>
Total net position	<u>86,026,406</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 91,641,116</u>

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary government					
Governmental activities					
General administration	\$ 2,779,173	\$ 500,133	\$ -	\$ -	\$ (2,279,040)
Legal	382,738	9,436	-	-	(373,302)
Judicial	1,557,465	889,798	-	-	(667,667)
Financial administration	803,249	755,366	-	-	(47,883)
Public facilities	319,136	17,059	-	-	(302,077)
Public safety	7,398,036	848,916	42,405	-	(6,506,715)
Public transportation	12,750,457	2,912,292	19,240	-	(9,818,925)
Culture and recreation	529,353	-	-	-	(529,353)
Health and welfare	79,431	-	-	-	(79,431)
Conservation - agriculture	174,504	-	-	-	(174,504)
Total primary government	<u>\$ 26,773,542</u>	<u>\$ 5,933,000</u>	<u>\$ 61,645</u>	<u>\$ -</u>	<u>(20,778,897)</u>
General revenues					
Taxes:					
Property taxes, levies for general purposes					18,616,687
Sales tax					6,088,188
Sales tax refund					(918,109)
Unrestricted investment earnings					1,340,482
Gain (loss) on sale of assets					(12,932)
Royalties					578,114
Miscellaneous					910,398
Total general revenues					<u>26,602,828</u>
Change in net position					5,823,931
NET POSITION - BEGINNING					<u>80,202,475</u>
NET POSITION - ENDING					<u>\$ 86,026,406</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

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KARNES COUNTY, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2019

	GENERAL FUND	ROAD AND BRIDGE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 29,814,867	\$ 16,946,766	\$ 6,653,157	\$ 53,414,790
Receivables - net of allowance for uncollectibles	762,387	124,723	46,594	933,704
Other receivables	409,356	-	-	409,356
Due from others	5,093	8,894	1,571	15,558
Prepaid expenses	<u>59,175</u>	<u>13,605</u>	<u>-</u>	<u>72,780</u>
 Total assets	 <u>\$ 31,050,878</u>	 <u>\$ 17,093,988</u>	 <u>\$ 6,701,322</u>	 <u>\$ 54,846,188</u>
LIABILITIES				
Accounts payable	358,312	1,403,516	163,631	1,925,459
Accrued wages	<u>267,861</u>	<u>60,387</u>	<u>20,031</u>	<u>348,279</u>
Total liabilities	<u>626,173</u>	<u>1,463,903</u>	<u>183,662</u>	<u>2,273,738</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - taxes	<u>762,387</u>	<u>124,723</u>	<u>46,594</u>	<u>933,704</u>
FUND BALANCES				
Nonspendable				
Prepays	59,175	13,605	-	72,780
Restricted				
Special revenue funds	-	6,305,258	1,762,091	8,067,349
Law enforcement	20,352	-	-	20,352
Committed				
Special revenue funds	-	9,186,499	4,708,975	13,895,474
Unassigned	<u>29,582,791</u>	<u>-</u>	<u>-</u>	<u>29,582,791</u>
Total fund balances	<u>29,662,318</u>	<u>15,505,362</u>	<u>6,471,066</u>	<u>51,638,746</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 31,050,878</u>	 <u>\$ 17,093,988</u>	 <u>\$ 6,701,322</u>	 <u>\$ 54,846,188</u>

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

**RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION**

September 30, 2019

Total fund balances - governmental funds		\$	51,638,746
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not reported in the funds.			34,558,186
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.			330,411
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles in the amount of \$91,559).			933,704
Recognition of the County's net pension liability and the changes in deferred outflows of resources related to the TCDRS liability is not reported in the funds.			
Net pension liability	\$	(2,622,185)	
Deferred inflows of resources - pension		(408,483)	
Deferred outflows of resources - pension		<u>1,906,331</u>	(1,124,337)
Recognition of the County's OPEB liability related to the TCDRS liability is not reported in the funds.			(162,397)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.			
Compensated absences			<u>(147,907)</u>
Net position of governmental activities		\$	<u><u>86,026,406</u></u>

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended September 30, 2019

	GENERAL FUND	ROAD AND BRIDGE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes				
Property	\$ 6,268,422	\$ 10,842,740	\$ 1,856,921	\$ 18,968,083
Sales	6,088,188	-	-	6,088,188
Intergovernmental	121,983	19,240	16,200	157,423
Donations	-	-	26,205	26,205
Licenses and permits	41,923	682,852	-	724,775
Charges for services	2,112,724	-	49,305	2,162,029
Charges for fees	-	-	150,423	150,423
Fines and forfeitures	544,977	-	-	544,977
Interest	648,742	424,547	96,497	1,169,786
Royalties	578,114	-	-	578,114
Miscellaneous	<u>786,151</u>	<u>2,321,632</u>	<u>32,055</u>	<u>3,139,838</u>
Total revenues	<u>17,191,224</u>	<u>14,291,011</u>	<u>2,227,606</u>	<u>33,709,841</u>
EXPENDITURES				
Current				
General administration	1,880,751	-	12,965	1,893,716
Legal	376,316	-	-	376,316
Judicial	1,489,195	-	36,896	1,526,091
Financial administration	787,153	-	-	787,153
Public facilities	314,493	-	-	314,493
Public safety	5,719,411	-	856,074	6,575,485
Public transportation	-	12,089,404	-	12,089,404
Culture and recreation	-	-	513,848	513,848
Health and welfare	77,116	-	-	77,116
Conservation - agriculture	172,487	-	-	172,487
Capital projects				
Capital outlay	1,096,081	1,000,511	-	2,096,592
Debt service				
Principal retirement	3,953,741	-	166,259	4,120,000
Interest retirement	-	-	43,882	43,882
Total expenditures	<u>15,866,744</u>	<u>13,089,915</u>	<u>1,629,924</u>	<u>30,586,583</u>
Excess (deficiency) of revenues over (under) expenditures	1,324,480	1,201,096	597,682	3,123,258
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	3,684,203	3,684,203
Transfer out	<u>(3,684,203)</u>	<u>-</u>	<u>-</u>	<u>(3,684,203)</u>
Total other financing sources	<u>(3,684,203)</u>	<u>-</u>	<u>3,684,203</u>	<u>-</u>
Sales tax refund	<u>(918,109)</u>	<u>-</u>	<u>-</u>	<u>(918,109)</u>
Net change in fund balances	(3,277,832)	1,201,096	4,281,885	2,205,149
FUND BALANCES - BEGINNING	<u>32,940,150</u>	<u>14,304,266</u>	<u>2,189,181</u>	<u>49,433,597</u>
FUND BALANCES - ENDING	<u>\$ 29,662,318</u>	<u>\$ 15,505,362</u>	<u>\$ 6,471,066</u>	<u>\$ 51,638,746</u>

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES**

September 30, 2019

Net changes in fund balances - total governmental funds		\$ 2,205,149
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures (\$2,096,592). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$1,972,990) as well as the disposals of assets with remaining costs of (\$12,932). This is the amount by which capital outlays exceeded depreciation expense in the current period.		110,670
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.		
Increase in warrants receivable	\$ 69,733	
Increase in EMS receivable	<u>(70,360)</u>	(627)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(351,396)
Bond payments in the fund level are recorded as expenditures and reported as reductions to bonds payable in the statement of net position.		4,120,000
Amortization of bond premium	197,534	
Accrued interest	17,044	
Compensated absences	<u>12,573</u>	227,151
The change in net pension liability and deferred outflows related to the County's net pension liability is not expensed in the funds.		(478,140)
The change in OPEB liability related to the County's OPEB liability that is not expensed in the funds.		<u>(8,876)</u>
Change in net position of governmental activities - statement of activities		<u>\$ 5,823,931</u>

