

WILSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

WILSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wilson County, Texas, (the "County") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wilson 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.

Honorable Judge and Commissioners' Court
Wilson County, Texas

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison information together with the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of County Contributions-Pensions, and the Schedule of Changes in Net Other Postemployment Liability and Related Ratios 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 the County's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and related 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 statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

April 13, 2020

**WILSON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Management's discussion and analysis of Wilson County, Texas's (the "County") financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the County's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) the government-wide financial statements, (2) the fund financial statements and (3) the notes to the financial statements. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner like a private-sector business and are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The Statement of Net Position includes all the County's assets, liabilities, and deferred inflows and outflows of resources with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County as a whole, is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the County's property tax base and the condition of the County's infrastructure (i.e. roads, buildings, machinery, vehicles, etc.), to assess the overall health or financial condition of the County.

The Statement of Activities reports how the County's net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave). The government-wide financial statements distinguish functions of Wilson County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects and culture and recreation.

**WILSON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

FUND FINANCIAL STATEMENTS

The financial statements also include 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. The County 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 Balances for the General Fund, the Road and Bridge Funds, the Debt Service Fund and the Recording Fees Fund, all of which are considered to be major funds. Data from the other twenty-one (21) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report.

Governmental funds are reported in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The focus in the fund financial statements provides a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the County and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

The County also has eleven (11) agency funds presented in this report. Such funds are not included in the government-wide statements but are shown separately.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The County adopts an annual unappropriated budget for its General Fund and Road and Bridge Funds. Budgetary comparison schedules are included as RSI for these funds. In addition, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of County Contributions – Pensions, and the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios are included as RSI.

**WILSON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the County's financial position. In the case of the governmental activities of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$12,692,855 as of September 30, 2019.

A portion of the County's net position reflects its net investment in capital assets (e.g. land, buildings, machinery, infrastructure, vehicles, equipment, less any debt used to acquire those assets that is still outstanding).

The following table provides a comparative analysis of the Statement of Net Position as of September 30, 2019, and September 30, 2018:

	Summary of Changes in the Statement of Net Position - Governmental Activities		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 13,131,335	\$ 12,312,308	\$ 819,027
Capital Assets (Net of Accumulated Depreciation)	<u>14,318,475</u>	<u>15,712,039</u>	<u>(1,393,564)</u>
Total Assets	<u>\$ 27,449,810</u>	<u>\$ 28,024,347</u>	<u>\$ (574,537)</u>
Deferred Outflow of Resources	<u>\$ 2,265,644</u>	<u>\$ 1,122,670</u>	<u>\$ 1,142,974</u>
Long-Term Liabilities	\$ 7,894,899	\$ 8,436,528	\$ 541,629
Net Pension Liability	3,226,785	1,004,612	(2,222,173)
Net OPEB Liability	4,537,015	3,960,652	(576,363)
Other Liabilities	<u>1,196,112</u>	<u>1,383,439</u>	<u>187,327</u>
Total Liabilities	<u>\$ 16,854,811</u>	<u>\$ 14,785,231</u>	<u>\$ (2,069,580)</u>
Deferred Inflow of Resources	<u>\$ 167,788</u>	<u>\$ 285,368</u>	<u>\$ 117,580</u>
Net Position:			
Net Investment in Capital Assets	\$ 6,423,576	\$ 7,504,329	\$ (1,080,753)
Restricted	206,235	1,941,597	(1,735,362)
Unrestricted	<u>6,063,044</u>	<u>4,630,492</u>	<u>1,432,552</u>
Total Net Position	<u>\$ 12,692,855</u>	<u>\$ 14,076,418</u>	<u>\$ (1,383,563)</u>

* As Restated

*

**WILSON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the County's operations for the years ended September 30, 2019, and September 30, 2018. The County's net position related to governmental activities decreased by \$1,383,563.

	Summary of Changes in the Statement of Activities - Governmental Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Charges for Services	\$ 5,033,691	\$ 4,445,290	\$ 588,401
Grant Revenue	229,645	1,507,839	(1,278,194)
General Revenues:			
Property Taxes	15,518,748	14,262,857	1,255,891
Sales Taxes	49,827	54,650	(4,823)
Investment Revenues	272,070	179,754	92,316
Other Revenues	917,974	706,008	211,966
Total Revenues	\$ 22,021,955	\$ 21,156,398	\$ 865,557
Expenses:			
General Administration	\$ 2,956,061	\$ 2,673,416	\$ (282,645)
Legal	558,816	538,055	(20,761)
Judicial	3,252,400	3,121,431	(130,969)
Financial Administration	1,277,780	1,143,467	(134,313)
Public Facilities	719,952	594,464	(125,488)
Public Safety	8,145,095	7,648,230	(496,865)
Public Transportation	5,005,094	5,890,676	885,582
Environmental Protection	284,741	221,977	(62,764)
Culture and Recreation	544,538	241,165	(303,373)
Health and Welfare	228,774	233,550	4,776
Conservation - Agriculture	183,914	174,804	(9,110)
Interest and Fiscal Charges	248,353	272,260	23,907
Total Expenses	\$ 23,405,518	\$ 22,753,495	\$ (652,023)
Change in Net Position	\$ (1,383,563)	\$ (1,597,097)	\$ 213,534
Net Position, Beginning of Year	14,076,418	15,673,515	(1,597,097)
Net Position, End of Year	\$ 12,692,855	\$ 14,076,418	\$ (1,383,563)
* As Restated		*	

**WILSON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

FINANCIAL ANALYSIS OF THE COUNTY'S GOVERNMENTAL FUNDS

As of the end of the fiscal year, the County's combined fund balances were \$9,513,668, an increase of \$107,206 from the prior year or 1.1% in comparison with the prior year. Approximately 64.4% of this total amount is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted or committed, to indicate that it is not available for spending because it has already been restricted or committed.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance was \$6,200,085. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 38.19% of total General Fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the current fiscal year, the County revised the budget to more accurately reflect anticipated activity. With these adjustments, actual revenue was \$303,248 more than budgeted revenue and actual expenditures were \$117,439 more than budgeted expenditures. The revenue increases were primarily due to better than expected property tax revenues. The expenditure increases were primarily due to higher than anticipated General Administration and Judicial costs.

CAPITAL ASSETS

Capital assets as of September 30, 2019, total \$14,318,475 (net of accumulated depreciation) and include land, buildings, machinery and equipment, vehicles as well as road, highway and bridge infrastructure.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Land	\$ 866,008	\$ 600,275	\$ 265,733
Buildings	11,858,226	13,031,764	(1,173,538)
Machinery and Equipment	633,354	873,917	(240,563)
Vehicles	897,959	1,111,691	(213,732)
Computer Systems	62,928	94,392	(31,464)
Total Net Capital Assets	\$ 14,318,475	\$ 15,712,039	\$ (1,393,564)

**WILSON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the County had total debt payable of \$7,579,677. The changes in the debt position of the County during the fiscal year ended September 30, 2019, are summarized as follows:

Bond Debt Payable, October 1, 2018	\$ 7,070,000
Less: Bond Principal Paid	<u>340,000</u>
Bond Debt Payable, September 30, 2019	<u>\$ 6,730,000</u>
Capital Leases Payable, October 1, 2018	\$ 909,710
Add: Lease Proceeds	135,801
Less: Lease Principal Paid	<u>195,834</u>
Capital Leases Payable, September 30, 2019	<u>\$ 849,677</u>

CONTACTING THE COUNTY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Wilson County Auditor, 1420 3rd Street, Suite 109, Floresville, Texas 78114.

