

REFUGIO COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2017

Refugio County, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Refugio County, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Refugio County, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Road and Bridge Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Employees Retirement System Information on pages 4–12, and 57-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
April 9, 2018

Management's Discussion and Analysis

As management of Refugio County, Texas, we offer readers of Refugio County, Texas' financial statements this narrative overview and analysis of the financial activities of Refugio County, Texas for the fiscal year ended September 30, 2017.

Financial Highlights

- . The assets of Refugio County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$17,223,616 (net position). Of this amount, \$4,723,164 or 27% (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total net position increased by \$4,353,231. This increase is mainly attributable to a FEMA grant of \$4,226,250 for Hurricane Harvey expenditures and careful budget monitoring.
- . Refugio County, Texas' total restricted net position at September 30, 2017 is \$6,532,786 or 38% of net position.
- . Refugio County, Texas' total debt decreased by \$288,776 (42 percent) during the current fiscal year. The key factor in this decrease was the reduction of GASB 68 debt.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Refugio County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Refugio County, Texas can be divided into three categories: governmental funds, fiduciary funds, and proprietary funds.

Governmental funds:

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

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

Refugio County, Texas maintains thirty-six (36) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, the Sheriff Grant Fund, the USDA Housing Preservation Fund, and the Hurricane Harvey Fund each of which are considered to be major funds. Data from the other thirty-one (31) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Refugio County, Texas adopts an annual appropriated budget for its General Fund and the Road and Bridge Fund. A budgetary comparison statement has been provided for the general fund, road and bridge fund. The basic governmental fund financial statements can be found on pages 15-21 of this report.

Proprietary funds: Refugio County maintains one type of proprietary fund. The Internal Service Fund for Refugio County, Texas, consists solely of the Employee Insurance Fund. This fund was created to provide coverage for employee health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Refugio County, Texas also has four (4) agency funds. The fiduciary fund types can be found on page 26 of this report.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-56 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Refugio County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 57-61 of this report.

The combining statements referred to earlier in connection with major road and bridge funds, the non-major governmental funds, and the fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 62-67 and on pages 68-70 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Refugio County, Texas, assets exceeded liabilities by \$17,223,616 at the close of the most recent fiscal year.

REFUGIO COUNTY, TEXAS NET POSITION

	Governmental Activities		Total	
	2017	2016	2017	2016
Current and Other Assets	\$10,899,041	\$6,408,662	\$10,899,041	\$6,408,662
Capital Assets:	6,117,851	6,183,032	6,117,851	6,183,032
Total Assets	17,016,892	12,591,694	17,016,892	12,591,694
Total Deferred Outflows of Resources	1,297,576	1,600,721	1,297,576	1,600,721
Long-Term Liabilities	392,665	681,441	392,665	681,441
Other Liabilities	327,687	154,233	327,687	154,233
Total Liabilities	720,352	835,674	720,352	835,674
Total Deferred Inflows of Resources	370,500	486,356	370,500	486,356
Invested in Capital Assets, Net of Related Debt	5,967,666	5,986,105	5,967,666	5,986,105
Restricted	6,532,786	2,395,648	6,532,786	2,395,648
Unrestricted	4,723,164	4,488,632	4,723,164	4,488,632
Total Net Position	\$17,223,616	\$12,870,385	\$17,223,616	\$12,870,385

A portion of Refugio County, Texas' net position (38 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$4,723,164) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Refugio County, Texas is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

There was an increase of \$4,137,138 in restricted net position reported in connection with Refugio County, Texas' governmental activities. This increase resulted from a FEMA grant of \$4,226,250 for Hurricane Harvey expenditures.

The government's total net position increased by \$4,353,231. This increase is mainly attributable to a FEMA grant of \$4,226,250 for Hurricane Harvey expenditures and careful budget monitoring.

Governmental activities: There were no business-type activities so any analysis regarding governmental activities will be the same as the analysis of the Government-wide Financial Analysis.

REFUGIO COUNTY, TEXAS
CHANGE IN NET POSITION

	Governmental Activities		Total	
	2017	2016	2017	2016
Revenues:				
Program Revenues:				
Charges for Services	\$2,443,814	\$2,536,470	\$2,443,814	\$2,536,470
Operating Grants and Contributions	794,440	759,197	794,440	759,197
Capital Grants and Contributions	4,894,093	38,868	4,894,093	38,868
General Revenues:				
Maintenance and Operations Taxes	6,198,227	7,810,976	6,198,227	7,810,976
Unrestricted Investment Earnings	36,039	28,474	36,039	28,474
Miscellaneous	817,643	572,191	817,643	572,191
Total Revenue	<u>15,184,256</u>	<u>11,746,176</u>	<u>15,184,256</u>	<u>11,746,176</u>
Expenses:				
General Administration	2,042,257	2,261,430	2,042,257	2,261,430
Judicial	686,789	691,264	686,789	691,264
Legal	159,388	158,191	159,388	158,191
Financial Administration	481,760	493,565	481,760	493,565
Public Facilities	878,928	391,661	878,928	391,661
Public Safety	3,629,949	3,911,863	3,629,949	3,911,863
Public Transportation	2,049,662	2,134,921	2,049,662	2,134,921
Culture and Recreation	204,558	289,984	204,558	289,984
Health and Welfare	610,804	657,290	610,804	657,290
Conservation - Agriculture	80,096	79,816	80,096	79,816
Interest and Fiscal Charges	6,833	5,502	6,833	5,502
Total Expenses	<u>10,831,025</u>	<u>11,075,487</u>	<u>10,831,025</u>	<u>11,075,487</u>
Increase in Net Position Before Transfers and Special Items	4,353,231	670,689	4,353,231	670,689
Transfers	0	0	0	0
Increase in Net Position	4,353,231	670,689	4,353,231	670,689
Net Position at 09/30/2016	<u>12,870,385</u>	<u>12,199,696</u>	<u>12,870,385</u>	<u>12,199,696</u>
Net Position at 09/30/2017	<u>\$17,223,616</u>	<u>\$12,870,385</u>	<u>\$17,223,616</u>	<u>\$12,870,385</u>

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government activities:				
General Administration	\$2,042,257	\$787,635	\$11,177	\$0
Judicial	686,789	216,061	39,037	
Legal	159,388	67,191	23,333	
Financial Administration	481,760	230,675		
Public Facilities	878,928			4,833,801
Public Safety	3,629,949	104,946	515,944	
Public Transportation	2,049,662	914,230	79,358	
Culture and Recreation	204,558	105,768		60,292
Health and Welfare	610,804	17,308	125,591	
Conservation - Agriculture	80,096			
Interest and Fiscal Charges	6,833			
Total Government Activities	<u>\$10,831,025</u>	<u>\$2,443,814</u>	<u>\$794,440</u>	<u>\$4,894,093</u>

Revenues by Source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$2,443,814	16.09%
Operating Grants and Contributions	794,440	5.23%
Capital Grants and Contributions	4,894,093	32.23%
Maintenance and Operations Taxes	6,198,227	40.82%
Unrestricted Investment Earnings	36,039	0.24%
Miscellaneous	817,643	5.38%
	<u>\$15,184,256</u>	<u>100.00%</u>

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

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Refugio County, Texas' governmental funds reported combined ending fund balances of \$9,500,300, an increase of \$4,278,225 in comparison with the prior year. Approximately 24% of this total amount (\$2,242,361) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is restricted or committed.

The general fund is the chief operating fund of Refugio County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,260,250, while total fund balance reached a balance of \$2,351,238. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned, undesignated fund balance represents 37 percent of total general fund expenditures, while total fund balance represents 38 percent of that same amount.

The fund balance of the general fund increased by \$98,837 during the current fiscal year. This increase is a result of careful budget monitoring.