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property	\$ 6,505,522	\$ 6,505,522	\$ 6,268,422	\$ (237,100)
Sales	4,500,000	4,500,000	6,088,188	1,588,188
Intergovernmental	68,533	68,533	121,983	53,450
Licenses and permits	20,000	20,000	41,923	21,923
Charges for services	1,663,850	1,663,850	2,112,724	448,874
Fines and forfeitures	517,000	517,000	544,977	27,977
Interest	425,110	425,110	648,742	223,632
Royalties	-	-	578,114	578,114
Miscellaneous	187,378	187,378	786,151	598,773
Total revenues	<u>13,887,393</u>	<u>13,887,393</u>	<u>17,191,224</u>	<u>3,303,831</u>
EXPENDITURES				
Current				
General administration				
County judge	155,979	156,479	150,517	5,962
County commissioners	287,413	287,413	272,466	14,947
County clerk	335,205	335,205	301,961	33,244
Elections office	142,814	142,814	120,772	22,042
Information technology	267,584	267,584	148,612	118,972
Non-departmental	2,049,654	2,008,378	886,423	1,121,955
Legal				
County attorney	323,687	323,687	314,833	8,854
Victim services coordinator	65,463	65,463	61,483	3,980
Judicial				
District clerk	268,698	268,698	224,601	44,097
Justices of the peace	528,551	528,551	519,368	9,183
Judicial court	813,975	813,975	745,226	68,749
Financial administration				
County auditor	234,752	234,752	234,950	(198)
County treasurer	197,346	197,346	194,265	3,081
Tax assessor-collector	375,277	375,277	357,938	17,339
Public facilities				
Courthouse and buildings	344,237	344,237	314,493	29,744
Public safety				
EMS	1,969,713	2,006,277	2,022,197	(15,920)
Constables	190,287	190,287	188,503	1,784
DPS	60,009	61,009	28,952	32,057
Sheriff	4,146,488	4,155,616	3,479,759	675,857

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES (CONTINUED)				
Health and welfare				
County welfare	\$ 58,170	\$ 58,170	\$ 33,354	\$ 24,816
Health	38,331	38,331	38,349	(18)
Veterans office	23,002	23,002	5,413	17,589
Conservation - agriculture				
Agriculture extension service	170,477	172,929	172,487	442
Capital outlay	<u>1,843,257</u>	<u>1,861,512</u>	<u>1,096,081</u>	<u>765,431</u>
Debt service				
Principal	<u>4,000,000</u>	<u>4,000,000</u>	<u>3,953,741</u>	<u>46,259</u>
Total expenditures	<u>18,890,369</u>	<u>18,916,992</u>	<u>15,866,744</u>	<u>3,050,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,002,976)</u>	<u>(5,029,599)</u>	<u>1,324,480</u>	<u>6,354,079</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	<u>-</u>	<u>-</u>	<u>(3,684,203)</u>	<u>(3,684,203)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,684,203)</u>	<u>(3,684,203)</u>
Sales tax refund	<u>(3,121,915)</u>	<u>(4,040,024)</u>	<u>(918,109)</u>	<u>(4,958,133)</u>
Change in fund balance	<u>\$ (8,124,891)</u>	<u>\$ (9,069,623)</u>	<u>(3,277,832)</u>	<u>\$ (2,288,257)</u>
FUND BALANCE - BEGINNING			<u>32,940,150</u>	
FUND BALANCE - ENDING			<u>\$29,662,318</u>	

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

**ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes				
Property	\$ 7,793,227	\$ 7,793,227	\$ 7,740,880	\$ (52,347)
Licenses and permits	635,000	635,000	682,852	47,852
Interest	150,000	150,000	268,357	118,357
Miscellaneous	<u>525,000</u>	<u>525,000</u>	<u>2,321,632</u>	<u>1,796,632</u>
Total revenues	<u>9,103,227</u>	<u>9,103,227</u>	<u>11,013,721</u>	<u>1,910,494</u>
EXPENDITURES				
Public transportation				
Road and bridge	9,758,764	9,767,803	9,531,730	236,073
Capital outlay	<u>3,013,000</u>	<u>3,015,161</u>	<u>1,000,511</u>	<u>2,014,650</u>
Total expenditures	<u>12,771,764</u>	<u>12,782,964</u>	<u>10,532,241</u>	<u>2,250,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,668,537)</u>	<u>\$ (3,679,737)</u>	481,480	<u>\$ 4,161,217</u>
FUND BALANCE - BEGINNING			<u>8,705,019</u>	
FUND BALANCE - ENDING			<u>\$ 9,186,499</u>	

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

**ROAD AND BRIDGE SPECIAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property	\$ 3,119,765	\$ 3,119,765	\$ 3,101,860	\$ (17,905)
Interest	<u>60,000</u>	<u>60,000</u>	<u>154,495</u>	<u>94,495</u>
Total revenues	<u>3,179,765</u>	<u>3,179,765</u>	<u>3,256,355</u>	<u>76,590</u>
EXPENDITURES				
Public transportation				
Road and bridge	<u>4,826,600</u>	<u>4,826,600</u>	<u>2,557,674</u>	<u>2,268,926</u>
Total expenditures	<u>4,826,600</u>	<u>4,826,600</u>	<u>2,557,674</u>	<u>2,268,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,646,835)</u>	<u>\$ (1,646,835)</u>	698,681	<u>\$ 2,345,516</u>
FUND BALANCE - BEGINNING			<u>5,542,490</u>	
FUND BALANCE - ENDING			<u>\$ 6,241,171</u>	

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

**LATERAL ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 19,240	\$ 19,240
Interest	-	-	1,695	1,695
Total revenues	-	-	20,935	20,935
EXPENDITURES				
Public transportation				
Road and bridge	65,000	65,000	-	65,000
Total expenditures	65,000	65,000	-	65,000
Excess (deficiency) of revenues over (under) expenditures	\$ (65,000)	\$ (65,000)	20,935	\$ 85,935
FUND BALANCE - BEGINNING			56,757	
FUND BALANCE - ENDING			\$ 77,692	

The accompanying notes are an integral part of these financial statements.

KARNES COUNTY, TEXAS

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2019

ASSETS

Cash and cash equivalents \$ 11,624,628

LIABILITIES

Due to others \$ 11,624,628

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(1) Summary of significant accounting policies

Reporting entity

Karnes County operates under a county judge – commissioner’s court type of government and provides the following services throughout the county: public safety (ambulance and law enforcement), environmental protection (sanitation), public transportation (roads and bridges), health and welfare, culture and recreation, public facilities, judicial and legal, election functions, and general and financial administrative services.

Government-wide and fund financial statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

Government-wide financial statements: These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

The County reports the following major governmental funds:

General fund: 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.

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

In addition, the County reports the following fund types:

Special revenue funds: These funds are used to account for funds related to grants and contracts and other general government resources that are restricted by law or contractual agreement to specific purposes other than debt service or capital projects.

Fiduciary funds: These funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements. The County uses agency funds to account for assets held in the agent capacity. These funds are used to report other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net position or equity

Deposits and investments

The County'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.

The method used to value investments for financial reporting purposes is dependent upon the type of investment and the time remaining to maturity. Investments are valued at amortized cost if they have a remaining maturity at the time of purchase of one (1) year or less and the fair value of the investments is not affected by the impairment or the credit standing of the issuer or by other factors. All other investments are valued at fair value.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(1) Summary of significant accounting policies (continued)

Assets, liabilities, and net position or equity (continued)

Local government investment pools in Texas are established under the government of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition, to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the County has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the asset.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the County believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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."

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(1) Summary of significant accounting policies (continued)

Assets, liabilities, and net position or equity (continued)

Receivables and payables (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable 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, 2019 and 10 percent of the delinquent outstanding property taxes at September 30, 2019.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review, and judicial review. Traditionally, property taxes are levied October 1st, 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.

Inventories and prepaid items

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The prepaid items at September 30, 2019 are reflected in the accompanying financial statements.

Restricted assets

There were no restricted assets at September 30, 2019.

Capital assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(1) Summary of significant accounting policies (continued)

Assets, liabilities, and net position or equity (continued)

Capital assets (continued)

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

<u>ASSET</u>	<u>YEARS</u>
Buildings	15-50 years
Building improvements	20 years
Infrastructure	30 years
Large equipment	7-10 years
Vehicles	5 years
Office equipment	5 years
Computer equipment	5 years

Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and personal time off. There is no liability for unpaid accumulated personal time off 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 the government-wide financial statements.

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, and gain/loss on refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium, bond discount, and gain/loss on refunding.

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

Fund balances

The County implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(1) Summary of significant accounting policies (continued)

Assets, liabilities, and net position or equity (continued)

Fund balances (continued)

Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation; an example includes grants.

Committed fund balance – amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance – amounts intended to be used by the government for specific purposes; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed; this indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance – amounts in the residual classification of the general fund and includes all amounts not contained in other classifications; unassigned amounts are technically available for any purpose.

The County’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Deferred inflows/outflows 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 (expenditure) until then.

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 governmental funds report unavailable revenues from property taxes as deferred inflows of resources. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(1) Summary of significant accounting policies (continued)

Assets, liabilities, and net position or equity (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits

During the fiscal year 2018, the County changed accounting policies related to the other postemployment benefit (OPEB) liabilities, deferred outflows of resources, and deferred inflows of resources in the statement of net position by adopting GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The OPEB liabilities have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the OPEB liabilities, deferred outflows of resources, and deferred inflows of resources related to the OPEB liabilities and OPEB expenses.