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

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 10,277,948
Receivables:	
Property Taxes	1,393,488
Fees (Net of Allowance for Uncollectibles)	1,400,389
Other	25,581
Prepaid Costs	33,929
Land	866,008
Capital Assets (Net of Accumulated Depreciation)	13,452,467
TOTAL ASSETS	\$ 27,449,810
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	\$ 2,178,955
Deferred Outflows - Other Postemployment Benefits	86,689
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 2,265,644
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 29,715,454
LIABILITIES	
Accounts Payable	\$ 782,475
Accrued Wages Payable	292,859
Accrued Compensated Absences	79,653
Accrued Interest Payable	41,125
Long-Term Liabilities:	
Bonds Payable, Due Within One Year	350,000
Bonds Payable, Due After One Year	6,695,222
Capital Lease Payable, Due Within One Year	296,932
Capital Lease Payable, Due After One Year	552,745
Net Pension Liability	3,226,785
Net Other Postemployment Benefit Plan Liability	4,537,015
TOTAL LIABILITIES	\$ 16,854,811
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pensions	\$ 95,752
Deferred Inflows - Other Postemployment Benefits	72,036
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 167,788
NET POSITION	
Net Investment in Capital Assets	\$ 6,423,576
Restricted For Debt Service	206,235
Unrestricted	6,063,044
TOTAL NET POSITION	\$ 12,692,855

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

WILSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Expenses	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position Governmental Activities
GOVERNMENTAL ACTIVITIES				
General Administration	\$ 2,956,061	\$	\$	\$ (2,956,061)
Legal	558,816			(558,816)
Judicial	3,252,400	934,012	171,984	(2,146,404)
Financial Administration	1,277,780			(1,277,780)
Public Facilities	719,952			(719,952)
Public Safety	8,145,095	2,899,982	57,661	(5,187,452)
Public Transportation	5,005,094	1,199,697		(3,805,397)
Environmental Protection	284,741			(284,741)
Culture and Recreation	544,538			(544,538)
Health and Welfare	228,774			(228,774)
Conservation - Agriculture	183,914			(183,914)
Interest and Fiscal Charges	248,353			(248,353)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 23,405,518	\$ 5,033,691	\$ 229,645	\$ (18,142,182)
GENERAL REVENUES:				
Property Taxes				\$ 15,518,748
Mixed Beverage Sales Tax				49,827
Other Revenues				1,190,044
TOTAL GENERAL REVENUES				\$ 16,758,619
CHANGE IN NET POSITION				\$ (1,383,563)
NET POSITION - OCTOBER 1, 2018, AS RESTATED				14,076,418
NET POSITION - SEPTEMBER 30, 2019				\$ 12,692,855

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

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WILSON COUNTY, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Road and Bridge Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,898,430	\$ 1,184,409
Receivables:		
Property Taxes (Net of Allowance for Uncollectibles)	1,052,973	246,558
Fees (Net of Allowance for Uncollectibles)	65,525	88,488
Other	22,426	
Prepaid Costs	33,929	
Due from Other Funds		
TOTAL ASSETS	\$ 8,073,283	\$ 1,519,455
LIABILITIES		
Accounts Payable	\$ 484,100	\$ 212,766
Due to Other Funds	111,923	
Accrued Wages Payable	224,202	41,984
TOTAL LIABILITIES	\$ 820,225	\$ 254,750
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 1,052,973	\$ 246,558
FUND BALANCES		
Nonspendable: Prepaid Costs	\$ 33,929	\$
Restricted for:		
General Administration		
Debt Service		
Judicial		
Legal		
Public Safety		
Public Transportation		1,018,147
Committed for:		
Culture and Recreation		
Future Book Restoration		
General Administration		
Unassigned	6,166,156	
TOTAL FUND BALANCES	\$ 6,200,085	\$ 1,018,147
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,073,283	\$ 1,519,455

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

Debt Service Fund	Recording Fees Fund	Other Non-Major Funds	Total Governmental Funds
\$ 71,625	\$ 837,340	\$ 1,286,144	\$ 10,277,948
60,657	22,501	33,300	1,393,488
3,155		75,030	251,544
111,923			25,581
			33,929
<u>111,923</u>			<u>111,923</u>
<u>\$ 247,360</u>	<u>\$ 859,841</u>	<u>\$ 1,394,474</u>	<u>\$ 12,094,413</u>
\$	\$ 223	\$ 85,386	\$ 782,475
			111,923
		26,673	292,859
<u>- 0 -</u>	<u>\$ 223</u>	<u>\$ 112,059</u>	<u>\$ 1,187,257</u>
<u>\$ 60,657</u>	<u>\$ - 0 -</u>	<u>\$ 33,300</u>	<u>\$ 1,393,488</u>
\$	\$	\$	\$ 33,929
186,703		97,265	97,265
			186,703
		238,010	238,010
		6,321	6,321
		659,699	659,699
		95,401	1,113,548
		128,186	128,186
	859,618		859,618
		62,346	62,346
		(38,113)	6,128,043
<u>186,703</u>	<u>\$ 859,618</u>	<u>\$ 1,249,115</u>	<u>\$ 9,513,668</u>
<u>\$ 247,360</u>	<u>\$ 859,841</u>	<u>\$ 1,394,474</u>	<u>\$ 12,094,413</u>

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

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

Total Fund Balances - Governmental Funds \$ 9,513,668

Amounts reported for governmental activities in the Statement of Net Position are different because:

Land and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 14,318,475

Other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. During the year this included unavailable revenue related to fines and fees. 1,148,845

Portions of the change in net pension liability and net other postemployment benefit liability that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources. 2,097,856

Deferred inflows of resources related to property tax revenues receivable on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the County. 1,393,488

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Compensated Absences	\$ (79,653)	
Accrued Bond Interest Payable	(41,125)	
Bonds Payable	(7,045,222)	
Capital Leases Payable	(849,677)	
Net Pension Liability	(3,226,785)	
Net Other Postemployment Benefit Liability	<u>(4,537,015)</u>	<u>(15,779,477)</u>

Total Net Position - Governmental Activities \$ 12,692,855

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

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WILSON COUNTY, TEXAS
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Road and Bridge Funds	Debt Service Fund
REVENUES			
Property Taxes	\$ 11,684,649	\$ 2,694,777	\$ 707,079
Mixed Beverage Sales Tax	49,827		
Intergovernmental	126,293	48,020	
Licenses and Permits		1,199,697	
Charges for Services	1,978,255		
Fines and Forfeitures	143,033	473,662	
Interest Earnings	271,230		
Miscellaneous	602,200	39,504	9,374
TOTAL REVENUES	\$ 14,855,487	\$ 4,455,660	\$ 716,453
EXPENDITURES			
General Administration	\$ 3,006,847	\$	\$
Legal	471,371		7,003
Judicial	2,319,764		
Financial Administration	1,059,128		
Public Facilities	272,743		
Public Safety	7,241,805		
Public Transportation		4,198,901	
Environmental Protection	268,134		
Culture and Recreation			
Health and Welfare	201,805		
Conservation - Agriculture	158,773		
Debt Service:			
Lease Principal		195,834	
Lease Interest		25,601	
Bond Principal			340,000
Bond Interest			251,000
TOTAL EXPENDITURES	\$ 15,000,370	\$ 4,420,336	\$ 598,003
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (144,883)	\$ 35,324	\$ 118,450
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ (239,500)	\$	\$
Capital Lease Proceeds	135,801		
TOTAL OTHER FINANCING SOURCES (USES)	\$ (103,699)	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCES	\$ (248,582)	\$ 35,324	\$ 118,450
FUND BALANCES - OCTOBER 1, 2018, AS RESTATED	6,448,667	982,823	68,253
FUND BALANCES - SEPTEMBER 30, 2019	\$ 6,200,085	\$ 1,018,147	\$ 186,703

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

Recording Fees Fund	Other Non-Major Funds	Total Governmental Funds
\$	\$ 363,954	\$ 15,450,459
		49,827
	288,560	462,873
		1,199,697
226,951	268,125	2,473,331
	8,372	625,067
	840	272,070
	33,668	684,746
\$ 226,951	\$ 963,519	\$ 21,218,070
\$	\$ 76,568	\$ 3,083,415
		478,374
	318,081	2,637,845
83,436		1,142,564
		272,743
	326,808	7,568,613
		4,198,901
		268,134
	423,063	423,063
		201,805
		158,773
		195,834
		25,601
		340,000
		251,000
\$ 83,436	\$ 1,144,520	\$ 21,246,665
\$ 143,515	\$ (181,001)	\$ (28,595)
\$	\$ 239,500	\$
		135,801
\$ - 0 -	\$ 239,500	\$ 135,801
\$ 143,515	\$ 58,499	\$ 107,206
716,103	1,190,616	9,406,462
\$ 859,618	\$ 1,249,115	\$ 9,513,668

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

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

Net Change in Fund Balances - Governmental Funds	\$ 107,206
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report revenues for tax, fines and fee when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes, fine and/or fee are levied.	803,885
The changes in the net pension liability, other postemployment benefits liability, and the deferred inflows and outflows of resources are recorded in the government-wide financial statements.	(1,329,371)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(2,045,451)
Governmental funds report capital expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	651,887
Governmental funds report principal payments on debt as expenditures. However, in the Statement of Net Position, principal payments are reported as decreases in long-term liabilities.	535,834
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	28,248
Governmental funds report capital lease proceeds as other financing sources. Capital lease proceeds increase long-term liabilities in the Statement of Net Position.	<u>(135,801)</u>
Change in Net Position - Governmental Activities	<u>\$ (1,383,563)</u>

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

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

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,486,099
Accounts Receivable	<u>87,237</u>
TOTAL ASSETS	<u>\$ 2,573,336</u>
 LIABILITIES	
Accounts Payable	\$ 221,386
Due to Others	<u>2,351,950</u>
TOTAL LIABILITIES	<u>\$ 2,573,336</u>

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

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WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Wilson County, Texas (the “County”) is an independent government entity created in 1860 from Bexar County and Karnes County by an act of the Texas Legislature. The County is governed by Commissioners’ Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution. Wilson County operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to generally accepted accounting principles (“GAAP”) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (“GASB”), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

The Commissioners' Court has governance responsibilities over all activities related to Wilson County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities; however, the County is not included in any other governmental “reporting entity” as defined by authoritative guidance. There are no component units included within the reporting entity.