At the end of the current fiscal year restricted fund balance of the road and bridge fund was \$1,387,603, while total fund balance reached a balance of \$1,400,657. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 75 percent of total road and bridge fund expenditures, while total fund balance represents 75 percent of that same amount.

The fund balance of the road and bridge fund decreased by \$55,929 during the current fiscal year. Key factors in this decrease are as follows:

- . A reduction in ad valorem taxes of \$537,416 coupled with careful budget monitoring.

There is no discussion regarding the sheriff grant, the USDA Housing Preservation, and the Hurricane Harvey funds since these funds are grant funds and are structured to conform to grant budgets.

Budgetary Highlights:

The difference between the original budget and the final amended budget in the general fund was an increase of \$239,770 in appropriations and the majority of the amendments can be briefly summarized as follows:

. An increase in the Sheriff Department of \$312,964.

The total actual expenditures in the general fund of \$6,188,587 was under the budgeted amount of \$6,469,971 by \$281,384.

There was a decrease between the original budget and the final amended budget in the road and bridge fund of \$12,200. This decrease is immaterial.

The total actual expenditures in the road and bridge fund of \$1,856,482 was under the budgeted amount of \$1,867,228 by \$10,746.

Capital Asset and Debt Administration

Capital assets:

Refugio County, Texas' investment in capital assets for its governmental activities as of September 30, 2017, amounts to \$6,117,851 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, roads and infrastructure, machinery and equipment, and park facilities. The total decrease in Refugio County, Texas' investment in capital assets for the current fiscal year was 1.05 percent.

There were no major capital asset events during the current fiscal year.

REFUGIO COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Total	
	2017	2016	2017	2016
Land	\$669,234	\$201,395	\$669,234	\$201,395
Building and Improvements	2,488,790	2,577,774	2,488,790	2,577,774
Machinery and Equipment	1,443,842	1,798,620	1,443,842	1,798,620
Intangible	19,550	25,428	19,550	25,428
Infrastructure	1,496,435	1,579,815	1,496,435	1,579,815
Total	\$6,117,851	\$6,183,032	\$6,117,851	\$6,183,032

Additional information on Refugio County, Texas' capital assets can be found in note IV C on page 38 of this report.

Long-term debt:

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

Economic Factors

Hurricane Harvey caused great devastation in the County thus negatively affecting the tax basis and causing destruction of Refugio County property. The full extent of the damage cannot be estimated at the time of the audit.

Requests for Information

This financial report is designed to provide our citizen's taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact the Refugio County Auditor's Office, 808 Commerce, Room 107, Refugio, TX 78377, or (361) 526-2245.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

REFUGIO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	<u>Primary Governmental</u>	
	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$9,480,350	\$9,480,350
Receivables (net of allowance for uncollectibles)	1,313,810	1,313,810
Prepaid Expenses	104,881	104,881
Capital assets not being depreciated:		
Land	669,234	669,234
Total Capital assets being depreciated, net		
Building and Improvements	2,488,790	2,488,790
Machinery, Vehicles, and Equipment	1,443,842	1,443,842
Intangible	19,550	19,550
Infrastructure	1,496,435	1,496,435
Total Assets	<u>\$17,016,892</u>	<u>\$17,016,892</u>
DEFERRED OUTFLOWS OF RESOURCES		
GASB		
Contributions (after 12/31/16)	410,271	410,271
Changes of assumptions	112,380	112,380
Net difference between projected and actual earnings	774,925	774,925
Total Deferred Outflows of Resources	<u>1,297,576</u>	<u>1,297,576</u>
LIABILITIES:		
Accounts Payable	\$323,792	\$323,792
Accrued Wages Payable	130	130
Unearned Revenues	3,765	3,765
Noncurrent Liabilities:		
Due within one year	216,387	216,387
Due in more than one year	176,278	176,278
Total Liabilities	<u>720,352</u>	<u>720,352</u>
DEFERRED INFLOWS OF RESOURCES		
GASB		
Differences between expected and actual experience	370,500	370,500
Total Deferred Inflows of Resources	<u>370,500</u>	<u>370,500</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	5,967,666	5,967,666
Restricted		
Construction	4,185,301	4,185,301
General Administration	10,066	10,066
General Administration - Records	260,373	260,373
Health and Welfare	213,918	213,918
Judicial	109,126	109,126
Permanent Improvement	1,155	1,155
Public Safety	365,244	365,244
Public Transportation	1,387,603	1,387,603
Unrestricted	4,723,164	4,723,164
Total Net Position	<u>\$17,223,616</u>	<u>\$17,223,616</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government						
Government activities:						
General Administration	\$2,042,257	\$787,635	\$11,177	\$0	(\$1,243,445)	(\$1,243,445)
Judicial	686,789	216,061	39,037		(431,691)	(431,691)
Legal	159,388	67,191	23,333		(68,864)	(68,864)
Financial Administration	481,760	230,675			(251,085)	(251,085)
Public Facilities	878,928			4,833,801	3,954,873	3,954,873
Public Safety	3,629,949	104,946	515,944		(3,009,059)	(3,009,059)
Public Transportation	2,049,662	914,230	79,358		(1,056,074)	(1,056,074)
Culture and Recreation	204,558	105,768		60,292	(38,498)	(38,498)
Health and Welfare	610,804	17,308	125,591		(467,905)	(467,905)
Conservation - Agriculture	80,096				(80,096)	(80,096)
Interest and Fiscal Charges	6,833				(6,833)	(6,833)
Total Government Activities	<u>10,831,025</u>	<u>2,443,814</u>	<u>794,440</u>	<u>4,894,093</u>	<u>(2,698,678)</u>	<u>(2,698,678)</u>
Total Primary Government	<u>\$10,831,025</u>	<u>\$2,443,814</u>	<u>\$794,440</u>	<u>\$4,894,093</u>	<u>(2,698,678)</u>	<u>(2,698,678)</u>
General Revenues						
Property Taxes, Levies for General Purposes					6,198,227	6,198,227
Unrestricted Investment Earnings					36,039	36,039
Miscellaneous					817,643	817,643
Total General Revenues and Transfers					<u>7,051,909</u>	<u>7,051,909</u>
Change in Net Position					4,353,231	4,353,231
Net Position - Beginning					<u>12,870,385</u>	<u>12,870,385</u>
Net Position - Ending					<u>\$17,223,616</u>	<u>\$17,223,616</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

REFUGIO COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Road and Bridge	Sheriff Grants	USDA Housing Preservation	Hurricane Harvey	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$2,275,193	\$1,244,012	\$0	\$0	\$4,219,930	\$1,605,432	\$9,344,567
Receivables (net of allowance for uncollectibles)	433,078	314,746	14,220			11,254	773,298
Due from Other Funds						7,500	7,500
Prepaid Expenses	90,988	13,054				839	104,881
Total Assets	<u>\$2,799,259</u>	<u>\$1,571,812</u>	<u>\$14,220</u>	<u>\$0</u>	<u>\$4,219,930</u>	<u>\$1,625,025</u>	<u>\$10,230,246</u>
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	\$111,426	\$119,615	\$14,220		\$34,629	\$43,902	\$323,792
Accrued Wages Payable						130	130
Due to Other Funds						7,500	7,500
Bank Overdraft						10,389	10,389
Deferred Revenues		265					265
Total Liabilities	<u>111,426</u>	<u>119,880</u>	<u>14,220</u>	<u>0</u>	<u>34,629</u>	<u>61,921</u>	<u>342,076</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Property Taxes							
Total deferred inflows of resources	<u>336,595</u>	<u>51,275</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>387,870</u>
Fund Balances:							
Non-Spendable							
Prepaid Items	90,988	13,054		0		839	104,881
Restricted							
Construction					4,185,301		4,185,301
General Administration						10,066	10,066
General Administration - Records						260,373	260,373
Health and Welfare						213,918	213,918
Judicial						109,126	109,126
Permanent Improvement						1,155	1,155
Public Safety						365,244	365,244
Public Transportation		1,387,603		0			1,387,603
Committed							
Culture and Recreation						179,385	179,385
General Administration						273,604	273,604
Public Facilities						104,421	104,421
Public Safety						62,862	62,862
Unassigned	2,260,250					(17,889)	2,242,361
Total Fund Balance	<u>2,351,238</u>	<u>1,400,657</u>	<u>0</u>	<u>0</u>	<u>4,185,301</u>	<u>1,563,104</u>	<u>9,500,300</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$2,799,259</u>	<u>\$1,571,812</u>	<u>\$14,220</u>	<u>\$0</u>	<u>\$4,219,930</u>	<u>\$1,625,025</u>	<u>\$10,230,246</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2017