(2) Stewardship, compliance, and accountability

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.

Both the original and final amended budget are presented 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. The county judge usually requests and relies on the assistance of the county auditor to prepare the annual budget. After being furnished budget guidelines by the county judge, the county auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the commissioner's court.

The county judge invites all department heads to appear for a meeting concerning the departments' budget requests. Before determining the final budget, the commissioner's court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the county auditor's estimate of revenues and available cash.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(2) Stewardship, compliance, and accountability (continued)

Budgetary information (continued)

When the budget has been adopted by 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 commissioner's court advised of the condition of the various funds and accounts.

Budgets for all budgeted general, debt service, and special revenue funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP).

During the year the general fund's overall budgeted expenditures exceeded the actual expenditures by \$3,050,248. There were three segments of the general fund's budget whose actual expenditures exceeded the budgeted expenditures. Actual expenses for the county auditor exceeded the budget by \$198, EMS department exceeded the budget by \$15,920, and the health department exceeded the budget by \$18.

(3) Detailed notes on all funds

Deposits and investments

Legal and contractual provisions governing deposits and investments

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

Policies governing deposits and investments:

The County has adopted a deposit and investment policy and the County does address the following risks:

Custodial credit risk – deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County has a deposit policy for custodial credit risk. As of September 30, 2019, the County's bank balance of \$879,922 with Falls City National Bank was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the pledging financial institution's trust department or agent, in the County's name. The fair market value of the securities pledged is \$25,811,262 and the FDIC coverage equals the amount held on deposit for all non-interest bearing accounts. The County's bank balance at Karnes County National Bank of \$30,485 was fully insured by FDIC coverage. The County also has cash equivalent balances equal to \$27,725,596 that are held at a cash management institution which are fully covered by FDIC coverage.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(3) Detailed notes on all funds (continued)

Deposits and investments (continued)

As of September 30, 2019, the investments are comprised of the following:

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)	PERCENT OF TOTAL INVESTMENTS
Investments measured at net asset value:			
Money Market Mutual Fund - DWS Government Cash Inst Shares	\$ 25,710,790	0.05	99.6%
External investment pools - Texas CLASS	<u>101,442</u>	0.13	0.4%
Total investments at net asset value	<u>25,812,232</u>		
Cash deposits and cash on hand	<u>27,602,558</u>		
Total cash and cash equivalents	<u>\$ 53,414,790</u>		
Portfolio weighted average maturity		0.05	

Interest rate risk – The County manages its exposure to declines in fair values by limiting the weighted average maturity of its operating investment portfolio to no more than 6 months.

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Standard & Poor’s has designated Texas Class with a credit rating of AAAM and DWS Government Cash Inst Shares with a credit rating of AAAM.

Concentration of credit risk – Disclosure is required for investments in any one issuer that represent 5% or more of total investments. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The County’s investments in external investment pools and mutual funds exceeding 5% are excluded from this requirement.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(3) Detailed notes on all funds (continued)

Deposits and investments (continued)

Investment valuation – The County categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The County’s investments for all funds at fiscal year end are listed below at fair value, net of accruals. The government has the following recurring fair value measurements as of September 30, 2019:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>
Investments measured at net asset value:	
Money Market Mutual Fund - DWS Government Cash Inst Shares	\$ 25,710,790
External investment pools - Texas CLASS	<u>101,442</u>
Total investments at net asset value	<u>\$ 25,812,232</u>

Receivables

Receivables as of September 30, 2019 for the County’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
RECEIVABLES				
Ad valorem taxes	\$ 837,501	\$ 136,621	\$ 51,141	\$ 1,025,263
Courthouse reimbursement	<u>409,356</u>	<u>-</u>	<u>-</u>	<u>409,356</u>
Gross receivables	1,246,857	136,621	51,141	1,434,619
Less: allowance for uncollectibles	<u>(75,114)</u>	<u>(11,898)</u>	<u>(4,547)</u>	<u>(91,559)</u>
Net total receivables	<u>\$ 1,171,743</u>	<u>\$ 124,723</u>	<u>\$ 46,594</u>	<u>\$ 1,343,060</u>

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(3) Detailed notes on all funds (continued)

Capital assets

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

	BALANCE 10/1/2018	INCREASES	DECREASES	BALANCE 9/30/2019
Governmental activities				
Capital assets not being depreciated				
Land	\$ 175,432	\$ -	\$ -	\$ 175,432
Construction in progress	10,739,655	231,888	(10,956,160)	15,383
Total capital assets not being depreciated	10,915,087	231,888	(10,956,160)	190,815
Capital assets being depreciated				
Building and improvements	19,410,364	11,317,284	-	30,727,648
Machinery, equipment, and vehicles	8,334,756	1,503,580	(233,023)	9,605,313
Infrastructure	4,805,431	-	-	4,805,431
Total capital assets being depreciated	32,550,551	12,820,864	(233,023)	45,138,392
Less accumulated depreciation for:				
Building and improvements	(1,242,155)	(981,974)	-	(2,224,129)
Machinery, equipment, and vehicles	(6,483,233.00)	(916,156)	220,091	(7,179,298)
Infrastructure	(1,292,734)	(74,860)	-	(1,367,594)
Total accumulated depreciation	(9,018,122)	(1,972,990)	220,091	(10,771,021)
Total capital assets being depreciated - net	23,532,429	10,847,874	(12,932)	34,367,371
Governmental activities capital assets -net	\$ 34,447,516	\$ 11,079,762	\$ (10,969,092)	\$ 34,558,186

The major capital asset events during the current fiscal year were the completion of the jail and the purchases of vehicles and pieces of equipment.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General administration	\$ 836,202
Financial administration	2,294
Public safety	707,974
Public transportation	425,746
Health and welfare	774
Total depreciation expense - governmental activities	\$ 1,972,990

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(3) Detailed notes on all funds (continued)

Long-term liabilities

General obligation bonds

The County issued General Obligation Bonds, Series 2013 in the amount of \$7,750,000 which provided funds for the construction of a new jail and road repairs. In December 2018, the County funded the calling of these bonds with an outstanding balance of \$4,120,000 from the general fund reserves and from the interest and sinking reserves in the debt service fund.

Changes in long-term liabilities:

	<u>BALANCE</u> <u>10/1/2018</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>9/30/2019</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>	<u>DUE AFTER</u> <u>ONE YEAR</u>
<u>Governmental Activities</u>						
General Obligation Bonds,						
Series 2013	\$ 4,120,000	\$ -	\$ (4,120,000)	\$ -	\$ -	\$ -
Bond premium	<u>197,534</u>	<u>-</u>	<u>(197,534)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total bonds payable	<u>4,317,534</u>	<u>-</u>	<u>(4,317,534)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Compensated absences	<u>160,480</u>	<u>67,667</u>	<u>(80,240)</u>	<u>147,907</u>	<u>73,954</u>	<u>73,953</u>
	<u>160,480</u>	<u>67,667</u>	<u>(80,240)</u>	<u>147,907</u>	<u>73,954</u>	<u>73,953</u>
Grand totals	<u>\$ 4,478,014</u>	<u>\$ 67,667</u>	<u>\$ (4,397,774)</u>	<u>\$ 147,907</u>	<u>\$ 73,954</u>	<u>\$ 73,953</u>

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2019-20 year is \$73,954.

(4) Other information

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; and natural disasters. The County contracts with the Texas Association of Counties Risk Management Pool (TACRMP) that provides insurance for all such risks. Contributions are set annually by TACRMP. Liability by the County is generally limited to the contributed amounts. During the year ended September 30, 2019, settled claims resulting from these risks did not exceed commercial insurance coverage.

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.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(5) Pension plan

Plan description

The County’s pension plan is a non-traditional, joint contributory, defined benefit plan. The County, as an employer, provides retirement, disability, and death benefits for all its full-time employees through a nontraditional defined-benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The plan is a statewide, multi-employer, public employee retirement system. The system serves 781 participating counties and districts throughout Texas. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar basis. The CAFR is available upon written request from the Board of Trustees at Post Office Box 2034, Austin, Texas 78768-2034.

Benefits provided

The plan provisions for the County are adopted by the County Commissioners within the options available in the Texas state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their ages and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer financed benefit. Members who withdraw their personal contributions in a lump sum prior to retirement are not entitled to any amounts contributed by the County.

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

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	257
Active employees	<u>188</u>
Total	<u>540</u>

Contributions

The contributions rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employees gross earnings, as adopted by the employer’s governing body. The contribution rate is determined annually by the actuary, using the entry age normal actuarial cost method. 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. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available to the TCDRS Act.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(5) Pension plan (continued)

The County has elected the variable rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer, based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 11.07% and 10.35% for the year ending December 31, 2019 and 2018, respectfully, of annual covered payroll. The Commissioners' Court, within the options available in the TCDRS Act, may change the employee deposit rate and the County contribution rate. The deposit rate payable by all employee members for the 2019 fiscal year was the rate of 7% of their annual covered payroll.