The County provides a vast array of services including public safety (fire, ambulance and law enforcement), public transportation (roads and bridges), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions and general and financial administrative services.

Financial Statement Presentation

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the County’s nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and as other financing sources and uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from agency funds on the governmentwide Statement of Net Position. As of September 30, 2019, the General Fund recorded a payable to the Debt Service Fund for \$111,923 due to the over transfer of property taxes. During the current year, the General Fund transferred \$239,500 to various nonmajor funds to support current year activity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

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

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Property tax revenues are considered measurable at the time of levy and are recognized as deferred inflows of resources and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end. However, the amount of taxes collected in the period 60 days subsequent to year end are considered immaterial and not recorded as current year revenue. All tax collections expected to be received subsequent to year end are, therefore, reported as deferred inflows of resources. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the County, revenues are recognized as the expenditures or expenses are recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The County reports the following major governmental funds:

General Fund – The General Fund is the County’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Road and Bridge Fund – The Road and Bridge Fund is a special revenue fund that is used to account for resources used by the County in connection with providing transportation services to its citizens.

The Debt Service Fund – The County uses this fund to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Recording Fees Fund – The County uses this fund to account for the accumulation of resources for, and the payment of, book restoration and other record keeping expenditures.

Additionally, the County reports the following non-major fund types:

Non-Major Special Revenue Funds – The County uses these funds to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, that are restricted, committed, or assigned to expenditures for specified purposes).

Fiduciary Funds

Agency Funds – The County accounts for resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations.

Cash and Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for the State Property Tax Board which commenced operation on January 1, 1980.

The Central Appraisal District of Wilson County, Texas (the "Appraisal District") is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property.

Through a contractual arrangement with the County, the Central Appraisal District of Wilson County is responsible for the collection of taxes. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the Appraisal District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values. The County is permitted by Article 8, Section 9 of the State of Texas Constitution to levy taxes up to \$0.80 per \$100 of assessed valuation for general government services including the payment of principal and interest on general obligation long-term debt.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

The County has adopted a policy to record all delinquent taxes in the General Fund at year end. The County's general obligation bonds require an annual tax levy sufficient to pay principal and interest on the bonds with full allowance being made for delinquent taxes. The bond ordinances require that the Debt Service Fund be funded from actual tax receipts as received. The later collection of delinquent taxes, after the current year funding requirements have been satisfied, will be in excess of the actual requirements for the payment of the bonds. Therefore, such delinquent taxes are deposited in the County's General Fund after the County has met the annual requirements for the payment of the bonds.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements, they are offset by nonspendable fund balance which indicates they do not represent “available spendable resources.”

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset.

Infrastructure assets are capitalized if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	20-50
Machinery and Equipment	5
Vehicles	5
Computer Systems	5
System Infrastructure	50

The costs of a significant portion of capital assets have been estimated based on management’s estimated historical cost.

Receivables and Payables Balances

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

A liability for unused vacation time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on specific event (such as illness)

Upon termination from the County employment, an employee that has completed six months of employment shall be entitled to payment for total accrued but unused days of vacation up to 40 hours. However, employees may carry over a maximum of 80 hours of vacation time from year to year. Sick leave accrues at a rate of 3.70 hours per bi-weekly payroll up to a maximum of 480 hours. Unused sick leave is non-vesting and will not be paid on termination, thus vacation time is the only accrued compensation liabilities recorded.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to its pension and OPEB plans for changes in assumptions and the difference between projected and actual earnings for its pension plan and contributions made to the pension and OPEB plans after the measurement date, but before the end of the fiscal year.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan and for unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

The fiduciary net position of the Texas County and District Retirement System (“TCDRS”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (“OPEB”)

The fiduciary net position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from the fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no assets accumulated in a trust fund for the OPEB plan.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The County Judge and the County Auditor submit an annual budget to the Commissioners’ Court in accordance with the laws of the State of Texas. The budget is presented to the Commissioners’ Court for review, budget workshops are held with the various County department officials, and public hearings are held to address priorities and the allocation of resources. In August, the Commissioners’ Court adopts the annual fiscal year budgets for all County operating funds. Once approved, the Commissioners’ Court may amend adopted budgets when unexpected modifications are required in estimated revenues and appropriations.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Each fund’s approved budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services and related fringe benefits, supplies, other services and charges, capital outlay, transfers, and debt service. Expenditures may not exceed appropriations at the department level.

Within this control level, management may transfer appropriation between line items. Budget revisions and line item transfers are subject to final review by the Commissioners’ Court. Revisions to the budget were made throughout the year.

The budgets for the General Fund and Road and Bridge Funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures, which do not include encumbrances, are budgeted in the year that the liability is incurred. The budget and actual required supplementary information is presented on these bases. Unexpended appropriations for annually budgeted funds lapse at fiscal year-end.

NOTE 4. LONG-TERM DEBT

The County’s General Obligation Bonds are payable from and secured by property taxes in accordance with underlying ordinances and resolutions authorizing their issuance. Also, in accordance with authorizing ordinances and resolutions, a separate Debt Service Fund has been established and is being maintained for this debt issue. Any revenues from investments in these funds will be used to pay principal and interest on these debt issues. Pertinent data related to the General Obligation Bonds is shown below.

	Series 2014
Amount Outstanding – September 30, 2019	\$6,730,000
Interest Rates	2.50% - 4.00%
Maturity Dates – Serially Beginning/Ending	February 1, 2020/2034
Interest Payment Dates	February 1/ August 1
Callable Dates	February 1, 2023*

* Callable at a price of par plus accrued interest to the date of redemption.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding long-term liabilities for the year ended September 30, 2019:

	October 1, 2018	Additions	Retirements	September 30, 2019
Bonds Payable	\$ 7,070,000	\$	\$ 340,000	\$ 6,730,000
Unamortized Premiums	337,129		21,907	315,222
Long-Term Debt, Net	<u>\$ 7,407,129</u>	<u>\$ -0-</u>	<u>\$ 361,907</u>	<u>\$ 7,045,222</u>
			Amount Due Within One Year	\$ 350,000
			Amount Due After One Year	<u>6,695,222</u>
			Long-Term Debt, Net	<u>\$ 7,045,222</u>

As of September 30, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 350,000	\$ 242,375	\$ 592,375
2021	360,000	232,600	592,600
2022	370,000	221,650	591,650
2023	380,000	210,400	590,400
2024	395,000	197,787	592,787
2025-2029	2,195,000	758,338	2,953,338
2030-2034	2,680,000	276,400	2,956,400
	<u>\$ 6,730,000</u>	<u>\$ 2,139,550</u>	<u>\$ 8,869,550</u>

During the year ended September 30, 2019, the County levied an ad valorem debt service tax at the rate of \$0.0219 per \$100 of assessed valuation, which resulted in a tax levy of \$606,703 on the adjusted taxable valuation of \$2,770,332,270 for the 2018 tax year. The bond order requires the County to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Investments

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC coverage.

At September 30, 2019, the carrying amount of the County's deposits (cash, certificates of deposit and temporary investments) was:

<u>Deposit/Investment Type</u>	<u>Fair Value</u>	<u>Maturities in Years</u>	
		<u>Less Than 1</u>	<u>1-5</u>
TexPool	\$ 7,542,072	\$ 7,542,072	\$
Texas CLASS	24,005	24,005	
Total Cash in Bank	1,109,507	1,109,507	
Certificates of Deposit	<u>1,602,364</u>	<u>1,355,364</u>	<u>247,000</u>
TOTAL	<u>\$ 10,277,948</u>	<u>\$ 10,030,948</u>	<u>\$ 247,000</u>

Under Texas law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all County funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the County's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The County's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest County funds without express written authority from the County Council.