Total Fund Balances - governmental funds balance sheet	\$9,500,300
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	6,117,851
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,467,588
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	384,370
Compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(168,023)
Long-term liabilities - Capital lease payable, is not due and payable in the current period and therefore is not reported in the funds.	(224,642)
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	146,172
Net Position of governmental activities - statement of Net Position	<u>\$17,223,616</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Road and Bridge	Sheriff's Grants	USDA Housing Preservation	Hurricane Harvey	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>							
Taxes							
Property	\$5,345,179	\$822,810	\$0			\$0	\$6,167,989
Intergovernmental	69,874	79,358	393,797	298,291	4,226,250	366,139	5,433,709
Licenses and Permits	4,486	245,137					249,623
Charges for Services	627,432	55,526				221,716	904,674
Fines and Forfeitures		588,890					588,890
Interest	20,372	8,535				6,971	35,878
Miscellaneous	335,610	297				246,795	582,702
Total Revenues	6,402,953	1,800,553	393,797	298,291	4,226,250	841,621	13,963,465
<i>EXPENDITURES</i>							
Current:							
General Administration	1,332,830					29,639	1,362,469
Judicial	626,743					52,116	678,859
Legal	148,212					10,099	158,311
Financial Administration	477,666						477,666
Public Facilities	286,203						286,203
Public Safety	2,780,276		393,797			204,982	3,379,055
Public Transportation		1,802,907					1,802,907
Culture and Recreation	134,562					94,980	229,542
Health and Welfare	324,427					302,481	626,908
Conservation - Agriculture	77,668						77,668
Capital Projects -							
Capital Outlay and Other				298,291	40,949	212,837	552,077
Debt Service							
Principal Retirement		46,742					46,742
Interest and Fiscal Charges		6,833					6,833
Total Expenditures	6,188,587	1,856,482	393,797	298,291	40,949	907,134	9,685,240
Excess (Deficiency) of Revenues Over (Under)							
Expenditures	214,366	(55,929)	0	0	4,185,301	(65,513)	4,278,225
<i>OTHER FINANCING SOURCES (USES):</i>							
Operating Transfers In	14,471					130,000	144,471
Operating Transfers Out	(130,000)	0		0		(14,471)	(144,471)
Total Other Financing Sources (Uses)	(115,529)	0	0	0	0	115,529	0
Net Changes in Fund Balances	98,837	(55,929)	0	0	4,185,301	50,016	4,278,225
Fund Balances - Beginning	2,252,401	1,456,586	0	0	0	1,513,088	5,222,075
Fund Balances - Ending	\$2,351,238	\$1,400,657	\$0	\$0	\$4,185,301	\$1,563,104	\$9,500,300

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2017

Net Changes in Fund Balances - total governmental funds \$4,278,225

Amounts reported for governmental activities in the statement of Net Position
 ("SNA") are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(65,181)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	30,238
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	24,677
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	(92,780)
Deferred Outflow-Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	(37,460)
Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	(172,905)
Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year.	77,523
(Increase) decrease in Compensated absences from beginning of period to end of period.	39,296
Net Pension Payable. This is the change in these amounts this year.	202,738
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	46,742
Internal Service funds are used by management to account for funds for Self-Insurance. The net revenue of certain activities of Internal service funds is reported with governmental activities.	22,118
Change in Net Position of governmental activities - statement of activities	<u><u>\$4,353,231</u></u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<i>REVENUES</i>				
Taxes				
Property	\$5,403,855	\$5,403,855	\$5,345,179	(\$58,676)
Intergovernmental	69,033	69,033	69,874	841
Licenses and Permits	4,115	4,115	4,486	371
Charges for Services	667,475	667,475	627,432	(40,043)
Interest	16,500	16,500	20,372	3,872
Miscellaneous	105,223	297,538	335,610	38,072
Total Revenues	6,266,201	6,458,516	6,402,953	(55,563)

EXPENDITURES

Current:

General Administration				
Commissioner's Court	12,200	12,200	5,206	6,994
County Clerk	173,464	192,886	191,344	1,542
County Judge	148,446	154,948	151,922	3,026
Economic Development	10,000	10,000	10,000	0
Elections	107,754	107,895	99,361	8,534
IT Department	84,521	94,521	93,288	1,233
Non-Departmental	1,170,665	819,675	757,539	62,136
Veterans Service	24,832	24,832	24,170	662
Legal				
County Attorney	137,191	150,188	148,212	1,976
Judicial				
Assistant District Attorney	91,461	91,581	91,518	63
County Court	29,000	29,000	17,303	11,697
District Clerk	168,379	184,747	181,555	3,192
District Court	95,008	95,008	77,359	17,649
Justices of the Peace	243,409	260,286	259,008	1,278
Financial Administration				
County Auditor	134,201	151,586	148,198	3,388
County Treasurer	146,171	156,649	141,179	15,470
Tax Assessor-Collector	176,054	192,263	188,289	3,974
Public Facilities				
Courthouse Maintenance	179,331	193,802	193,177	625
Public Buildings	121,000	112,709	93,026	19,683

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Public Safety				
911	\$47,300	\$47,420	\$44,330	\$3,090
Adult Probation	2,500	2,500	2,500	0
Animal Control	93,668	106,616	105,062	1,554
Constables	59,648	66,699	66,658	41
D.P.S.	38,467	44,941	44,918	23
Emergency Management	41,324	48,798	48,356	442
Fire	100,700	100,700	100,342	358
Jail	795,915	877,944	850,335	27,609
Sheriff	1,240,622	1,553,586	1,517,775	35,811
Culture and Recreation				
Library	113,845	126,793	118,812	7,981
Museum	15,750	15,750	15,750	0
Health and Welfare				
Elderly Services	109,025	109,025	109,025	0
Food Service	245,348	254,947	215,402	39,545
Conservation - Agriculture				
Agriculture Extension Service	73,002	79,476	77,668	1,808
Total Expenditures	<u>6,230,201</u>	<u>6,469,971</u>	<u>6,188,587</u>	<u>281,384</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>36,000</u>	<u>(11,455)</u>	<u>214,366</u>	<u>225,821</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	44,000	44,000	14,471	(29,529)
Operating Transfers Out	(130,000)	(130,000)	(130,000)	0
Total Other Financing Sources (Uses)	<u>(86,000)</u>	<u>(86,000)</u>	<u>(115,529)</u>	<u>(29,529)</u>
Net Changes in Fund Balances	(50,000)	(97,455)	98,837	196,292
Fund Balances - Beginning	2,252,401	2,252,401	2,252,401	
Fund Balances - Ending	<u>\$2,202,401</u>	<u>\$2,154,946</u>	<u>\$2,351,238</u>	<u>\$196,292</u>