For the employer's accounting year ending September 30, 2019, the annual actuarially determined required contribution for the TCDRS Plan for its employees was \$890,196 and the actual contributions were \$890,196.

Net pension liability

The annual required contributions were actuarially determined as a percent of covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2016 and December 31, 2017, the basis for determining the contribution rates for calendar years 2018 and 2019, respectively.

The County's net pension liability (NPL) was measured as of December 31, 2018, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date. The December 31, 2018 actuarial valuation is the most recent valuation.

Actuarial valuation information:

The total pension liability in the December 31, 2018 actuarial valuations was determined using the following actuarial assumptions:

Actuarial valuation date	12/31/2018
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	11.2 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment return	8.00%
Projected salary increase	4.90%
Inflation	2.75%

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(5) Pension plan (continued)

Net pension liability (continued)

Actuarial valuation information (continued)

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 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee. Mortality rates for active members were based on gender-distinct RP2000 Active Employee Mortality Table, with a two year set-forward for males, and a four-year setback for females, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. Mortality rates for retirees, beneficiaries, and non-active members were based on the gender-distinct RP2000 Combined Mortality Table, with a one year set-forward for males and no age adjustment for females, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected Minus Inflation)</u>
U.S. Equities	10.5%	5.40%
Private Equity	18.0%	8.40%
Global Equities	2.5%	5.70%
International Equities - Developed	10.0%	5.40%
International Equities - Emerging	7.0%	5.90%
Investment-Grade Bonds	3.0%	1.60%
Strategic Credit	12.0%	4.39%
Direct Lending	11.0%	7.95%
Distressed Debt	2.0%	7.20%
REIT Equities	2.0%	4.15%
Master Limited Partnerships (MLPs)	3.0%	5.35%
Private Real Estate Partnerships	6.0%	6.30%
Hedge Funds	13.0%	3.90%
Total	<u>100.0%</u>	

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(5) Pension plan (continued)

Net pension liability (continued)

Discount rate

The discount rate used to measure the total pension liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balance at December 31, 2017	\$ 19,224,539	\$ 18,488,779	\$ 735,760
Changes for the year:			
Service Cost	997,744	-	997,744
Interest on Total Pension Liability (1)	1,595,093	-	1,595,093
Effect of Plan Changes (2)	442,312	-	442,312
Effect of Economic/Demographic Gains or Losses	(197,728)	-	(197,728)
Effect of Assumptions Changes or Inputs	-	-	-
Refund of Contributions	(133,789)	(133,789)	-
Benefit Payments	(946,792)	(946,792)	-
Administrative Expense	-	(14,746)	14,746
Member Contributions	-	528,482	(528,482)
Net Investment Income	-	(341,999)	341,999
Employer Contributions	-	770,885	(770,885)
Other (3)	-	8,375	(8,375)
Net Changes	<u>1,756,841</u>	<u>(129,583)</u>	<u>1,886,425</u>
Balance at December 31, 2018	<u>\$ 20,981,380</u>	<u>\$ 18,359,196</u>	<u>\$ 2,622,185</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Reflects plan changes adopted effective in 2019.

(3) Relates to allocation of system-wide items.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(5) Pension plan (continued)

Net pension liability (continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

	<u>1% Decrease in Discount Rate (7.1%)</u>	<u>Current Discount Rate (8.1%)</u>	<u>1% Increase in Discount Rate (9.1%)</u>
Total pension liability	\$ 23,682,355	\$ 20,981,380	\$ 18,718,352
Fiduciary net position	<u>18,359,196</u>	<u>18,359,196</u>	<u>18,359,196</u>
County's net pension liability (asset)	<u>\$ 5,323,159</u>	<u>\$ 2,622,185</u>	<u>\$ 359,156</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.org.

Pension expense and deferred inflows/outflows of resources related to pensions

For the year ended September 30, 2019, the County recognized pension expense of \$1,368,337. The breakdown of the components of pension expense follows:

<u>Pension Expense / (Income)</u>	<u>January 1, 2018 through December 31, 2018</u>
Service cost	\$ 997,744
Interest on total pension liability ¹	1,595,093
Effect of plan changes	442,312
Administrative expenses	14,746
Member contributions	(528,482)
Expected investment return net of investment expenses	(1,506,026)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(181,182)
Recognition of assumption changes or inputs	83,541
Recognition of investment gains or losses	458,966
Other ²	<u>(8,375)</u>
Pension expense / (income)	<u>\$ 1,368,337</u>

(1) Reflects the change in the liability due to the time value of money.

TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(5) Pension plan (continued)

Pension expense and deferred inflows/outflows of resources related to pensions (continued)

At September 30, 2019, the County reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual economic experience	\$ 408,483	\$ -
Changes in actuarial assumptions	-	95,635
Net difference between projected and actual investment earnings	-	1,142,726
Contributions made subsequent to the measurement date	-	<u>667,970</u>
Total	<u>\$ 408,483</u>	<u>\$ 1,906,331</u>

The County reported \$667,970 as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 222,032
2020	131,897
2021	106,344
2022	369,605
2023	-
Total	<u>\$ 829,878</u>

(6) Other postemployment benefits

Postemployment health care coverage

Plan description and benefits provided

The County provides medical insurance benefits to eligible retirees on a fully contributory basis. The same level of benefit is provided for eligible retirees as to active employees. Retirees pay 100% of the monthly premium for elected coverage. All active employees who retire directly from the County and meet the eligibility criterion may participate.

The eligibility requirements to participate in this plan require the retiree to have the earlier of a) 30 years of service without regard to age, and b) the sum of age plus service equals 75. In addition, the retiree must have at least 8 years of continuous service at retirement.

Retirees are eligible for medical benefits as provided in the plan until age 65. Medical coverage for Medicare eligible retirees is provided through the Silver Choice plan. Since this plan is based on retiree rates and is 100% paid for by the retiree, there is no cost to the County.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(6) Other postemployment benefits (continued)

Postemployment health care coverage (continued)

Contributions

Contributions for postemployment benefits were recognized on a pay-as-you-go basis in the past. Contributions paid by retirees during the fiscal year ended September 30, 2019, were \$20,477.

Employees covered by benefit terms

At the September 30, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	3
Inactive, nonretired members	0
Active members and beneficiaries	<u>164</u>
	<u>167</u>

OPEB liability

The County's total OPEB liability of \$162,397 was measured as of September 30, 2019, and was determined by an actuarial valuation as of September 30, 2019.

Actuarial valuation information:

Actuarial assumptions and other inputs - The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Individual entry age normal cost method – level percentage of projected salary
Inflation	3.00%
Salary scale	3.50%
Discount rate	4.06% as of September 30, 2019
Mortality	RPH-2014 Total Table with Projection MP-2019
Healthcare cost trend rates	Level trend rate of 5.00%
Participants rates	It was assumed that 25% of all actives who currently have healthcare coverage will continue with coverage upon retirement. For those with family coverage 5% will elect to continue with coverage including the spouse and the remainder will elect individual coverage.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(6) Other postemployment benefits (continued)

Postemployment health care coverage (continued)

Changes in the total OPEB liability

Balance at October 1, 2018	\$ 153,521
Changes for the year:	
Service cost	10,197
Interest on the total OPEB liability	6,083
Changes of benefit terms	-
Difference between expected and actual experience	-
Change in assumptions	-
Benefit payments	<u>(7,404)</u>
Net changes	<u>8,876</u>
Balance at September 30, 2019	<u>\$ 162,397</u>

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates:

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.06%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current rate.

1% Decrease in Discount Rate (3.06%)	Discount Rate (4.06%)	1% Increase in Discount Rate (5.06%)
<u>\$ 175,063</u>	<u>\$ 162,397</u>	<u>\$ 150,892</u>

The following presents the total OPEB liability of the County, calculated using the current healthcare cost trend rates of 5.0% as well as what the County's total OPEB liability would be if it were calculated using the trend rates that are 1 percentage point lower (4.0%) or 1 percentage point higher (6.0%) than the current trend rates.

1% Decrease in Health Trend Rate (4.0%)	Current Health Trend Rate (5.0%)	1% Increase in Health Trend Rate (6.0%)
<u>\$ 148,121</u>	<u>\$ 162,397</u>	<u>\$ 179,277</u>

For the year ended September 30, 2019, the County recognized an OPEB expense of \$16,280.