Texas statutes include specifications for and limitations applicable to the County and its authority to purchase investments as defined in the Public Funds Investment Act. The County has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The County's investment policy may be more restrictive than the Public Funds Investment Act.

The County invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the County's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

The County also invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the County also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. Certificates of deposit are valued at acquisition cost at the date of purchase.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2019, the County's investment in TexPool and Texas CLASS was rated AAAM by Standard and Poor's. The County also manages credit risk by investing in certificates of deposit with balances below the FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County considers the investments in TexPool and Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the County, unless there has been a significant change in value. The County also manages interest rate risk by investing in certificates of deposit with maturity dates of approximately eighteen-months or less.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the governmental activities for the year ended September 30, 2019:

	October 1, 2018	Increases	Decreases	September 30, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 600,275	\$ 265,733	\$ - 0 -	\$ 866,008
Capital Assets Subject to Depreciation				
Buildings	\$ 19,840,978	\$	\$	\$ 19,840,978
Machinery and Equipment	4,893,786	108,624		5,002,410
Vehicles	3,246,968	277,530	7,879	3,516,619
Computer Systems	586,179			586,179
Infrastructure	2,595,716			2,595,716
Total Capital Assets Subject to Depreciation	\$ 31,163,627	\$ 386,154	\$ 7,879	\$ 31,541,902
Accumulated Depreciation				
Buildings	\$ 6,809,214	\$ 1,173,538		\$ 7,982,752
Machinery and Equipment	4,019,869	349,187		4,369,056
Vehicles	2,135,277	491,262	7,879	2,618,660
Computer Systems	491,787	31,464		523,251
Infrastructure	2,595,716			2,595,716
Total Accumulated Depreciation	\$ 16,051,863	\$ 2,045,451	\$ 7,879	\$ 18,089,435
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 15,111,764	\$ (1,659,297)	\$ - 0 -	\$ 13,452,467
Total Capital Assets, Net of Accumulated Depreciation	\$ 15,712,039	\$ (1,393,564)	\$ - 0 -	\$ 14,318,475

Depreciation categorized by department at September 30, 2019, follows:

Governmental Activities:	
General Administration	\$ 28,909
Legal	1,820
Judicial	497,899
Financial Administration	31,844
Public Facilities	426,325
Public Safety	374,772
Public Transportation	592,285
Culture and Recreation	78,016
Health and Welfare	7,583
Conservation - Agriculture	5,998
Total Depreciation Expense	\$ 2,045,451

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7. ACCRUED COMPENSATED EMPLOYEE ABSENCES

Accumulated unpaid annual leave amounts are not accrued in the governmental funds using the modified accrual basis of accounting but are reflected in the government-wide financial statements. As of September 30, 2019, accrued employee benefits recorded as general long-term debt were for annual vacation pay and amounted to \$79,653.

NOTE 8. PENSION PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 780 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided

The plan provisions are adopted by the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	<u>100</u>
Inactive employees entitled but not yet receiving benefits	<u>219</u>
Active employees	<u>201</u>

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8. PENSION PLAN (Continued)

Contributions

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 deposit rate payable by the employee members for calendar years 2018 and 2019 is 7.00% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Actuarial Assumptions

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

Actuarial valuation date	12/31/18
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	12.4 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return ¹	8.00%
Projected salary increases ¹	4.90%
Inflation	2.75%
Cost-of-living adjustments	0.00%

¹ Includes inflation at the stated rate

The actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68. All other assumptions and methods are the same as used in the prior valuation.

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and the RP-2014 Active Employee Mortality Table for females projected with 110% of the MP-2014 ultimate scale after 2014.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 ultimate scale after 2014.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8. PENSION PLAN (Continued)

Disabled retirees - 130% of the RP-2014 Disability Annuitant Mortality Table for males and 115% of the RP-2014 Disability Annuitant Mortality Table for females, both projected with 110% of the MP-2014 ultimate scale after 2014.

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8. PENSION PLAN (Continued)

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a 30-year time horizon; the most recent analysis was performed in 2017 based on the period January 1, 2013- December 31, 2016. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equities	2.50%	5.7%
International Equities-Development	10.00%	5.40%
International Equities-Emerging	7.00%	5.90%
Investment-Grade Bonds	3.00%	1.60%
High-Yield Bonds	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	3.00%	5.35%
Private Real Estate partnerships	6.00%	6.30%
Hedge Funds	<u>13.00%</u>	3.90%
Total	<u>100.00%</u>	

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 29,737,854	\$ 26,462,005	\$23,695,579
Fiduciary Net Position	<u>23,235,218</u>	<u>23,235,220</u>	<u>23,235,218</u>
Net Pension Liability/(Asset)	<u>\$ 6,502,636</u>	<u>\$ 3,226,785</u>	<u>\$ 460,361</u>

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8. PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2018 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2017	\$ 24,555,545	\$ 23,550,932	\$ 1,004,613
Changes for the year:			
Service Costs	949,458		949,458
Interest (on the Total Pension Liability)	2,019,137		2,019,137
Difference between expected and actual experience	115,576		115,576
Benefit payments, including refunds of employee contributions	(1,177,711)	(1,177,711)	
Contributions - employer		770,869	(770,869)
Contributions - employee		540,692	(540,692)
Net investment income		(437,254)	437,254
Administrative Expense		(18,663)	18,663
Other		6,355	(6,355)
Balances of December 31, 2018	<u>\$ 26,462,005</u>	<u>\$ 23,235,220</u>	<u>\$ 3,226,785</u>

At December 31, 2018, the County reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 104,973	\$ 95,752
Changes in actuarial assumptions	68,663	
Difference between projected and actual investment earnings	1,444,489	
Contributions subsequent to the measurement date	560,830	
Total	<u>\$ 2,178,955</u>	<u>\$ 95,752</u>

\$560,830 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2019.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8. PENSION PLAN (Continued)

The other net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:		
2019	\$	574,831
2020		246,348
2021		231,252
2022		469,942
		<u>\$ 1,522,373</u>

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The County provides certain health care benefits through a single employer defined benefit OPEB plan. Permanent full-time employees who retire under TCDRS eligibility rules are eligible to participate in the County’s health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service or when the retirees age plus years of service equals 75. Spouses and dependents of retirees are also eligible. As of the date of the latest actuarial valuation, the County has 201 active employees and 86 retirees participating in the plan.

When a regular, full-time employee retires and is currently enrolled in the health care plan, they are eligible to continue to participate in the County’s group health insurance and prescription plans. Members who terminate employment prior to retirement are not eligible for retiree health care benefits. Texas Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to the Commissioners Court. The plan is not administered by a trust and there are no assets accumulated in a trust.

Contributions

The funding policy of the plan is to ensure that adequate resources are available to meet the required insurance premiums for the upcoming year. It is not the intent of the funding policy to pre-fund retiree health insurance during employees’ entire careers.

Benefits Provided

Retirees may purchase retiree health care coverage through the County’s health care plan as a retiree and for eligible spouses and dependents at their own expense. Surviving spouses and dependents of deceased retired members may continue retiree health care coverage up to age 65 for spouses and to age 25 for dependents. Spouse and/or dependent must be on the plan prior to retirement of the employee. Retirees are required to enroll in Medicare Parts A and B once eligible.

Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled but not yet receiving benefits	42
Active employees	201

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-Line amortization over Expected Work Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	3.50%
Healthcare Cost Trend	Level 5.00%
Investment Rate of Return	4.10% 20-Year Bond GO Index published by bondbuyer.com as of December 27, 2018.
Retirement Age	Experience-based table of rates that are specific to the County's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Data Assumptions	100% of all retirees who currently have healthcare coverage will continue with the same coverage.
<i>Coverages</i>	100% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement

The actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, as conducted by TCDRS. Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and the RP-2014 Active Employee Mortality Table for females projected with 110% of the MP-2014 ultimate scale after 2014.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 ultimate scale after 2014.

Disabled retirees - 130% of the RP-2014 Disability Annuitant Mortality Table for males and 115% of the RP-2014 Disability Annuitant Mortality Table for females, both projected with 110% of the MP-2014 ultimate scale after 2014.

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 4.10% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”) and the discount rate was 4.10% as of the measurement date.