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

REFUGIO COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$839,428	\$839,428	\$822,810	(\$16,618)
Intergovernmental	71,400	60,000	79,358	19,358
Licenses and Permits	250,000	250,000	245,137	(4,863)
Charges for Services	67,000	67,000	55,526	(11,474)
Fines and Forfeitures	645,000	645,000	588,890	(56,110)
Interest	6,000	5,800	8,535	2,735
Miscellaneous	0	0	297	297
Total Revenues	<u>1,878,828</u>	<u>1,867,228</u>	<u>1,800,553</u>	<u>(66,675)</u>
EXPENDITURES				
Current				
Public Transportation	1,825,781	1,813,581	1,802,907	10,674
Debt Service				
Principal Retirement	46,742	46,742	46,742	0
Interest and Fiscal Charges	6,905	6,905	6,833	72
Total Expenditures	<u>1,879,428</u>	<u>1,867,228</u>	<u>1,856,482</u>	<u>10,746</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(600)</u>	<u>0</u>	<u>(55,929)</u>	<u>(55,929)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out		0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	<u>(600)</u>	<u>0</u>	<u>(55,929)</u>	<u>(55,929)</u>
Fund Balances - Beginning	1,456,586	1,456,586	1,456,586	
Fund Balances - Ending	<u>\$1,455,986</u>	<u>\$1,456,586</u>	<u>\$1,400,657</u>	<u>(\$55,929)</u>

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

REFUGIO COUNTY, TEXAS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2017

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$146,172
Receivables (net of allowance for uncollectibles)	
Total Current Assets	<u>146,172</u>
Total Assets	<u>\$146,172</u>
 FUND EQUITY AND OTHER CREDITS	
Net Position	
Restricted for:	
Employee Insurance - Expendable	146,172
Unrestricted	<u>0</u>
Total Net Position	<u>\$146,172</u>

The notes to the financial statements are an integral part of this statement. 0
 Note: The Employee Insurance Fund is the only Internal Service Fund.

REFUGIO COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
OPERATING REVENUES:	
Charges for Services	\$675,950
Miscellaneous	21,926
Total Operating Revenues	<u>697,876</u>
OPERATING EXPENSES:	
Personal Services	
Other Services and Charges	675,919
Total Operating Expenses	<u>675,919</u>
Operating Income (Loss)	<u>21,957</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	161
Total Non-Operating Revenues (Expenses)	<u>161</u>
Income Before Transfers	22,118
Transfers In (Out) - Net	0
Change in Net Position	<u>22,118</u>
Total Net Position - Beginning	124,054
Total Net Position - Ending	<u>\$146,172</u>

The notes to the financial statements are an integral part of this statement.
 Note: The Employee Insurance Fund is the only Internal Service Fund.

REFUGIO COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
	<u> </u>
Cash Flows from Operating Activities	
Receipts from customers and users	\$722,308
Payments to suppliers	(675,919)
Payments to employees	0
Net Cash Provided (Used) By Operating Activities	<u> 46,389</u>
Cash Flows from Non-Capital and Related Financing Activities	
Transfers In (Out) - Net	
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u> 0</u>
Cash Flows from Capital and Related Financing Activities	
Interest and Fiscal Charges	0
Purchases of Capital Assets	0
Net Cash Provided (Used) By Capital and Related Financing Activities	<u> 0</u>
Cash Flows from Investing Activities	
Interest Received	161
Net Cash Provided (Used) by Investment Activities	<u> 161</u>
Net Increase (Decrease) in Cash Equivalents	46,550
Cash and Cash Equivalents at Beginning of Year	99,622
Cash and Cash Equivalents at End of Year (continued)	<u> \$146,172</u>

(continued)

GOVERN
MENTAL
ACTIVITIES-
INTERNAL
SERVICE
FUND

Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$21,957
Adjustments to Reconcile to Net Cash Flow	
Non-Cash Items Included in Net Income	
Depreciation	0
Changes in Current Items	
Increase (Decrease) in Accounts Receivable	(24,432)
Net Cash Provided (Used)	
By Operating Activities	<u>(\$2,475)</u>
Noncash Investing, Capital, and Financing Activities:	
Borrowing from Capital Debt	<u>\$0</u>

Note: The above funds are all Enterprise Funds.
Noncash Investing, Capital, and Financing Activities: None
The notes to the financial statements are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Agency Funds</u>
	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$869,658
Receivables (net of allowance for uncollectibles)	29,669
Total Assets	<u>\$899,327</u>
LIABILITIES:	
Accounts Payable	\$145,437
Due to Others	753,890
Total Liabilities	<u>899,327</u>
NET POSITION	
Held in Trust - Historical Purposes	0
Total Net Position	<u>\$0</u>

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

REFUGIO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. Summary of Significant Accounting Policies

A. Reporting entity

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The sheriff grant fund accounts for the Stonegarden Grant monies for the overtime of sheriff deputies. The USDA Housing Preservation fund accounts for grant proceeds used for housing rehabilitation. The Hurricane Harvey fund accounts for FEMA monies used for hurricane Harvey cleanup.

C. Fiduciary Funds

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

D. Proprietary fund financial statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Internal Service Fund are charges to employees for health insurance premiums. Operating expenses for enterprise funds include health insurance premiums remitted to the County’s health insurance carrier. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

E. Assets, Liabilities, and Net Assets or Equity (continued)

2. Receivables and Payables (continued)

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

All property tax receivables are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2017 and 10 percent of the delinquent outstanding property taxes at September 30, 2017.

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

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2017.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Restricted Assets

There were no restricted assets at September 30, 2017.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure items such as roads, highways, and bridges are not included.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no such construction during the current fiscal year.

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

Assets	Years
Buildings	50
Building Improvements	20
System infrastructure	30
Vehicles	5
Office Equipment	5
Computer Equipment	5

6. Compensated Absences

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

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund Balances – Governmental Funds

As of September 30, 2017, fund balances of the governmental funds are classified as follows:

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

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

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

Unassigned — all other spendable amounts.

As of September 30, 2017, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$104,881
Restricted	
Construction	4,185,301
General Administration	10,066
General Administration - Records	260,373
Health and Welfare	213,918
Judicial	109,126
Permanent Improvement	1,155
Public Safety	365,244
Public Transportation	1,387,603
Committed	
Culture and Recreation	179,385
General Administration	273,604
Public Facilities	104,421
Public Safety	62,862
Unassigned	<u>2,242,361</u>
Total Fund Balance	<u>\$9,500,300</u>

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

In fiscal year 2011, the Commissioner’s Court adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 20 percent of the subsequent year’s budgeted General Fund expenditures.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

10. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government only has two items that qualify for reporting in this category. The County Attorney Grant and an item deferred under GASB 68 are the only items that qualify for reporting in this category.

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

11. Net position flow assumption

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

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$6,117,851 difference are as follows:

Capital Assets Not Being Depreciated	\$669,234
Capital Assets Being Depreciated	15,165,523
Depreciation Expense	(9,716,906)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$6,117,851</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$224,642 difference are as follows:

Capital Leases Payable	\$150,185
Net Pension Liability	<u>74,457</u>
	<u>\$224,642</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles)." The details of this \$384,370 difference are as follows:

Property taxes Receivable	\$415,748
Allowance for Doubtful Accounts	<u>(31,378)</u>
Net	<u>\$384,370</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$1,467,588 difference are as follows:

Fines Receivable	\$2,384,281
Allowance for Doubtful Accounts	(1,843,769)
GASB 68	
Contributions (after 12/31/16)	410,271
Changes of assumptions	112,380
Net difference between projected and actual earnings	774,925
Differences between expected and actual experience	<u>(370,500)</u>
Net	<u><u>\$1,467,588</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$65,181) difference are as follows:

Capital Outlay - Additions	\$626,614
Capital Outlay - Dispositions - Net	(87,972)
Depreciation Expense	(603,823)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>(\$65,181)</u></u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

The final amended budget is used in this report. The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year. The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioner's Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioner's Court.