(7) Sales tax refund

During the fiscal year ended September 30, 2019 the County was notified by the State of Texas that a sales tax paying organization within the County's jurisdiction had overpaid sales tax by \$918,109.

KARNES COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

(8) Subsequent events

An executive order was issued by the Governor of Texas in March 2020 to close nonessential businesses and schools due to the public health concerns related to the COVID-19 crisis. The result of this order will impact unemployment rates of the local economy and the County's ongoing sales tax revenues. The duration and intensity of these impacts on the County's revenues from sales and property taxes, as well as the County's operations, will depend on future developments which cannot be forecasted or estimated at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

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KARNES COUNTY, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS**

***Last 10 fiscal years**

	For the measurement year ended December 31,				
	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 997,744	\$ 1,038,576	\$ 1,143,857	\$ 865,719	\$ 685,309
Interest on the total pension liability	1,595,093	1,482,025	1,367,975	1,247,626	1,161,338
Effect of plan changes	442,312	-	-	(172,224)	-
Effect of assumption changes	-	159,391	-	206,651	-
Effect of economic/demographic (gains) or losses	(197,728)	(193,880)	(575,439)	203,545	40,974
Benefit payments/refunds of contributions	<u>(1,080,581)</u>	<u>(1,019,347)</u>	<u>(993,459)</u>	<u>(976,905)</u>	<u>(880,293)</u>
Net change in total pension liability	1,756,841	1,466,765	942,934	1,374,412	1,007,328
Total pension liability - beginning	<u>19,224,539</u>	<u>17,757,774</u>	<u>16,814,840</u>	<u>15,440,428</u>	<u>14,433,100</u>
Total pension liability - ending (a)	<u>\$ 20,981,380</u>	<u>\$ 19,224,539</u>	<u>\$ 17,757,774</u>	<u>\$ 16,814,840</u>	<u>\$ 15,440,428</u>
Fiduciary net position					
Employer contributions	\$ 770,885	\$ 711,087	\$ 784,312	\$ 883,694	\$ 749,548
Member contributions	528,482	486,092	506,474	520,696	378,833
Investment income, net of investment expenses	(341,999)	2,336,095	1,075,034	14,755	898,729
Benefit payments/refunds of contributions	(1,080,581)	(1,019,347)	(993,459)	(976,905)	(880,293)
Administrative expense	(14,746)	(12,296)	(11,911)	(10,450)	(10,539)
Other	<u>8,375</u>	<u>2,268</u>	<u>(166,687)</u>	<u>130,457</u>	<u>(47,963)</u>
Net change in plan fiduciary net position	(129,583)	2,503,899	1,193,763	562,247	1,088,315
Plan fiduciary net position - beginning	<u>18,488,779</u>	<u>15,984,880</u>	<u>14,791,117</u>	<u>14,228,870</u>	<u>13,140,555</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,359,196</u>	<u>\$ 18,488,779</u>	<u>\$ 15,984,880</u>	<u>\$ 14,791,117</u>	<u>\$ 14,228,870</u>
Net pension liability (a) - (b)	<u>\$ 2,622,185</u>	<u>\$ 735,760</u>	<u>\$ 1,772,894</u>	<u>\$ 2,023,723</u>	<u>\$ 1,211,558</u>
Plan fiduciary net position as a percentage of total pension liability	87.50%	96.17%	90.02%	87.96%	92.15%
Covered payroll	\$ 7,448,138	\$ 6,944,176	\$ 7,235,338	\$ 7,438,508	\$ 5,411,897
Net pension liability as a percentage of total covered payroll	35.21%	10.60%	24.50%	27.21%	22.39%

*GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. This is the fifth year of implementation of GASB Statement No. 68. The County will develop and present the schedule prospectively.

KARNES COUNTY, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS – NET PENSION LIABILITY**

***Last 10 fiscal years**

<u>Year Ended September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2015	\$ 836,094	\$ 836,094	\$ -	\$ 6,799,850	12.3%
2016	825,105	825,105	-	7,412,004	11.1%
2017	720,776	720,776	-	6,927,236	10.4%
2018	745,412	745,412	-	7,222,469	10.3%
2019	890,196	890,196	-	8,181,167	10.9%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the fifth year of implementation of GASB 68. The County will develop the schedule prospectively.

KARNES COUNTY, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB)
LIABILITY – RETIREE HEALTH CARE PLAN**

***Last 10 fiscal years**

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 10,197	\$ 9,799
Interest on the total OPEB liability	6,083	6,134
Changes of benefit terms	-	-
Difference between expected and actual experience	-	-
Change of assumptions	-	-
Benefit payments	<u>(7,404)</u>	<u>(7,404)</u>
Net change in total OPEB liability	8,876	8,529
Total OPEB liability - beginning	<u>153,521</u>	<u>144,992</u>
Total OPEB liability - ending	<u>\$ 162,397</u>	<u>\$ 153,521</u>
Covered payroll	<u>\$ 6,210,472</u>	<u>\$ 6,210,472</u>
Total OPEB liability as a percentage of covered payroll	2.61%	2.47%

KARNES COUNTY, TEXAS

**REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

(1) Schedule of contributions

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	11.6 years
Asset valuation method	5 year smoothed value
Inflation	2.75%
Salary increases	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*	2015/2016: No changes in plan provisions were reflected in the schedule. 2017: New annuity purchase rates were reflected for benefits earned after 2017.

*Only changes that affect the benefit amount and that are effective 2015 and later are show in the notes to schedule.

OTHER SUPPLEMENTARY INFORMATION

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**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

KARNES COUNTY, TEXAS

COMBINING BALANCE SHEET – ROAD AND BRIDGE FUNDS

September 30, 2019

	ROAD AND BRIDGE FUND	LATERAL ROAD FUND	ROAD AND BRIDGE SPECIAL	TOTAL
ASSETS				
Cash and cash equivalents	\$ 10,173,558	\$ 77,692	\$ 6,695,516	16,946,766
Receivables - net of allowance for uncollectibles	-	-	124,723	124,723
Due from others	6,291	-	2,603	8,894
Prepaid expenses	-	-	13,605	13,605
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,179,849</u>	<u>\$ 77,692</u>	<u>\$ 6,836,447</u>	<u>\$ 17,093,988</u>
LIABILITIES				
Accounts payable	\$ 932,963	\$ -	\$ 470,553	\$ 1,403,516
Accrued wages	60,387	-	-	60,387
Total liabilities	993,350	-	470,553	1,463,903
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - taxes	-	-	124,723	124,723
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Nonspendable - prepaids	-		13,605	13,605
Restricted	-	77,692	6,227,566	6,305,258
Committed	9,186,499	-	-	9,186,499
Total fund balances	<u>9,186,499</u>	<u>77,692</u>	<u>6,241,171</u>	<u>15,505,362</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,179,849</u>	<u>\$ 77,692</u>	<u>\$ 6,836,447</u>	<u>\$ 17,093,988</u>

KARNES COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – ROAD AND BRIDGE FUNDS**

For the year ended September 30, 2019

	ROAD AND BRIDGE FUND	LATERAL ROAD FUND	ROAD AND BRIDGE SPECIAL	TOTAL
REVENUES				
Taxes				
Property	\$ 7,740,880	\$ -	\$ 3,101,860	\$ 10,842,740
Intergovernmental	-	19,240	-	19,240
Licenses and permits	682,852	-	-	682,852
Interest	268,357	1,695	154,495	424,547
Miscellaneous	2,321,632	-	-	2,321,632
Total revenues	<u>11,013,721</u>	<u>20,935</u>	<u>3,256,355</u>	<u>14,291,011</u>
EXPENDITURES				
Current				
Public transportation				
Road and bridge	9,531,730	-	2,557,674	12,089,404
Capital outlay	1,000,511	-	-	1,000,511
Total expenditures	<u>10,532,241</u>	<u>-</u>	<u>2,557,674</u>	<u>13,089,915</u>
Net change in fund balances	<u>481,480</u>	<u>20,935</u>	<u>698,681</u>	<u>1,201,096</u>
FUND BALANCES - BEGINNING	<u>8,705,019</u>	<u>56,757</u>	<u>5,542,490</u>	<u>14,304,266</u>
FUND BALANCES - ENDING	<u>\$ 9,186,499</u>	<u>\$ 77,692</u>	<u>\$ 6,241,171</u>	<u>\$ 15,505,362</u>