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

The Changes in the total OPEB liability for the measurement year ended December 31, 2018 are as follows:

	Total OPEB Liability
Balances of December 31, 2017	\$ 3,960,652
Changes for the year:	
Service Costs	341,733
Interest on Total OPEB Liability	170,142
Differences between expected and actual experience	(88,063)
Changes in assumptions or other inputs	244,323
Benefit payments	(91,772)
Balances of December 31, 2018	\$ 4,537,015

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,333	\$ 35,307
Changes in assumptions and other inputs	55,350	36,729
Contributions subsequent to the measurement date	25,006	
Total	\$ 86,689	\$ 72,036

\$25,006 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2019. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended December 31:	
2019	\$ (7,858)
2020	21,081
2021	21,081
2022	21,081
Thereafter	69,119
	\$ 124,504

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Sensitivity Analysis - The following presents the total OPEB liability of the County, calculated using the discount rate of 4.10%, 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 (3.10%) or 1 percentage point higher (5.10%) than the current rate.

	1% Decrease 3.10%	Current Discount Rate 4.10%	1% Increase 5.10%
Total OPEB Liability	\$ 471,463	\$ 401,663	\$ 346,928

Healthcare Cost Trend Rate Sensitivity Analysis – The following presents the total OPEB liability of the plan using the assumed healthcare cost trend rate of 2.66%, as well as what the total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current rate.

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
Total OPEB Liability	\$ 4,635,679	\$ 4,135,352	\$ 3,686,060

NOTE 10. CAPITAL LEASES

The County has entered into lease agreements as lessee for financing of machinery, equipment and computer software for financial administration. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease obligations and net present value of the minimum lease payments as of September 30, 2019, were as follows:

Capital Leases Payable, October 1, 2018	\$ 909,710
Add: Lease Proceeds	135,801
Less: Principal Payments	195,834
Capital Leases Payable, September 30, 2019	\$ 849,677
Capital Leases Payable:	
Due Within One Year:	\$ 296,932
Due After One Year:	552,745
Capital Leases Payable, September 30, 2019	\$ 849,677

WILSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 11. FUND BALANCE

The County classifies governmental fund balance in the following categories:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance is established and modified by a resolution from the Commissioners Court and can be used only for the specified purposes determined by the Court's resolution.

Assigned fund balance is intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed. Fund balance can be assigned by the Commissioners' Court or by a Court designee.

Unassigned fund balance is the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications, as well as negative unassigned fund balance in other governmental funds.

The County uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

In fiscal year 2011, the Commissioners' Court adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year-end to be at least equal to 25-40% of the subsequent year's budgeted expenditures for the fiscal year, to be used for unanticipated needs.

NOTE 12. PRIOR PERIOD ADJUSTMENTS

As of October 1, 2018, it was determined that transactions were recorded incorrectly in a prior year. A correction to the presentation of and recording of transactions in the Recording Fees Fund resulted in an increase to the fund balance in the amount of \$878,839. It was also determined that in a prior year, GASB 65 changes were not implemented correctly, which resulted in a \$117,835 decrease to the County's Net Position. A summary of the changes is presented as follows:

RECORDING FEES FUND	
Fund Balance - October 1, 2018	\$ (162,736)
Effect of Correction	878,839
Fund Balance - October 1, 2018, As Adjusted	<u>\$ 716,103</u>
NET POSITION	
Net Position - October 1, 2018	\$ 13,315,414
Effect of Adjustment-Bond Premium Correction	(117,835)
Effect of Adjustment	878,839
Net Position - October 1, 2018, As Adjusted	<u>\$ 14,076,418</u>

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WILSON COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019

WILSON COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund			Variance Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Property Taxes	\$ 11,374,491	\$ 11,374,491	\$ 11,684,649	\$ 310,158
Mixed Beverage Sales Tax	58,000	58,000	49,827	(8,173)
Intergovernmental	99,347	99,347	126,293	26,946
Charges for Services	2,176,546	2,176,546	1,978,255	(198,291)
Fines and Forfeitures	155,500	155,500	143,033	(12,467)
Interest Earnings	178,000	178,000	271,230	93,230
Miscellaneous	510,355	510,355	602,200	91,845
TOTAL REVENUES	<u>\$ 14,552,239</u>	<u>\$ 14,552,239</u>	<u>\$ 14,855,487</u>	<u>\$ 303,248</u>
EXPENDITURES				
General Administration	\$ 2,820,800	\$ 2,820,800	\$ 3,006,847	\$ (186,047)
Legal	474,358	474,358	471,371	2,987
Judicial	2,126,826	2,136,833	2,319,764	(182,931)
Financial Administration	1,112,619	1,112,619	1,059,128	53,491
Public Facilities	193,388	258,388	272,743	(14,355)
Public Safety	7,447,730	7,447,730	7,241,805	205,925
Environmental Protection	255,858	255,858	268,134	(12,276)
Health and Welfare	209,932	209,932	201,805	8,127
Conservation - Agriculture	166,413	166,413	158,773	7,640
TOTAL EXPENDITURES	<u>\$ 14,807,924</u>	<u>\$ 14,882,931</u>	<u>\$ 15,000,370</u>	<u>\$ (117,439)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (255,685)</u>	<u>\$ (330,692)</u>	<u>\$ (144,883)</u>	<u>\$ 185,809</u>
OTHER FINANCING SOURCES (USES)				
Transfers In(Out)	\$ 255,685	\$ 255,685	\$ (239,500)	\$ (495,185)
Capital Lease Proceeds	_____	_____	135,801	135,801
TOTAL OTHER FINANCING SOURCES(USES)	<u>\$ 255,685</u>	<u>\$ 255,685</u>	<u>\$ (103,699)</u>	<u>\$ (359,384)</u>
NET CHANGE IN FUND BALANCE	<u>\$ - 0 -</u>	<u>\$ (75,007)</u>	<u>\$ (248,582)</u>	<u>\$ (173,575)</u>
FUND BALANCE – OCTOBER 1, 2018	<u>6,448,667</u>	<u>6,448,667</u>	<u>6,448,667</u>	_____
FUND BALANCE – SEPTEMBER 30, 2019	<u>\$ 6,448,667</u>	<u>\$ 6,373,660</u>	<u>\$ 6,200,085</u>	<u>\$ (173,575)</u>

See accompanying independent auditor's report.

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WILSON COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Road and Bridge Funds</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 2,662,943	\$ 2,694,777	\$ 31,834
Intergovernmental	49,000	48,020	(980)
Licenses and Permits	1,165,000	1,199,697	34,697
Fines and Forfeitures	461,500	473,662	12,162
Miscellaneous	35,520	39,504	3,984
TOTAL REVENUES	<u>\$ 4,373,963</u>	<u>\$ 4,455,660</u>	<u>\$ 81,697</u>
EXPENDITURES			
Public Transportation - Roads and Bridges	\$ 4,153,683	\$ 4,198,901	\$ (45,218)
Bond Principal	194,546	195,834	(1,288)
Bond Interest	25,734	25,601	133
TOTAL EXPENDITURES	<u>\$ 4,373,963</u>	<u>\$ 4,420,336</u>	<u>\$ (46,373)</u>
NET CHANGE IN FUND BALANCE	\$ - 0 -	\$ 35,324	\$ 35,324
FUND BALANCES –			
OCTOBER 1, 2018	<u>982,823</u>	<u>982,823</u>	<u> </u>
FUND BALANCES –			
SEPTEMBER 30, 2019	<u>\$ 982,823</u>	<u>\$ 1,018,147</u>	<u>\$ 35,324</u>

See accompanying independent auditor's report.

WILSON COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Year Ended December 31, 2018	Year Ended December 31, 2017
Total Pension Liability		
Service Cost	\$ 949,458	\$ 862,352
Interest (on the Total Pension Liability)	2,019,137	1,804,050
Effect of plan changes		1,122,366
Effect of economic/demographic (gains) or losses	115,576	(191,506)
Changes of assumptions		137,325
Benefit payments, including refunds of employee contributions	<u>(1,177,711)</u>	<u>(1,155,345)</u>
Net change in total pension liability	\$ 1,906,460	\$ 2,579,242
Total pension liability, beginning	<u>24,555,545</u>	<u>21,976,303</u>
Total pension liability, ending (a)	<u>\$ 26,462,005</u>	<u>\$ 24,555,545</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 770,869	\$ 638,007
Contributions - employee	540,692	501,804
Net investment income	(437,254)	3,003,556
Benefit payments, including refunds of employee contributions	(1,177,711)	(1,155,345)
Administrative Expense	(18,663)	(15,662)
Other	<u>6,355</u>	<u>(356)</u>
Net Change in plan fiduciary net position	\$ (315,712)	\$ 2,972,004
Plan Fiduciary net position, beginning	<u>23,550,932</u>	<u>20,578,928</u>
Plan Fiduciary net position, ending (b)	<u>\$ 23,235,220</u>	<u>\$ 23,550,932</u>
Net Pension Liability/(Asset), Ending = (a) - (b)	<u>\$ 3,226,785</u>	<u>\$ 1,004,613</u>
Plan fiduciary net position as a percentage of the total pension liability	87.81%	95.91%
Covered-employee payroll	\$ 7,724,177	\$ 7,168,622
Net pension liability as a percentage of covered employee payroll	41.78%	14.01%

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor's report.

Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 906,702	\$ 782,314	\$ 743,968
1,644,965	1,530,935	1,419,549
	(109,795)	
73,163	(41,228)	31,027
	231,245	
<u>(1,004,855)</u>	<u>(970,097)</u>	<u>(828,175)</u>
\$ 1,619,975	\$ 1,423,374	\$ 1,366,369
20,356,328	18,932,954	17,566,585
<u>\$ 21,976,303</u>	<u>\$ 20,356,328</u>	<u>\$ 18,932,954</u>
\$ 620,359	\$ 600,753	\$ 560,772
487,923	472,503	424,827
1,400,245	(12,710)	1,187,034
(1,004,855)	(970,097)	(828,175)
(15,240)	(13,548)	(13,880)
<u>154,763</u>	<u>155,307</u>	<u>37,144</u>
\$ 1,643,195	\$ 232,208	\$ 1,367,722
18,935,733	18,703,525	17,335,803
<u>\$ 20,578,928</u>	<u>\$ 18,935,733</u>	<u>\$ 18,703,525</u>
<u>\$ 1,397,375</u>	<u>\$ 1,420,595</u>	<u>\$ 229,429</u>
93.64%	93.02%	98.79%
\$ 6,970,323	\$ 6,750,040	\$ 6,068,964
20.05%	21.05%	3.78%

See accompanying independent auditor's report.

WILSON COUNTY, TEXAS
SCHEDULE OF COUNTY CONTRIBUTIONS - PENSIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SEPTEMBER 30, 2019

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2018	\$ 770,869	\$ 770,869	\$ -0-	\$ 7,724,177	10.0%
2017	\$ 536,930	\$ 638,007	\$ (101,077)	\$ 7,168,622	8.9%
2016	\$ 572,264	\$ 620,359	\$ (48,095)	\$ 6,970,323	8.9%
2015	\$ 573,753	\$ 600,753	\$ (27,000)	\$ 6,750,040	8.9%
2014	\$ 547,421	\$ 560,772	\$ (13,351)	\$ 6,068,964	9.2%
2013	\$ 464,000	\$ 473,036	\$ (9,036)	\$ 5,315,008	8.9%
2012	\$ 425,841	\$ 443,192	\$ (17,351)	\$ 4,957,406	8.9%
2011	\$ 403,197	\$ 408,503	\$ (5,306)	\$ 4,822,933	8.5%
2010	\$ 388,043	\$ 396,530	\$ (8,487)	\$ 4,714,981	8.4%
2009	\$ 349,765	\$ 368,658	\$ (18,893)	\$ 4,608,231	8.0%

See accompanying independent auditor's report.

WILSON COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYEMENT
LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2019

	Year Ended December 31, 2018	Year Ended December 31, 2017
Total OPEB Liability		
Service Cost	\$ 341,733	\$ 326,580
Interest (on the Total OPEB Liability)	170,142	156,471
Effect of economic/demographic (gains) or losses	(88,063)	(29,319)
Changes of assumptions or other inputs	244,323	16,865
Benefit payments	<u>(91,772)</u>	<u>(133,368)</u>
Net change in total OPEB liability	\$ 576,363	\$ 337,229
Total OPEB liability, beginning	<u>3,960,652</u>	<u>3,623,423</u>
Total OPEB liability, ending	<u>\$ 4,537,015</u>	<u>\$ 3,960,652</u>
OPEB Covered-employee payroll	\$ 7,724,177	\$ 7,168,622
Net OPEB liability as a percentage of covered employee payroll	5.20%	5.90%

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor's report.

WILSON COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. NET PENSION LIABILITY – TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

The following methods and assumptions were used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	12.4 years
Asset Valuation Method	5 Year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and Service 4.90% average, including inflation
Investment Rate of Return	8.00%
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions

- 2015: New inflation, mortality and other assumptions were reflected.
- 2017: New mortality assumptions were reflected.

Changes in Plan Provisions Reflected in the Schedule of Employer Contributions

- 2015: No changes in plan provisions were reflected in the schedule.
- 2016: No changes in plan provisions were reflected in the schedule.
- 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
- 2018: Employer contributions reflect that the current service matching rate was increased to 180%.

See accompanying independent auditor's report.

WILSON COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 2. TOTAL OTHER POSTEMPLOYEMENT LIABILITY

The following methods and assumptions were used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-Line amortization over Expected Work Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	3.50%
Healthcare Cost Trend	Level 5.00%
Investment Rate of Return	4.10% 20-Year Bond GO Index published by bondbuyer.com as of December 27, 2018.
Retirement Age	Experience-based table of rates that are specific to the County's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Data Assumptions	100% of all retirees who currently have healthcare coverage will continue with the same coverage.
<i>Coverages</i>	100% of all actives who currently have healthcare coverage will continue with employee only coverage upon retirement.

Change of Benefit Terms

There were no benefit changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size composition of the population covered by the benefit terms during the measurement period

See accompanying independent auditor's report.

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WILSON COUNTY, TEXAS

COMBINING STATEMENTS

SEPTEMBER 30, 2019

WILSON COUNTY, TEXAS
COMBINING BALANCE SHEET – ROAD AND BRIDGE FUNDS
SEPTEMBER 30, 2019

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Total
ASSETS					
Cash and Cash Equivalents	\$ 269,826	470,932.00	138,575.00	305,076.00	\$ 1,184,409
Receivables (Net of Allowance)	<u>66,710</u>	<u>100,227</u>	<u>74,598</u>	<u>93,511</u>	<u>335,046</u>
TOTAL ASSETS	<u>\$ 336,536</u>	<u>\$ 571,159</u>	<u>\$ 213,173</u>	<u>\$ 398,587</u>	<u>\$ 1,519,455</u>
LIABILITIES					
Accounts Payable	\$ 3,553	\$ 80,746	\$ 51,340	\$ 77,127	\$ 212,766
Accrued Wages Payable	<u>7,694</u>	<u>10,720</u>	<u>9,977</u>	<u>13,593</u>	<u>41,984</u>
TOTAL LIABILITIES	<u>\$ 11,247</u>	<u>\$ 91,466</u>	<u>\$ 61,317</u>	<u>\$ 90,720</u>	<u>\$ 254,750</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	<u>\$ 45,926</u>	<u>\$ 74,925</u>	<u>\$ 55,777</u>	<u>\$ 69,930</u>	<u>\$ 246,558</u>
FUND BALANCES					
Restricted for Public Transportation	<u>\$ 279,363</u>	<u>\$ 404,768</u>	<u>\$ 96,079</u>	<u>\$ 237,937</u>	<u>\$ 1,018,147</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 336,536</u>	<u>\$ 571,159</u>	<u>\$ 213,173</u>	<u>\$ 398,587</u>	<u>\$ 1,519,455</u>

See accompanying independent auditor's report.