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

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

Budgets for the 2017 fiscal year were adopted for the General Fund and the Road and Bridge Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2017, expenditures did not exceed appropriations in any funds.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2017 except for the grant fund which had a deficit fund balance of \$17,889. This deficit is expected to be liquidated by future monies of the fund.

IV. Detailed Notes on All Funds

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

Policies Governing Deposits and Investments

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

As of September 30, 2017, the government had the following investments: None

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2017, the government's bank balance of \$10,620,851 with Vantage Bank was exposed to custodial credit risk because it was not fully insured and collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name by \$7,648,890. The monies are under secured by a line of credit negotiated with the depository bank and FDIC coverage is \$250,000. The book balance of the cash at September 30, 2017 is \$5,210,983.

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	General	Road and Bridge	Sheriff Grants	Other Govern- mental	Total
<u>Receivables</u>					
Ad Valorem Taxes	\$360,287	\$55,461			\$415,748
Fines	2,384,281				2,384,281
Other	99,983	263,471	14,220	11,254	388,928
Gross Receivables	2,844,551	318,932	14,220	11,254	3,188,957
Less: Allowance for Uncollectibles	1,870,961	4,186			1,875,147
Net Total Receivables	\$973,590	\$314,746	\$14,220	\$11,254	\$1,313,810

C. Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$201,395	\$467,839		\$669,234
Construction in Progress	\$0			\$0
Total capital assets not being depreciated:	201,395	467,839	0	669,234
Capital assets being depreciated:				
Building and Improvements	5,084,597	46,420	0	5,131,017
Machinery and Equipment	5,637,186	112,355	403,506	5,346,035
Intangible	58,779	0	0	58,779
Infrastructure	4,629,692	0	0	4,629,692
Total capital assets being depreciated:	15,410,254	158,775	403,506	15,165,523
Less: Accumulated Depreciation for:				
Building and Improvements	2,506,823	135,404	0	2,642,227
Machinery and Equipment	3,838,566	379,161	315,534	3,902,193
Intangible	33,351	5,878	0	39,229
Infrastructure	3,049,877	83,380	0	3,133,257
Total Accumulated Depreciation	9,428,617	603,823	315,534	9,716,906
Total Capital Assets Depreciated, Net	5,981,637	(445,048)	87,972	5,448,617
Governmental Activities capital assets, Net	\$6,183,032	\$22,791	\$87,972	\$6,117,851

The 2016-2017 depreciation is as follows:

Governmental Activities	
General Administration	\$4,389
Judicial	5,550
Public Facilities	54,637
Public Safety	267,166
Public Transportation	244,771
Culture and Recreation	10,675
Health and Welfare	14,373
Conservation - Agriculture	<u>2,262</u>
Total Depreciation Expense - Governmental Activities	<u>\$603,823</u>

The infrastructure capital assets were not fully depreciated at September 30, 2017.

Construction commitments

There were no major capital asset construction events during the 2016-2017 year.

D. Interfund Receivables, Payables, and Transfers

TRANSFER OUT	TRANSFER IN		
	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
GENERAL FUND	\$0	130,000	\$130,000
NON-MAJOR GOVERNMENTAL FUNDS	(14,471)		(14,471)
TOTALS	<u>(\$14,471)</u>	<u>\$130,000</u>	<u>\$115,529</u>

E. Leases

Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were \$36,118 for the year ended September 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2018	\$ 16,564
2019	16,180
2020	10,926
2021	<u>6,462</u>
Total	<u>\$ 50,132</u>

Rent expenditures were \$0 for the year ended September 30, 2017. Sublease rental income was \$2,379 for the year ended September 30, 2017.

F. Long-Term Debt

Capital Leases: The government has entered into one capital lease agreements as lessee for financing the acquisition of one (1) Chip Spreader/Gooseneck Trailer. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The security for the trailer is the trailer.

Assets acquired through capital leases are as follows:

Asset:	2015 CHIPSREADER/ GOOSENECK	
	TRAILER	TOTAL
Cost	\$270,000	\$270,000
Less: Accumulated Depreciation	101,284	101,284
Total	\$168,716	\$168,716

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

YEAR	Activities	Total
2018	\$53,575	\$53,575
2019	53,575	53,575
2020	53,576	53,576
TOTAL MINIMUM LEASE PAYMENTS	160,726	160,726
LESS: AMOUNT REPRESENTING INTEREST	10,541	10,541
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$150,185	\$150,185

The above debt is to be serviced by the General Fund.

The changes in long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
Capital Lease	\$196,927	\$0	\$46,742	\$150,185	\$48,364	\$101,821
Compensated Absences	207,319	168,023	207,319	168,023	168,023	0
GASB 68 Payable	277,195		202,738	74,457		74,457
Grand Total	<u>\$681,441</u>	<u>\$168,023</u>	<u>\$456,799</u>	<u>\$392,665</u>	<u>\$216,387</u>	<u>\$176,278</u>

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2017-18 year is \$168,023. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$216,387 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2016-2017 is \$6,833.

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any of the three previous years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

	Year ended <u>09/30/17</u>	Year ended <u>09/30/16</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurred Claims (including IBNRs)		
Claim Payments		
Unpaid Claims, End of Fiscal Year	<u>\$ -0-</u>	<u>\$ -0-</u>

1. General Liability Insurance

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

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

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

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

2. Property and Casualty Insurance

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

3. Workers' Compensation Insurance

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

4. Group Health and Life Insurance

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

5. Unemployment Compensation Insurance

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

B. Related Party Transaction

There were no related party transactions in the 2017 fiscal year.

C. Subsequent Events

On November 20, 2017, in a Special Meeting, the Commissioners Court approved the County's participation in the workforce assistance from the temporary worker grants program made available post Hurricane Harvey by the Workforce Solutions of the Coastal Bend and the Texas Workforce Commission.

D. Contingent Liabilities

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

The County is a defendant in the following lawsuit at September 30, 2017.

Ricardo Adame v. Refugio County ~ an employment lawsuit arising out of the Sheriff's Office. There is currently a Motion for Summary Judgment on file with Court wherein the County is seeking dismissal of the suit. This suit was dismissed by the District Court in the year 2017 in a finding that the Sheriff did no wrong. A Court of Appeals also found no wrong doing.

E. Hurricane Harvey

Refugio County sustained severe wind and water damage as a result of Hurricane Harvey. The County has an insurance policy and is also receiving money from FEMA for debris removal. The County will continue to receive monies from FEMA for construction and repairs to County property. At the time of the audit report, the extent of the cost of repairs and/or construction to County property is unknown. These amounts are to be received from both FEMA and insurance; and not from the County. The County will provide adequate disclosure in a future audit report in accordance with Generally Accepted Accounting Principles.

F. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2015	December 31, 2016
Total pension liability	\$14,591,721	\$15,515,275
Fiduciary net position	14,314,526	15,440,818
Net pension liability/ (asset)	277,195	74,457
Fiduciary net position as a % of total pension liability	98.10%	99.52%
Pensionable covered payroll ⁽¹⁾	\$5,402,995	\$4,909,575
Net pension liability as a % of covered payroll	5.13%	1.52%

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

Note: Rounding differences may exist above or in other tables in this report.

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

Discount Rate

Discount rate ⁽²⁾	8.10%	8.10%
Long-term expected rate of return, net of investment expense ² ¹	8.10%	8.10%
Municipal bond rate ⁽³⁾	Does not apply	Does not apply

⁽²⁾ This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

⁽³⁾ The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of this report for further details.

Other Key Actuarial Assumptions

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB 68.