KARNES COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

							SPECIAL
	COUNTY AND DISTRICT CLERK FEES	GENERAL RECORDS MANAGE- MENT	JURY FUND	PRETRIAL FUND	COUNTY LIBRARY	COURTHOUSE MAINTENANCE FUND	COURT- HOUSE SECURITY FUND
ASSETS							
Cash and cash equivalents	\$ 705,499	\$ 83,869	\$ 43,129	\$ 48,311	\$ 340,113	\$ 3,827,369	\$ 286,059
Receivables - net of allowance for uncollectibles	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from others	-	-	8	-	433	-	195
Total assets	<u>\$ 705,499</u>	<u>\$ 83,869</u>	<u>\$ 43,137</u>	<u>\$ 48,311</u>	<u>\$ 340,546</u>	<u>\$ 3,827,369</u>	<u>\$ 286,254</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 522	\$ -	\$ 8,976	\$ -	\$ -
Accrued wages payable	-	-	-	-	12,742	-	7,289
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>522</u>	<u>-</u>	<u>21,718</u>	<u>-</u>	<u>7,289</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred revenues - taxes	-	-	-	-	-	-	-
FUND BALANCES							
Restricted							
Special revenue funds	705,499	83,869	42,615	48,311	-	-	278,965
Committed							
Special revenue funds	-	-	-	-	318,828	3,827,369	-
Total fund balances	<u>705,499</u>	<u>83,869</u>	<u>42,615</u>	<u>48,311</u>	<u>318,828</u>	<u>3,827,369</u>	<u>278,965</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 705,499</u>	<u>\$ 83,869</u>	<u>\$ 43,137</u>	<u>\$ 48,311</u>	<u>\$ 340,546</u>	<u>\$ 3,827,369</u>	<u>\$ 286,254</u>

REVENUE

FEDERAL ASSET FORFEITURE	CONTRACT ELECTION FUND	KARNES COUNTY EMS DONATION FUND	HOT CHECK ESCROW	HOT CHECK FUND	EMERGENCY MANAGEMENT FUND	J.P. COURT FEES	KCGF FUND	CONTRIBUTION SHERIFF DEPARTMENT	LAW LIBRARY
\$ 611	\$ 47,381	\$ 19,281	\$ 3,274	\$ 1,272	\$ 284,833	\$ 183,997	\$ 230,503	\$ 11,616	\$ 46,273
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	61	-	-	-	-
<u>\$ 611</u>	<u>\$ 47,381</u>	<u>\$ 19,281</u>	<u>\$ 3,274</u>	<u>\$ 1,272</u>	<u>\$ 284,894</u>	<u>\$ 183,997</u>	<u>\$ 230,503</u>	<u>\$ 11,616</u>	<u>\$ 46,273</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215	\$ 736
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	215	736
-	-	-	-	-	-	-	-	-	-
611	-	19,281	3,274	1,272	-	183,997	-	11,401	45,537
-	47,381	-	-	-	284,894	-	230,503	-	-
<u>611</u>	<u>47,381</u>	<u>19,281</u>	<u>3,274</u>	<u>1,272</u>	<u>284,894</u>	<u>183,997</u>	<u>230,503</u>	<u>11,401</u>	<u>45,537</u>
<u>\$ 611</u>	<u>\$ 47,381</u>	<u>\$ 19,281</u>	<u>\$ 3,274</u>	<u>\$ 1,272</u>	<u>\$ 284,894</u>	<u>\$ 183,997</u>	<u>\$ 230,503</u>	<u>\$ 11,616</u>	<u>\$ 46,273</u>

KARNES COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019

	SPECIAL REVENUE					DEBT SERVICE	TOTAL NON- MAJOR GOVERN- MENTAL
	COURT GUARDIANSHIP	COURT RECORDS PRESERVATION	COUNTY ATTORNEY SEIZURE	COURT REPORTER FEES	EMERGENCY SERVICES DISTRICT RURAL FIRE FUND	INTEREST AND SINKING	
ASSETS							
Cash and cash equivalents	\$ 4,656	\$ 2,330	\$ 55,643	\$ 11,311	\$ 415,827	\$ -	\$ 6,653,157
Receivables - net of allowance for uncollectibles	-	-	-	-	46,594	-	46,594
Other receivables	-	-	-	-	-	-	-
Due from others	-	-	-	16	832	26	1,571
Total assets	\$ 4,656	\$ 2,330	\$ 55,643	\$ 11,327	\$ 463,253	\$ 26	\$ 6,701,322
LIABILITIES							
Accounts payable	-	-	156	-	153,000	26	163,631
Accrued wages payable	-	-	-	-	-	-	20,031
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	156	-	153,000	26	183,662
DEFERRED INFLOWS OF RESOURCES							
Deferred revenues - taxes	-	-	-	-	46,594	-	46,594
FUND BALANCES							
Restricted							
Special revenue funds	4,656	2,330	55,487	11,327	263,659	-	1,762,091
Committed							
Special revenue funds	-	-	-	-	-	-	4,708,975
Total fund balances	4,656	2,330	55,487	11,327	263,659	-	6,471,066
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,656	\$ 2,330	\$ 55,643	\$ 11,327	\$ 463,253	\$ 26	\$ 6,701,322

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KARNES COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2019

							SPECIAL
	COUNTY AND DISTRICT CLERK FEES	GENERAL RECORDS MANAGE- MENT	JURY FUND	PRETRIAL FUND	COUNTY LIBRARY	COURTHOUSE MAINTENANCE FUND	COURT- HOUSE SECURITY FUND
REVENUES							
Taxes							
Property	\$ -	\$ -	\$ 9,435	\$ -	\$ 532,349	\$ -	\$ 240,270
Intergovernmental	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	18,683
Charges for fees	122,072	6,690	-	-	-	-	-
Interest	13,866	1,739	987	-	9,527	34,553	6,490
Miscellaneous	-	-	7,928	12,599	-	6,000	-
Total revenues	<u>135,938</u>	<u>8,429</u>	<u>18,350</u>	<u>12,599</u>	<u>541,876</u>	<u>40,553</u>	<u>265,443</u>
EXPENDITURES							
Current							
General administration							
Records management	-	-	-	-	-	-	-
Elections	-	-	-	-	-	-	-
Law library	-	-	-	-	-	-	-
Judicial							
Judicial court	-	-	15,028	-	-	1,456	-
Public safety							
Fire	-	-	-	-	-	-	-
Local emergency planning	-	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-	190,162
EMS	-	-	-	-	-	-	-
Culture and recreation							
Library	-	-	-	-	513,848	-	-
Capital projects							
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal retirement	-	-	-	-	-	-	-
Interest retirement	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>15,028</u>	<u>-</u>	<u>513,848</u>	<u>1,456</u>	<u>190,162</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,684,203</u>	<u>-</u>
Net change in fund balances	135,938	8,429	3,322	12,599	28,028	3,723,300	75,281
FUND BALANCES - BEGINNING	<u>569,561</u>	<u>75,440</u>	<u>39,293</u>	<u>35,712</u>	<u>290,800</u>	<u>104,069</u>	<u>203,684</u>
FUND BALANCES - ENDING	<u>\$ 705,499</u>	<u>\$ 83,869</u>	<u>\$ 42,615</u>	<u>\$ 48,311</u>	<u>\$ 318,828</u>	<u>\$ 3,827,369</u>	<u>\$ 278,965</u>

REVENUE

FEDERAL ASSET FORFEITURE	CONTRACT ELECTION FUND	KARNES COUNTY EMS DONATION FUND	HOT CHECK ESCROW	HOT CHECK FUND	EMERGENCY MANAGEMENT FUND	J.P. COURT FEES	KCGF FUND	CONTRIBUTION SHERIFF DEPARTMENT	LAW LIBRARY
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,502	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	16,200	-	-	-	-
-	-	14,500	-	-	-	-	-	11,705	-
-	20,326	-	-	-	-	-	-	-	7,716
-	-	-	-	-	-	18,132	-	-	-
13	951	466	-	-	5,461	3,883	5,342	189	944
-	-	-	2,144	258	-	-	-	-	-
<u>13</u>	<u>21,277</u>	<u>14,966</u>	<u>2,144</u>	<u>258</u>	<u>97,163</u>	<u>22,015</u>	<u>5,342</u>	<u>11,894</u>	<u>8,660</u>
-	-	-	-	-	-	-	-	-	-
-	10,055	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	2,910
-	-	-	-	-	-	7,930	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	43,830	-	-	-	-
-	-	-	2,144	-	-	-	25,658	13,243	-
-	-	12,269	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	10,055	12,269	2,144	-	43,830	7,930	25,658	13,243	2,910
-	-	-	-	-	-	-	-	-	-
13	11,222	2,697	-	258	53,333	14,085	(20,316)	(1,349)	5,750
598	36,159	16,584	3,274	1,014	231,561	169,912	250,819	12,750	39,787
<u>\$ 611</u>	<u>\$ 47,381</u>	<u>\$ 19,281</u>	<u>\$ 3,274</u>	<u>\$ 1,272</u>	<u>\$ 284,894</u>	<u>\$ 183,997</u>	<u>\$ 230,503</u>	<u>\$ 11,401</u>	<u>\$ 45,537</u>