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WILSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ROAD AND BRIDGE FUNDS
SEPTEMBER 30, 2019

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Total
REVENUES					
Property Taxes	\$ 501,953	\$ 818,897	\$ 609,623	\$ 764,304	\$ 2,694,777
Intergovernmental	8,946	14,603	10,862	13,609	48,020
Licenses and Permits	223,641	364,608	271,509	339,939	1,199,697
Fines and Forfeitures	92,556	142,412	105,961	132,733	473,662
Miscellaneous	5,193	26,025	2,753	5,533	39,504
TOTAL REVENUES	<u>\$ 832,289</u>	<u>\$ 1,366,545</u>	<u>\$ 1,000,708</u>	<u>\$ 1,256,118</u>	<u>\$ 4,455,660</u>
EXPENDITURES					
Public Transportation - Roads and Bridges	\$ 824,095	\$ 1,162,834	\$ 1,000,197	\$ 1,211,775	\$ 4,198,901
Debt Service:					
Lease Principal	49,531	66,894	35,137	44,272	195,834
Lease Interest	6,776	8,475	4,887	5,463	25,601
TOTAL EXPENDITURES	<u>\$ 880,402</u>	<u>\$ 1,238,203</u>	<u>\$ 1,040,221</u>	<u>\$ 1,261,510</u>	<u>\$ 4,420,336</u>
NET CHANGE IN FUND BALANCES	\$ (48,113)	\$ 128,342	\$ (39,513)	\$ (5,392)	\$ 35,324
FUND BALANCES -					
OCTOBER 1, 2018	<u>327,476</u>	<u>276,426</u>	<u>135,592</u>	<u>243,329</u>	<u>982,823</u>
FUND BALANCES -					
SEPTEMBER 30, 2019	<u>\$ 279,363</u>	<u>\$ 404,768</u>	<u>\$ 96,079</u>	<u>\$ 237,937</u>	<u>\$ 1,018,147</u>

See accompanying independent auditor's report.

WILSON COUNTY, TEXAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Civil Fees	Civil Preparedness	Community Economic Development	County Attorney Forfeiture	County Clerk Law Library	County Clerk Tech	Court House Security
ASSETS							
Cash and Cash Equivalents	\$ 19,764	\$ 499,797	\$ 3,816	\$ 6,321	\$ 82,230	\$ 2,405	\$ 49,129
Property Taxes							
Fees (Net of Allowance for Uncollectibles)	287				2,295	16	3,235
TOTAL ASSETS	<u>\$ 20,051</u>	<u>\$ 499,797</u>	<u>\$ 3,816</u>	<u>\$ 6,321</u>	<u>\$ 84,525</u>	<u>\$ 2,421</u>	<u>\$ 52,364</u>
LIABILITIES							
Accounts Payable	\$ 13,114				\$ 970		\$ 30,393
Accrued Wages Payable					664		7,215
TOTAL LIABILITIES	<u>\$ 13,114</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,634</u>	<u>\$ - 0 -</u>	<u>\$ 37,608</u>
DEFERRED INFLOWS OF RESOURCES							
Property Taxes	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
FUND BALANCES							
Restricted for:							
General Administration	\$ 6,937		\$ 3,816		\$ 82,891	\$ 2,421	
Judicial							
Legal				6,321			
Public Safety		499,797					14,756
Public Transportation							
Committed for:							
Culture and Recreation							
General Administration							
Unassigned							
TOTAL FUND BALANCES	<u>\$ 6,937</u>	<u>\$ 499,797</u>	<u>\$ 3,816</u>	<u>\$ 6,321</u>	<u>\$ 82,891</u>	<u>\$ 2,421</u>	<u>\$ 14,756</u>
TOTAL LIABILITIES, DEFERRED INFLOWS							
OF RESOURCES AND FUND BALANCES	<u>\$ 20,051</u>	<u>\$ 499,797</u>	<u>\$ 3,816</u>	<u>\$ 6,321</u>	<u>\$ 84,525</u>	<u>\$ 2,421</u>	<u>\$ 52,364</u>

See accompanying independent auditor's report.

Errors and Omissions	Federal Seizure Account	Inmate Telephone Pre-Payment	JP Technology	Jury Fund	Juvenile Case Management Fund	Lease Fund	Library Fund	Pre-Trail Intervention
\$ 775	\$ 498	\$ 32,781	\$ 34,435	\$ 3,904	\$ 125	\$ 39,936	\$ 170,152 33,300	\$ 171,494
<u>425</u>			<u>1,761</u>					<u>9,350</u>
<u>\$ 1,200</u>	<u>\$ 498</u>	<u>\$ 32,781</u>	<u>\$ 36,196</u>	<u>\$ 3,904</u>	<u>\$ 125</u>	<u>\$ 39,936</u>	<u>\$ 203,452</u>	<u>\$ 180,844</u>
\$	\$	\$	\$ 2,898	\$ 40	\$	\$	\$ 33,987 7,979	\$ 4,859
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 2,898</u>	<u>\$ 40</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 41,966</u>	<u>\$ 4,859</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 33,300</u>	<u>\$ - 0 -</u>
\$ 1,200	\$	\$	\$ 33,298	\$ 3,864	\$	\$	\$	\$ 175,985
	498	32,781			125	39,936		
							128,186	
<u>\$ 1,200</u>	<u>\$ 498</u>	<u>\$ 32,781</u>	<u>\$ 33,298</u>	<u>\$ 3,864</u>	<u>\$ 125</u>	<u>\$ 39,936</u>	<u>\$ 128,186</u>	<u>\$ 175,985</u>
<u>\$ 1,200</u>	<u>\$ 498</u>	<u>\$ 32,781</u>	<u>\$ 36,196</u>	<u>\$ 3,904</u>	<u>\$ 125</u>	<u>\$ 39,936</u>	<u>\$ 203,452</u>	<u>\$ 180,844</u>

See accompanying independent auditor's report.

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WILSON COUNTY, TEXAS
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Seizure Holding Bank Account	Subdivision Fund	TIF Grant	Officer Safety Grant	VAWA Grant	VOCA Grant	Total
ASSETS							
Cash and Cash Equivalents	\$ 71,806	\$ 66,330	\$ 95,401	\$ (57,661)	\$ 25,079	\$ (32,373)	1,286,144
Property Taxes							33,300
Fees (Net of Allowance for Uncollectibles)				57,661			75,030
TOTAL ASSETS	<u>\$ 71,806</u>	<u>\$ 66,330</u>	<u>\$ 95,401</u>	<u>\$ - 0 -</u>	<u>\$ 25,079</u>	<u>\$ (32,373)</u>	<u>\$ 1,394,474</u>
LIABILITIES							
Accounts Payable		\$ 3,984					\$ 85,386
Accrued Wages Payable					216	5,740	26,673
TOTAL LIABILITIES	<u>\$ - 0 -</u>	<u>\$ 3,984</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 216</u>	<u>\$ 5,740</u>	<u>\$ 112,059</u>
DEFERRED INFLOWS OF RESOURCES							
Property Taxes	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 33,300
FUND BALANCES							
Restricted for:							
General Administration							\$ 97,265
Judicial					24,863		238,010
Legal							6,321
Public Safety	71,806						659,699
Public Transportation			95,401				95,401
Committed for:							
Culture and Recreation							128,186
General Administration		62,346					62,346
Unassigned						(38,113)	(38,113)
TOTAL FUND BALANCES	<u>\$ 71,806</u>	<u>\$ 62,346</u>	<u>\$ 95,401</u>	<u>\$ - 0 -</u>	<u>\$ 24,863</u>	<u>\$ (38,113)</u>	<u>\$ 1,249,115</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 71,806</u>	<u>\$ 66,330</u>	<u>\$ 95,401</u>	<u>\$ - 0 -</u>	<u>\$ 25,079</u>	<u>\$ (32,373)</u>	<u>\$ 1,394,474</u>

See accompanying independent auditor's report.

WILSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Civil Fees	Civil Preparedness	Community Economic Development	County Attorney Forfeiture	County Clerk Law Library	County Clerk Tech	Court House Security
REVENUES							
Property Taxes	\$	\$	\$	\$	\$	\$	\$
Intergovernmental							
Charges for Services		46,900			22,345	365	29,220
Fines and Forfeitures							
Interest		712			89		
Miscellaneous							
TOTAL REVENUES	<u>\$ - 0 -</u>	<u>\$ 47,612</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 22,434</u>	<u>\$ 365</u>	<u>\$ 29,220</u>
EXPENDITURES							
General Administration							
County Clerk	\$	\$	\$	\$	\$ 32,415	\$	\$
Non-Departmental							
Records Management							
Judicial							
Judicial							
Justice of the Peace							
Jury							
Public Safety							
Sheriff							265,536
Culture and Recreation							
Library							
TOTAL EXPENDITURES	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 32,415</u>	<u>\$ - 0 -</u>	<u>\$ 265,536</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ - 0 -</u>	<u>\$ 47,612</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ (9,981)</u>	<u>\$ 365</u>	<u>\$ (236,316)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In (Out)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 220,000</u>
NET CHANGE IN FUND BALANCES	\$	\$ 47,612	\$	\$	\$ (9,981)	\$ 365	\$ (16,316)
FUND BALANCES (DEFICIT) - OCTOBER 1, 2018	6,937	452,185	3,816	6,321	92,872	2,056	31,072
FUND BALANCES (DEFICIT) - SEPTEMBER 30, 2019	<u>\$ 6,937</u>	<u>\$ 499,797</u>	<u>\$ 3,816</u>	<u>\$ 6,321</u>	<u>\$ 82,891</u>	<u>\$ 2,421</u>	<u>\$ 14,756</u>

See accompanying independent auditor's report.