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

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

	Beginning Date	Ending Date
Valuation date	December 31, 2015	December 31, 2016
Measurement date	December 31, 2015	December 31, 2016
Employer's fiscal year	October 1, 2016	September 30, 2017

Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Projection of Fiduciary Net Position*

Calendar Year Ending**	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses*** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(C)+(d)+(e)
2017	\$15,440,818	\$531,153	\$1,034,445	\$15,441	\$1,230,107	\$16,152,191
2018	16,152,191	510,657	924,187	16,152	1,291,264	17,013,774
2019	17,013,774	504,360	1,019,352	17,014	1,356,989	17,838,757
2020	17,838,757	499,060	1,089,934	17,839	1,420,766	18,650,811
2021	18,650,811	490,046	1,174,318	18,651	1,482,802	19,430,690
2022	19,430,690	476,774	1,237,594	19,431	1,542,901	20,193,340
2023	20,193,340	459,657	1,330,112	20,193	1,600,292	20,902,983
2024	20,902,983	441,761	1,393,007	20,903	1,654,536	21,585,370
2025	21,585,370	425,944	1,469,920	21,585	1,706,100	22,225,909
2026	22,225,909	412,702	1,535,210	22,226	1,754,840	22,836,015
2036	26,085,357	193,154	2,026,463	26,085	2,039,075	26,265,037
2046	26,004,048	71,009	2,285,106	26,004	2,017,370	25,781,317
2056	22,762,579	14,113	2,131,897	22,763	1,758,765	22,380,797
2066	20,475,543	697	1,508,475	20,476	1,597,830	20,545,119
2076	25,679,931	0	798,941	25,680	2,047,327	26,902,638
2086	46,866,867	0	257,256	46,867	3,784,139	50,346,884
2096	98,939,291	0	33,184	98,939	8,008,836	106,816,004

* Projection values include no assumed future cost-of-living adjustments.

** Note that only select years have been shown for formatting purposes

*** Administrative expenses are assumed to be 0.10% of Fiduciary Net Position.

Changes in Net Pension Liability/ (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances as of December 31, 2015	\$14,591,721	\$14,314,526	\$277,195
Changes for the year:			
Service cost	639,416		639,416
Interest on total pension liability ⁽¹⁾	1,176,621		1,176,621
Effect of plan changes ⁽²⁾	0		0
Effect of economic/demographic gains or losses	(119,405)		(119,405)
Effect of assumptions changes or inputs	0		0
Refund of contributions	(162,925)	(162,925)	0
Benefit payments	(610,154)	(610,154)	0
Administrative expenses		(11,501)	11,501
Member contributions		343,670	(343,670)
Net investment income		1,070,336	(1,070,336)
Employer contributions		306,849	(306,849)
Other ⁽³⁾	0	190,017	(190,017)
			--
Balances as of December 31, 2016	\$15,515,275	\$15,440,818	\$74,457

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

⁽²⁾ No plan changes valued.

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

Sensitivity Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$17,345,575	\$15,515,275	\$13,978,059
Fiduciary net position	15,440,818	15,440,818	15,440,818
Net pension liability / (asset)	\$1,904,757	\$74,457	(\$1,462,760)

Pension Expense / (Income)

Pension Expense/ (Income)	January 1, 2016 to December 31, 2016
Service cost	\$639,416
Interest on total pension liability ⁽¹⁾	1,176,621
Effect of plan changes	0
Administrative expenses	11,501
Member contributions	(343,670)
Expected investment return net of investment expenses	(1,161,699)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(196,928)
Recognition of assumption changes or inputs	37,460
Recognition of investment gains or losses	264,267
Other ⁽²⁾	(190,017)
Pension expense/ (income)	\$236,951

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

⁽²⁾ Relates to a/location of system-wide items.

As of December 31, 2016, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$370,500	\$0
Changes of assumptions	0	112,380
Net difference between projected and actual earnings	0	774,925
Contributions made subsequent to measurement date ⁽³⁾	N/A	Employer determined

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

Year ended December 31:	
2017	\$104,798
2018	214,941
2019	178,794
2020	18,273
2021	0
Thereafter ⁽⁴⁾	0

⁽³⁾ Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of this report.

⁽⁴⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2016	
Original Amount (a)	Date Established (b)	Original Recognition Period (1) (c)	Amount Recognized for 2016 (1) (a)+ (c)	Inflows	Outflows
<i>Investment (gains) or losses</i>					
\$91,363	12/31/2016	5.0	\$18,273	\$0	\$73,090
1,049,236	12/31/2015	5.0	209,847	0	629,542
180,734	12/31/2014	5.0	36,147	0	72,294
<i>Economic/ demographic (gains) or losses</i>					
(119,405)	12/31/2016	4.0	(29,851)	89,554	0
(284,671)	12/31/2015	5.0	(56,934)	170,803	0
(440,572)	12/31/2014	4.0	(110,143)	110,143	0
<i>Assumption changes or inputs</i>					
0	12/31/2016	4.0	0	0	0
187,301	12/31/2015	5.0	37,460	0	112,380
0	12/31/2014	4.0	0	0	0

Employer contributions made subsequent to measurement date (2)

-----Employer Determined-----

(1) *Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.*

(2) *Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as deferred outflows as outlined in Appendix D of this report.*

GASB 68 Plan Description for Refugio County

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

- a. Refugio County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 125%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Refugio County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2016 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec. 31, 2015	Dec. 31, 2016
Number of inactive employees entitled to but not yet receiving benefits:	82	86
Number of active employees:	135	115
Average monthly salary*:	\$3,348	\$3,145
Average age*:	48.05	48.78
Average length of service in years*:	8.98	10.16
<hr/>		
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	72	75
Average monthly benefit:	\$681	\$722

**Averages reported for active employees. They differ from the prior year's report, which included all active and inactive members. Average service includes all proportionate service.*

Contributions Made Subsequent to Measurement Date

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

For GASB valuation purposes, TCDRS' consulting actuary will compute each participating employer's NPL as of Dec. 31 of each year. Employers that have a fiscal year end other than Dec. 31 will need to account for pension contributions (employer; not employee contributions or group term life premiums) made between Dec. 31 and the employer's fiscal year end as a DOoR. These contributions will not be reported to you as part of this GASB report; employers can access their monthly employer activity statements, which display employer contributions to the retirement plan via the TCDRS Employer Portal.

Summary of TCDRS Funding Policy

Texas County & District Retirement System Funding Policy

Effective as of the Dec. 31, 2014 valuation

Introduction

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

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

TCDRS funding overview

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

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

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

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

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

Methodology for determining employer contribution rates

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

- Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
- Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
- Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions.

Actuarial cost method

TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

Amortization policy

The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UML) rate. UML amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UML amounts are amortized on a level-percentage-of-covered-payroll basis over a closed period with a layered approach. The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year new layers are established to amortize changes in the UML due to actuarial gains or losses, as well as any plan benefit changes elected by an employer for that year.

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

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

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

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

Asset valuation method

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

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

Actuarial assumptions

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

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

Oversight

The board has established review policies to ensure that actuarial assumptions are appropriate and that the methodology for determining employer contribution rates is being correctly applied.

Review of actuarial assumptions

TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience. TCDRS assumptions are compared to plan experience and future expectations, and changes to

the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study.