KARNES COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2019

						DEBT SERVICE	
	COURT GUARDIANSHIP	COURT RECORDS PRESERVATION	COUNTY ATTORNEY SEIZURE	COURT REPORTER FEES	EMERGENCY SERVICES DISTRICT RURAL FIRE FUND	INTEREST AND SINKING	NON- MAJOR GOVERN- MENTAL
REVENUES							
Taxes							
Property	\$ -	\$ -	\$ -	\$ 19,838	\$ 971,757	\$ 7,770	\$ 1,856,921
Intergovernmental	-	-	-	-	-	-	16,200
Donations	-	-	-	-	-	-	26,205
Charges for services	1,720	860	-	-	-	-	49,305
Charges for fees	-	-	-	3,529	-	-	150,423
Interest	81	41	1,156	157	9,913	738	96,497
Miscellaneous	-	-	3,126	-	-	-	32,055
Total revenues	<u>1,801</u>	<u>901</u>	<u>4,282</u>	<u>23,524</u>	<u>981,670</u>	<u>8,508</u>	<u>2,227,606</u>
EXPENDITURES							
Current							
General administration							
Records management	-	-	-	-	-	-	-
Elections	-	-	-	-	-	-	10,055
Law library	-	-	-	-	-	-	2,910
Judicial							
Judicial court	-	-	156	12,326	-	-	36,896
Public safety							
Fire	-	-	-	-	568,768	-	568,768
Local emergency planning	-	-	-	-	-	-	43,830
Sheriff	-	-	-	-	-	-	231,207
EMS	-	-	-	-	-	-	12,269
Culture and recreation							
Library	-	-	-	-	-	-	513,848
Capital projects							
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal retirement	-	-	-	-	-	166,259	166,259
Interest retirement	-	-	-	-	-	43,882	43,882
Total expenditures	<u>-</u>	<u>-</u>	<u>156</u>	<u>12,326</u>	<u>568,768</u>	<u>210,141</u>	<u>1,629,924</u>
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	-	-	-	-	3,684,203
Net change in fund balances	1,801	901	4,126	11,198	412,902	(201,633)	4,281,885
FUND BALANCES - BEGINNING	<u>2,855</u>	<u>1,429</u>	<u>51,361</u>	<u>129</u>	<u>(149,243)</u>	<u>201,633</u>	<u>2,189,181</u>
FUND BALANCES - ENDING	<u>\$ 4,656</u>	<u>\$ 2,330</u>	<u>\$ 55,487</u>	<u>\$ 11,327</u>	<u>\$ 263,659</u>	<u>\$ -</u>	<u>\$ 6,471,066</u>

KARNES COUNTY, TEXAS

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the year ended September 30, 2019

	<u>ACCOUNTS PAYABLE FUND</u>	<u>PAYROLL FUND</u>	<u>COUNTY OFFICER ACCOUNTS</u>	<u>TOTAL</u>
ASSETS				
Cash and cash equivalents	<u>\$ 126,588</u>	<u>\$ 278,102</u>	<u>\$ 11,219,938</u>	<u>\$ 11,624,628</u>
LIABILITIES				
Due to others	<u>\$ 126,588</u>	<u>\$ 278,102</u>	<u>\$ 11,219,938</u>	<u>\$ 11,624,628</u>

KARNES COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

For the year ended September 30, 2019

<u>ACCOUNTS PAYABLE FUND</u>	<u>BALANCE 10/1/2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 9/30/2019</u>
ASSETS				
Cash and cash equivalents	\$ 20,498	\$ 23,795,671	\$ (23,689,581)	\$ 126,588
LIABILITIES				
Due to others	\$ 20,498	\$ 23,795,671	\$ (23,689,581)	\$ 126,588
<u>PAYROLL FUND</u>	<u>BALANCE 10/1/2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 9/30/2019</u>
ASSETS				
Cash and cash equivalents	\$ 237,345	\$ 11,160,495	\$ (11,119,738)	\$ 278,102
LIABILITIES				
Due to others	\$ 237,345	\$ 11,160,495	\$ (11,119,738)	\$ 278,102
<u>COUNTY OFFICER ACCOUNTS</u>	<u>BALANCE 10/1/2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 9/30/2019</u>
ASSETS				
Cash and cash equivalents	\$ 8,357,724	\$ 72,088,901	\$ (69,226,687)	\$ 11,219,938
LIABILITIES				
Due to others	\$ 8,357,724	\$ 72,088,901	\$ (69,226,687)	\$ 11,219,938
<u>TOTAL</u>	<u>BALANCE 10/1/2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 9/30/2019</u>
ASSETS				
Cash and cash equivalents	\$ 8,615,567	\$ 107,045,067	\$ (104,036,006)	\$ 11,624,628
LIABILITIES				
Due to others	\$ 8,615,567	\$ 107,045,067	\$ (104,036,006)	\$ 11,624,628

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

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KARNES COUNTY, TEXAS

**COUNTY AND DISTRICT CLERK FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				-
Charges for fees	\$ 62,000	\$ 62,000	\$ 122,072	\$ 60,072
Interest	<u>1,500</u>	<u>1,500</u>	<u>13,866</u>	<u>12,366</u>
Total revenues	63,500	63,500	135,938	72,438
EXPENDITURES				
General administration				
Records management	<u>64,910</u>	<u>64,910</u>	-	<u>64,910</u>
Net change in fund balance	<u><u>\$ (1,410)</u></u>	<u><u>\$ (1,410)</u></u>	135,938	<u><u>\$ 137,348</u></u>
FUND BALANCE - BEGINNING			<u>569,561</u>	
FUND BALANCE - ENDING			<u><u>\$ 705,499</u></u>	

KARNES COUNTY, TEXAS

**GENERAL RECORDS MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for fees	\$ 5,000	\$ 5,000	\$ 6,690	\$ 1,690
Interest	<u>800</u>	<u>800</u>	<u>1,739</u>	<u>939</u>
Total revenues	5,800	5,800	8,429	2,629
EXPENDITURES				
General administration				
Records management	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net change in fund balance	<u>\$ 800</u>	<u>\$ 800</u>	8,429	<u>\$ 7,629</u>
FUND BALANCE - BEGINNING			<u>75,440</u>	
FUND BALANCE - ENDING			<u>\$ 83,869</u>	

KARNES COUNTY, TEXAS

**JURY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes				
Property	\$ 9,495	\$ 9,495	\$ 9,435	\$ (60)
Interest	400	400	987	587
Miscellaneous	<u>2,750</u>	<u>2,750</u>	<u>7,928</u>	<u>5,178</u>
Total revenues	12,645	12,645	18,350	5,705
 EXPENDITURES				
Current				
Judicial				
Jury	<u>12,300</u>	<u>12,300</u>	<u>15,028</u>	<u>(2,728)</u>
 Net change in fund balance	<u>\$ 345</u>	<u>\$ 345</u>	3,322	<u>\$ 2,977</u>
 FUND BALANCE - BEGINNING			<u>39,293</u>	
 FUND BALANCE - ENDING			<u>\$ 42,615</u>	

KARNES COUNTY, TEXAS

**COUNTY LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property	\$ 535,941	\$ 535,941	\$ 532,349	\$ (3,592)
Interest	<u>5,000</u>	<u>5,000</u>	<u>9,527</u>	<u>4,527</u>
Total revenues	540,941	540,941	541,876	935
EXPENDITURES				
Current				
Culture and recreation				
Library	<u>540,381</u>	<u>540,381</u>	<u>513,848</u>	<u>26,533</u>
Net change in fund balance	<u>\$ 560</u>	<u>\$ 560</u>	28,028	<u>\$ 27,468</u>
FUND BALANCE - BEGINNING			<u>290,800</u>	
FUND BALANCE - ENDING			<u>\$ 318,828</u>	

KARNES COUNTY, TEXAS

**COURTHOUSE MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ 5,000	\$ 5,000	\$ 34,553	\$ 29,553
Miscellaneous	6,000	6,000	6,000	-
Total revenues	<u>11,000</u>	<u>11,000</u>	40,553	29,553
EXPENDITURES				
Public facilities				
Courthouse and buildings	<u>45,000</u>	<u>45,000</u>	<u>1,456</u>	<u>43,544</u>
Excess of revenues over expenditures	(34,000)	(34,000)	39,097	73,097
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>4,138,559</u>	<u>4,138,559</u>	<u>3,684,203</u>	<u>(454,356)</u>
Net change in fund balance	<u>\$ 4,104,559</u>	<u>\$ 4,104,559</u>	3,723,300	<u>\$ (381,259)</u>
FUND BALANCE - BEGINNING			<u>104,069</u>	
FUND BALANCE - ENDING			<u>\$ 3,827,369</u>	