Errors and Omissions	Federal Seizure Account	Inmate Telephone Pre-Payment	JP Technology	Jury Fund	Juvenile Case Management Fund	Lease Fund	Library Fund	Pre-Trail Intervention
\$ 4,605	\$ - 0 -	\$ 10,099	\$ 19,496	\$ 15,384	\$ 10	\$ 7,239	\$ 363,954	\$ 121,025
				515			16,796	
							8,372	
		10,099		475			21,435	
<u>\$ 4,605</u>	<u>\$ - 0 -</u>	<u>\$ 10,099</u>	<u>\$ 19,496</u>	<u>\$ 16,374</u>	<u>\$ 10</u>	<u>\$ 7,239</u>	<u>\$ 410,557</u>	<u>\$ 121,025</u>
\$ 10,476	\$ - 0 -	\$ - 0 -	\$ 28,115	\$ 29,309	\$ - 0 -	\$ 3,436	\$ 423,063	\$ 53,237
							423,063	
							423,063	53,237
<u>\$ (5,871)</u>	<u>\$ - 0 -</u>	<u>\$ 10,099</u>	<u>\$ (8,619)</u>	<u>\$ (12,935)</u>	<u>\$ 10</u>	<u>\$ 3,803</u>	<u>\$ (12,506)</u>	<u>\$ 67,788</u>
<u>\$ 6,000</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 13,500</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ (31,315)</u>
\$ 129	\$ 498	\$ 10,099	\$ (8,619)	\$ 565	\$ 10	\$ 3,803	\$ (12,506)	\$ 36,473
1,071	498	22,682	41,917	3,299	115	36,133	140,692	139,512
<u>\$ 1,200</u>	<u>\$ 498</u>	<u>\$ 32,781</u>	<u>\$ 33,298</u>	<u>\$ 3,864</u>	<u>\$ 125</u>	<u>\$ 39,936</u>	<u>\$ 128,186</u>	<u>\$ 175,985</u>

See accompanying independent auditor's report.

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WILSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Seizure Holding Bank Account	Subdivision Fund	TIF Grant	Officer Safety Grant	VAWA Grant	VOCA Grant	Total
REVENUES							
Property Taxes	\$	\$	\$	\$	\$	\$	\$ 363,954
Intergovernmental				57,661	132,405	39,579	288,560
Charges for Services		43,140					268,125
Fines and Forfeitures							8,372
Interest	39						840
Miscellaneous	1,659						33,668
TOTAL REVENUES	<u>\$ 1,698</u>	<u>\$ 43,140</u>	<u>\$ - 0 -</u>	<u>\$ 57,661</u>	<u>\$ 132,405</u>	<u>\$ 39,579</u>	<u>\$ 963,519</u>
EXPENDITURES							
General Administration							
County Clerk	\$	\$	\$	\$	\$	\$	\$ 32,415
Non-Departmental							10,476
Records Management		33,677					33,677
Judicial							
Judicial					141,043	66,377	260,657
Justice of the Peace							28,115
Jury							29,309
Public Safety							
Sheriff	175			57,661			326,808
Culture and Recreation							
Library							423,063
TOTAL EXPENDITURES	<u>\$ 175</u>	<u>\$ 33,677</u>	<u>\$ - 0 -</u>	<u>\$ 57,661</u>	<u>\$ 141,043</u>	<u>\$ 66,377</u>	<u>\$ 1,144,520</u>
EXCESS (DEFICIENCY) OF REVENUES							
OVER EXPENDITURES	<u>\$ 1,523</u>	<u>\$ 9,463</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ (8,638)</u>	<u>\$ (26,798)</u>	<u>\$ (181,001)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In (Out)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 31,315</u>	<u>\$ - 0 -</u>	<u>\$ 239,500</u>
NET CHANGE IN FUND BALANCES	\$ 1,523	\$ 9,463	\$	\$	\$ 22,677	\$ (26,798)	\$ 58,499
FUND BALANCES (DEFICIT) -							
OCTOBER 1, 2018	<u>70,283</u>	<u>52,883</u>	<u>95,401</u>	<u></u>	<u>2,186</u>	<u>(11,315)</u>	<u>1,190,616</u>
FUND BALANCES (DEFICIT) -							
SEPTEMBER 30, 2019	<u>\$ 71,806</u>	<u>\$ 62,346</u>	<u>\$ 95,401</u>	<u>\$ - 0 -</u>	<u>\$ 24,863</u>	<u>\$ (38,113)</u>	<u>\$ 1,249,115</u>

See accompanying independent auditor's report.

WILSON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2019

	County Attorney	Credit Card Clearing	4th Court of Appeals	Hot Check Restitution	Jackson Memorial Park Bond
ASSETS					
Cash and Cash Equivalents	\$ 32,029	\$ 67,615	\$ 1,370	\$ (75)	\$ 15,777
Accounts Receivable			250		
TOTAL ASSETS	<u>\$ 32,029</u>	<u>\$ 67,615</u>	<u>\$ 1,620</u>	<u>\$ (75)</u>	<u>\$ 15,777</u>
LIABILITIES					
Accounts Payable	\$ 129	\$ 67,615	\$ 925	\$ (228)	\$ 94
Due to Others	31,900		695	153	15,683
TOTAL LIABILITIES	<u>\$ 32,029</u>	<u>\$ 67,615</u>	<u>\$ 1,620</u>	<u>\$ (75)</u>	<u>\$ 15,777</u>

See accompanying independent auditor's report.

JP Holding	Remschel-Dewees House	State Hot Check	State Tax Fund	Wood Valley Acres I&S	County Officer Accounts	Total
\$ 136,142	\$ 8,932	\$ (722)	\$ 85,479	\$ 1,169	\$ 2,138,383	\$ 2,486,099
<u>86,987</u>						<u>87,237</u>
<u>\$ 223,129</u>	<u>\$ 8,932</u>	<u>\$ (722)</u>	<u>\$ 85,479</u>	<u>\$ 1,169</u>	<u>\$ 2,138,383</u>	<u>\$ 2,573,336</u>
\$ 28,795	\$ 53	\$ 298	\$ 125,715	\$ (2,010)	\$	\$ 221,386
<u>194,334</u>	<u>8,879</u>	<u>(1,020)</u>	<u>(40,236)</u>	<u>3,179</u>	<u>2,138,383</u>	<u>2,351,950</u>
<u>\$ 223,129</u>	<u>\$ 8,932</u>	<u>\$ (722)</u>	<u>\$ 85,479</u>	<u>\$ 1,169</u>	<u>\$ 2,138,383</u>	<u>\$ 2,573,336</u>

See accompanying independent auditor's report.

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WILSON COUNTY, TEXAS
GOVERNMENTAL REPORTING SECTION
SEPTEMBER 30, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statement Performed in Accordance with
*Government Auditing Standards***

The Honorable Judge and Members of the Commissioners' Court
Wilson County, Texas
Floresville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wilson County, Texas, (the "County") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 13, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2019-001 that we consider to be a material weakness.

Honorable Judge and Commissioners' Court
Wilson County, Texas

Compliance and Other Matters

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

County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

April 13, 2020

**WILSON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section I — Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant Deficiencies(s) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Section II — Financial Statement Findings

Finding 2019-001:	Preparation of Financial Statements and Material Audit Adjustments in the Financial Statements
Type of Finding:	Material weakness
Criteria or Specific Requirement:	Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (“GAAP”). This includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.
Statement of Condition:	The County does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements. Additionally, we recorded audit adjustments to the County’s recorded account balances, which if not recorded would have resulted in a material misstatement of the County’s financial statements.
Cause:	The County does not prepare and has not developed an internal control system to provide for the preparation of the financial statements and related disclosures in a timely manner.
Effect:	Although this circumstance is not unusual for an organization of your size, the preparation of financial statements and adjusting journal entries as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by County personnel.

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**WILSON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section II — Financial Statement Findings (Continued)

Recommendations:

Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Commissioners review on a routine basis, similar to many smaller governmental entities. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

View of Responsible Officials:

Management agrees with the finding. Refer to Corrective Action Plan.