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

Review of employer contribution rates

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

Review and modification of funding policy

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	\$639,416	\$588,092	\$556,571	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	1,176,621	1,117,545	1,077,810	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	(82,144)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	187,301	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(119,405)	(284,671)	(440,572)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(773,079)</u>	<u>(767,802)</u>	<u>(772,628)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	923,554	758,321	421,181	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>14,591,721</u>	<u>13,833,400</u>	<u>13,412,219</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$15,515,275</u>	<u>\$14,591,721</u>	<u>\$13,833,400</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position										
Employer contributions	\$306,849	\$357,204	\$353,978	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	343,670	378,277	352,468	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	1,070,336	112,200	922,450	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(773,079)	(767,802)	(772,628)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(11,501)	(10,256)	(10,733)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>190,017</u>	<u>23,391</u>	(291,897)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	1,126,292	93,014	553,639	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>14,314,526</u>	<u>14,221,512</u>	<u>13,667,873</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$15,440,818</u>	<u>\$14,314,526</u>	<u>\$14,221,512</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending= (a) -(b)	<u>\$74,457</u>	<u>\$277,195</u>	<u>(\$388,111)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a% of total pension liability	99.52%	98.10%	102.81%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$4,909,575	\$5,402,995	\$5,035,263	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as% of covered payroll	1.52%	5.13%	-7.71%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67168, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
2007	\$195,293	\$195,293	\$0	\$2,977,033	6.6%
2008	193,918	193,918	0	3,189,437	6.1%
2009	205,320	205,320	0	3,399,336	6.0%
2010	241,880	241,880	0	3,557,054	6.8%
2011	249,407	249,407	0	3,814,422	6.5%
2012	306,821	306,873	(52)	4,565,789	6.7%
2013	327,010	327,010	0	4,816,078	6.8%
2014	353,978	353,978	0	5,035,263	7.0%
2015	357,138	357,204	(66)	5,402,995	6.6%
2016	306,849	306,849	0	4,909,575	6.3%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	9.3 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions.
	2016: No changes in plan provisions.

**Only changes effective 2015 and later are shown in the Notes to Schedule.*

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2016 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Refugio County December 31, 2016 Summary Valuation Report for further details.

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

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

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

Actuarial Methods and Assumptions Used for Funding Valuation

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

Following is a description of the assumptions used in the December 31, 2016 actuarial valuation analysis for Refugio County. This information may also be found in the Refugio County December 31, 2016 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee. (See Table 1 for Merit Salary Increases.)

Employer-specific economic assumptions:

Growth in membership	0.0%
Payroll growth for funding calculations	3.0%

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

REFUGIO COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUNDS
 SEPTEMBER 30, 2017

	Road and Road and Bridge	Road and Bridge Special	Lateral Road	Total Road and Bridge
ASSETS				
Cash and Cash Equivalents	\$657,310	\$485,755	\$100,947	\$1,244,012
Receivables (net of allowance for uncollectibles)	312,936	1,810		314,746
Prepaid Expenses	13,054			13,054
Total Assets	<u>\$983,300</u>	<u>\$487,565</u>	<u>\$100,947</u>	<u>\$1,571,812</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$119,615			\$119,615
Accrued Wages Payable	265			265
Total Liabilities	<u>119,880</u>	<u>0</u>	<u>0</u>	<u>119,880</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Property Taxes				
Total deferred inflows of resources	<u>51,275</u>	<u>0</u>	<u>0</u>	<u>51,275</u>
Fund Balances:				
Non-Spendable				
Prepaid Items	13,054			13,054
Restricted				
Public Transportation	799,091	487,565	100,947	1,387,603
Total Fund Balance	<u>812,145</u>	<u>487,565</u>	<u>100,947</u>	<u>1,400,657</u>
Total Liabilities and Fund Balances	<u>\$983,300</u>	<u>\$487,565</u>	<u>\$100,947</u>	<u>\$1,571,812</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS
 YEAR ENDED SEPTEMBER 30, 2017

	Road and Bridge	Road and Bridge Special	Lateral Road	Total Road and Bridge
<i>REVENUES</i>				
Taxes				
Property	\$822,810			\$822,810
Intergovernmental		67,970	11,388	79,358
Licenses and Permits	245,137			245,137
Charges for Services	55,526			55,526
Fines and Forfeitures	588,890			588,890
Interest	5,811	2,235	489	8,535
Miscellaneous	297			297
Total Revenues	<u>1,718,471</u>	<u>70,205</u>	<u>11,877</u>	<u>1,800,553</u>
<i>EXPENDITURES</i>				
Current:				
Public Transportation				
Road and Bridge	1,802,907			1,802,907
Debt Service				
Principal Retirement	46,742			46,742
Interest and Fiscal Charges	6,833			6,833
Total Expenditures	<u>1,856,482</u>	<u>0</u>	<u>0</u>	<u>1,856,482</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(138,011)</u>	<u>70,205</u>	<u>11,877</u>	<u>(55,929)</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
Other Financing Sources - Capital Leases				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	(138,011)	70,205	11,877	(55,929)
Fund Balances - Beginning	950,156	417,360	89,070	1,456,586
Fund Balances - Ending	<u>\$812,145</u>	<u>\$487,565</u>	<u>\$100,947</u>	<u>\$1,400,657</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2017

	SPECIAL REVENUE																	
	AIRPORT FUND	ASSET SHARING	ATTORNEY ADMINI- STRATION	COUNTY CLERK RECORD MANAGEMENT	COURT- HOUSE SECURITY	COURT TECH- NOLOGY	DISTRICT CLERK RECORD MANAGEMENT	ELDERLY SERVICES FUND	ELECTION ADMINI- STRATION	EMPLOY- MENT CONTIN- GENCY	ESTRAY FUND	GRANT FUND	JAIL COMM- ISSARY	JURY	JUSTICE COURT TECH	JUVENILE SERVICES	LAW LIBRARY	LEOSE TRAINING FIRE
ASSETS																		
Cash and Cash Equivalents	\$138,262	\$143,831	\$4,348	\$177,011	\$69,993	\$8,111	\$18,083	\$19,198	\$10,066	\$57,792	\$592		\$130,798	\$15,488	\$38,252	\$81,356	\$5,779	\$8,207
Receivables (net of allowance for uncollectibles)	657			2,455	893	155	210	3,460						200	602		280	
Due from Other Funds								7,500										
Prepaid Expenses								839										
Total Assets	\$138,919	\$143,831	\$4,348	\$179,466	\$70,886	\$8,266	\$18,293	\$30,997	\$10,066	\$57,792	\$592	\$0	\$130,798	\$15,688	\$38,854	\$81,356	\$6,059	\$8,207
LIABILITIES AND FUND BALANCES																		
Liabilities																		
Accounts Payable	\$471																	
Accrued Wages Payable								\$294						\$272	\$2,114			
Due to Other Funds								130										
Bank Overdraft												7,500						
Total Liabilities	471	0	0	0	0	0	0	424	0	0	0	17,889	0	0	272	2,114	0	0
Fund Balances																		
Non-Spendable																		
Prepaid Items								839										
Restricted																		
Economic Development																		
General Administration									10,066									
General Administration - Records				179,466														
Judicial			4,348			8,266	18,293						15,688	38,582		6,059		
Health and Welfare								29,734										
Permanent Improvement																		
Public Safety					70,886						592	130,798			79,242		8,207	
Committed																		
Culture and Recreation	138,448																	
General Administration		143,831								57,792								
Public Facilities																		
Public Safety																		
Unassigned																		
Total Fund Balances	138,448	143,831	4,348	179,466	70,886	8,266	18,293	30,573	10,066	57,792	592	(17,889)	130,798	15,688	38,582	79,242	6,059	8,207
TOTAL LIABILITIES AND FUND BALANCES	\$138,919	\$143,831	\$4,348	\$179,466	\$70,886	\$8,266	\$18,293	\$30,997	\$10,066	\$57,792	\$592	\$0	\$130,798	\$15,688	\$38,854	\$81,356	\$6,059	\$8,207