KARNES COUNTY, TEXAS

**COURTHOUSE SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property	\$ 241,947	\$ 241,947	\$ 240,270	\$ (1,677)
Charges for services	15,750	15,750	18,683	2,933
Interest	<u>3,000</u>	<u>3,000</u>	<u>6,490</u>	<u>3,490</u>
Total revenues	260,697	260,697	265,443	4,746
EXPENDITURES				
Public safety				
Sheriff	<u>259,755</u>	<u>259,755</u>	<u>190,162</u>	<u>69,593</u>
Total expenditures	259,755	259,755	190,162	69,593
Net change in fund balance	<u>\$ 942</u>	<u>\$ 942</u>	75,281	<u>\$ 74,339</u>
FUND BALANCE - BEGINNING			<u>203,684</u>	
FUND BALANCE - ENDING			<u>\$ 278,965</u>	

KARNES COUNTY, TEXAS

**EMERGENCY MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET – POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property	\$ 76,030	\$ 76,030	\$ 75,502	\$ (528)
Intergovernmental	-	-	16,200	16,200
Interest	<u>2,500</u>	<u>2,500</u>	<u>5,461</u>	<u>2,961</u>
Total revenues	78,530	78,530	97,163	18,633
EXPENDITURES				
Public safety				
Local emergency planning committee	<u>78,491</u>	<u>78,491</u>	<u>43,830</u>	<u>34,661</u>
Net change in fund balance	<u>\$ 39</u>	<u>\$ 39</u>	53,333	<u>\$ 53,294</u>
FUND BALANCE - BEGINNING			<u>231,561</u>	
FUND BALANCE - ENDING			<u>\$ 284,894</u>	

KARNES COUNTY, TEXAS

**JUSTICE OF THE PEACE COURT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Charges for fees	\$ 15,700	\$ 15,700	\$ 18,132	\$ 2,432
Interest	<u>1,800</u>	<u>1,800</u>	<u>3,883</u>	<u>2,083</u>
Total revenues	17,500	17,500	22,015	4,515
EXPENDITURES				
Judicial				
Court	<u>13,920</u>	<u>13,920</u>	<u>7,930</u>	<u>5,990</u>
Net change in fund balance	<u>\$ 3,580</u>	<u>\$ 3,580</u>	14,085	<u>\$ 10,505</u>
FUND BALANCE - BEGINNING			<u>169,912</u>	
FUND BALANCE - ENDING			<u>\$ 183,997</u>	

KARNES COUNTY, TEXAS

**KCGF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ 300	\$ 300	\$ 5,342	\$ 5,042
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	300	300	5,342	5,042
 EXPENDITURES				
Public safety				
Sheriff	60,000	60,000	25,658	34,342
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	60,000	60,000	25,658	34,342
 Net change in fund balance	<u>\$ (59,700)</u>	<u>\$ (59,700)</u>	(20,316)	<u>\$ 39,384</u>
 FUND BALANCE - BEGINNING			<u>250,819</u>	
 FUND BALANCE - ENDING			<u>\$ 230,503</u>	

KARNES COUNTY, TEXAS

**INTEREST AND SINKING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property	\$ -	\$ -	\$ 7,770	\$ 7,770
Interest	<u>1,500</u>	<u>1,500</u>	<u>738</u>	<u>(762)</u>
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>8,508</u>	<u>7,008</u>
EXPENDITURES				
Debt service				
Principal retirement	211,009	211,009	166,259	44,750
Interest retirement	<u>-</u>	<u>-</u>	<u>43,882</u>	<u>(43,882)</u>
Total expenditures	<u>211,009</u>	<u>211,009</u>	<u>210,141</u>	<u>868</u>
Net change in fund balance	<u><u>\$ (209,509)</u></u>	<u><u>\$ (209,509)</u></u>	(201,633)	<u><u>\$ 7,876</u></u>
FUND BALANCE - BEGINNING			<u>201,633</u>	
FUND BALANCE - ENDING			<u><u>\$ -</u></u>	

KARNES COUNTY, TEXAS

**SHERIFF CONTRIBUTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Interest	\$ 300	\$ 300	\$ 189	\$ (111)
Donations	<u> -</u>	<u> -</u>	<u>11,705</u>	<u>11,705</u>
Total revenues	300	300	11,894	11,594
 EXPENDITURES				
Public safety				
Sheriff	<u>2,000</u>	<u>2,000</u>	<u>13,243</u>	<u>(11,243)</u>
 Net change in fund balance	<u>\$ (1,700)</u>	<u>\$ (1,700)</u>	(1,349)	<u>\$ 351</u>
 FUND BALANCE - BEGINNING			<u>12,750</u>	
 FUND BALANCE - ENDING			<u>\$ 11,401</u>	

KARNES COUNTY, TEXAS

**LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 3,600	\$ 3,600	\$ 7,716	\$ 4,116
Interest	<u>150</u>	<u>150</u>	<u>944</u>	<u>794</u>
Total revenues	3,750	3,750	8,660	4,910
EXPENDITURES				
Current				
General administration				
Law library	<u>8,000</u>	<u>8,000</u>	<u>2,910</u>	<u>5,090</u>
Net change in fund balance	<u><u>\$ (4,250)</u></u>	<u><u>\$ (4,250)</u></u>	5,750	<u><u>\$ 10,000</u></u>
FUND BALANCE - BEGINNING			<u>39,787</u>	
FUND BALANCE - ENDING			<u><u>\$ 45,537</u></u>	

KARNES COUNTY, TEXAS

**COURT REPORTER FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property	\$ 19,975	\$ 19,975	\$ 19,838	\$ (137)
Charges for fees	2,700	2,700	3,529	829
Interest	<u>42</u>	<u>42</u>	<u>157</u>	<u>115</u>
Total revenues	22,717	22,717	23,524	807
 EXPENDITURES				
Current				
Judicial				
Judicial court	<u>17,224</u>	<u>17,224</u>	<u>12,326</u>	<u>4,898</u>
 Net change in fund balance	<u>\$ 5,493</u>		11,198	<u>\$ 5,705</u>
 FUND BALANCE - BEGINNING			<u>129</u>	
 FUND BALANCE - ENDING			<u>\$ 11,327</u>	

KARNES COUNTY, TEXAS

**CONTRACT ELECTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 8,300	\$ 8,300	\$ 20,326	\$ 12,026
Interest	<u>300</u>	<u>300</u>	<u>951</u>	<u>651</u>
Total revenues	8,600	8,600	21,277	12,677
EXPENDITURES				
Current				
General administration				
Elections	<u>3,000</u>	<u>3,000</u>	<u>10,055</u>	<u>(7,055)</u>
Net change in fund balance	<u><u>\$ 5,600</u></u>	<u><u>\$ 5,600</u></u>	11,222	<u><u>\$ 5,622</u></u>
FUND BALANCE - BEGINNING			<u>36,159</u>	
FUND BALANCE - ENDING			<u><u>\$ 47,381</u></u>	

KARNES COUNTY, TEXAS

**EMS DONATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Donations	\$ -	\$ -	\$ 14,500	\$ 14,500
Interest	<u>30</u>	<u>30</u>	<u>466</u>	<u>436</u>
Total revenues	30	30	14,966	14,936
EXPENDITURES				
Current				
Public safety				
EMS	16,000	16,000	12,269	3,731
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	16,000	16,000	12,269	3,731
Net change in fund balance	<u>\$ 30</u>	<u>\$ 30</u>	2,697	<u>\$ 14,936</u>
FUND BALANCE - BEGINNING			<u>16,584</u>	
FUND BALANCE - ENDING			<u>\$ 19,281</u>	

KARNES COUNTY, TEXAS

**EMERGENCY SERVICES DISTRICT / RURAL FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the year ended September 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property	\$ 975,327	\$ 975,327	\$ 971,757	\$ (3,570)
Interest	5,000	5,000	9,913	4,913
Total revenues	<u>980,327</u>	<u>980,327</u>	<u>981,670</u>	<u>1,343</u>
EXPENDITURES				
Current				
Public safety				
Fire	<u>975,327</u>	<u>975,327</u>	<u>568,768</u>	<u>406,559</u>
Net change in fund balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	412,902	<u>\$ 407,902</u>
FUND BALANCE - BEGINNING			<u>(149,243)</u>	
FUND BALANCE - ENDING			<u>\$ 263,659</u>	