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

SPECIAL REVENUE									CAPITAL PROJECT				TOTAL
LEOSE TRAINING	LEOSE TRAINING		NARCO-TICS	PRE TRIAL DIVER-SION	RECORD MANAGEMENT AND PRES-ERVATION	SPECIAL FORF-EITURE	TCLEOSE TRAINING	VEHICLE REPLACE-MENT	CAPITAL IMPROVE-MENT FUND	COASTAL IMPACT ASSIS-TANCE	COURT-HOUSE RESTOR-ATION	DISASTER FUND	NON-MAJOR GOVERN-MENTAL FUND
ABLE NO. 1	ABLE NO. 2	FUND	FUND										FUND
\$5,386	\$3,555	\$40,937	\$79,392	\$122,995	\$80,745	\$57,477	\$9,101	\$110,239	\$1,155		\$104,421	\$62,862	\$1,605,432
				500	162			1,680					11,254
													7,500
													839
\$5,386	\$3,555	\$40,937	\$79,392	\$123,495	\$80,907	\$57,477	\$9,101	\$111,919	\$1,155	\$0	\$104,421	\$62,862	\$1,625,025
				\$813				\$39,938					\$43,902
													130
													7,500
													10,389
0	0	0	0	813	0	0	0	39,938	0	0	0	0	61,921
													839
													0
					80,907								10,066
				122,682									260,373
			79,392										213,918
									1,155				109,126
5,386	3,555					57,477	9,101						1,155
		40,937											365,244
								71,981					179,385
										104,421			273,604
												62,862	104,421
													62,862
													(17,889)
5,386	3,555	40,937	79,392	122,682	80,907	57,477	9,101	71,981	1,155	0	104,421	62,862	1,563,104
\$5,386	\$3,555	\$40,937	\$79,392	\$123,495	\$80,907	\$57,477	\$9,101	\$111,919	\$1,155	\$0	\$104,421	\$62,862	\$1,625,025

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	SPECIAL REVENUE																	
	AIRPORT	ASSET	ATTORNEY	COUNTY	COURT-	COURT	DISTRICT	ELDERLY	ELECTION	EMPLOY-	JAIL	JUSTICE	JUVENILE	LAW	LEOSE			
	FUND	SHARING	ADMINI-	CLERK	HOUSE	TECH-	CLERK	SERVICES	ADMINI-	MENT	COMM-	COURT	SERVICES	LIBRARY	TRAINING			
			STRATION	RECORD	SECURITY	NOLOGY	RECORD	STRATION	GENCY	ISSARY	JURY	TECH	LIBRARY	FIRE				
REVENUES																		
Intergovernmental								\$125,591				\$54,436	\$3,672		\$116,865			
Charges for Services	105,768		165	29,861	18,975	1,477	2,159	17,308	794		7,858	808	15,487		2,700			
Interest	339	767	25	808	236		55	343	27	285	664	9	217		405		20	
Miscellaneous			100					109,025			87				111			
Total Revenues	106,107	767	290	30,669	19,211	1,477	2,214	252,267	821	285	0	54,436	8,609	4,489	15,704	117,381	2,700	20
EXPENDITURES																		
Current:																		
General Administration																		
County Clerk				26,038														
Elections									3,601									
Judicial																		
Judicial			4,100									7,775	25,178					
Legal																		
Law Library																	10,099	
Public Safety																		
Courthouse Security																		
Juvenile Probation																	190,513	
Sheriff												5,178						
Culture and Recreation																		
Airport	65,451																	
Library																		
Health and Welfare																		
Elderly Services								302,481										
Capital Projects -																		
Capital Outlay and Other												73,691						
Total Expenditures	65,451	0	4,100	26,038	0	0	0	302,481	3,601	0	0	73,691	5,178	7,775	25,178	190,513	10,099	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,656	767	(3,810)	4,631	19,211	1,477	2,214	(50,214)	(2,780)	285	0	(19,255)	3,431	(3,286)	(9,474)	(73,132)	(7,399)	20
OTHER FINANCING SOURCES (USES):																		
Operating Transfers In	20,000															105,000	5,000	
Operating Transfers Out																		
Total Other Financing Sources (Uses)	20,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	105,000	5,000	0
Net Changes in Fund Balances	60,656	767	(3,810)	4,631	19,211	1,477	2,214	(50,214)	(2,780)	285	0	(19,255)	3,431	(3,286)	(9,474)	31,868	(2,399)	20
Fund Balances - Beginning	77,792	143,064	8,158	174,835	51,675	6,789	16,079	80,787	12,846	57,507	592	1,366	127,367	18,974	48,056	47,374	8,458	8,187
Fund Balances - Ending	\$138,448	\$143,831	\$4,348	\$179,466	\$70,886	\$8,266	\$18,293	\$30,573	\$10,066	\$57,792	\$592	(\$17,889)	\$130,798	\$15,688	\$38,582	\$79,242	\$6,059	\$8,207

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

SPECIAL REVENUE									CAPITAL PROJECT				TOTAL
LEOSE TRAINING CONST- ABLE NO. 1	LEOSE TRAINING CONST- ABLE NO. 2	LIBRARY FUND	NARCO-TICS FUND	PRE TRIAL DIVERSION	RECORD MANAGEMENT AND PRESERVATION	SPECIAL FORFEITURE	TCLEOSE TRAINING	VEHICLE REPLACEMENT	CAPITAL IMPROVEMENT FUND	COASTAL IMPACT ASSISTANCE	COURT-HOUSE RESTORATION	DISASTER FUND	NON-MAJOR GOVERNMENTAL FUND
\$683	\$1,332			14,549	3,807		\$3,267		\$60,293				\$366,139
		324	251	626	375	98		608			489		221,716
		40,300	22,371					11,939				62,862	6,971
683	1,332	40,624	22,622	15,175	4,182	98	3,267	12,547	0	60,293	489	62,862	246,795
				15,063									26,038
													3,601
													52,116
													10,099
													0
			9,291										190,513
													14,469
		29,529											65,451
													29,529
								78,853		60,293			302,481
0	0	29,529	9,291	15,063	0	0	0	78,853	0	60,293	0	0	212,837
683	1,332	11,095	13,331	112	4,182	98	3,267	(66,306)	0	0	489	62,862	907,134
													130,000
		(10,471)		(4,000)									(14,471)
0	0	(10,471)	0	(4,000)	0	0	0	0	0	0	0	0	115,529
683	1,332	624	13,331	(3,888)	4,182	98	3,267	(66,306)	0	0	489	62,862	50,016
4,703	2,223	40,313	66,061	126,570	76,725	57,379	5,834	138,287	1,155	0	103,932	0	1,513,088
\$5,386	\$3,555	\$40,937	\$79,392	\$122,682	\$80,907	\$57,477	\$9,101	\$71,981	\$1,155	\$0	\$104,421	\$62,862	\$1,563,104

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AGENCY

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Juvenile Fee Funds	State Fees	Cash Bond Fund	County Officer Accounts	Total
ASSETS					
Cash and Cash Equivalents	\$16,695	\$133,974	\$63,245	\$655,744	\$869,658
Accounts Receivable	76	29,593	0		29,669
Total Assets	<u>\$16,771</u>	<u>\$163,567</u>	<u>\$63,245</u>	<u>\$655,744</u>	<u>\$899,327</u>
LIABILITIES:					
Accounts Payable	\$0	\$145,437	\$0	\$0	\$145,437
Due to Others	16,771	18,130	63,245	655,744	753,890
Total Liabilities	<u>\$16,771</u>	<u>\$163,567</u>	<u>\$63,245</u>	<u>\$655,744</u>	<u>\$899,327</u>

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

<u>JUVENILE FEE FUND</u>	BALANCE 10/1/2016	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2017
ASSETS				
Cash and Cash Equivalents	\$15,354	\$1,523	\$182	\$16,695
Accounts Receivable	0	76		76
Total Assets	<u>\$15,354</u>	<u>\$1,599</u>	<u>\$182</u>	<u>\$16,771</u>

LIABILITIES:				
Accounts Payable				\$0
Due to Others	15,354	1,599	182	16,771
Total Liabilities	<u>\$15,354</u>	<u>\$1,599</u>	<u>\$182</u>	<u>\$16,771</u>

<u>STATE FEES</u>	BALANCE 10/1/2016	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2017
ASSETS				
Cash and Cash Equivalents	\$98,637	\$545,483	\$510,146	\$133,974
Accounts Receivable	30,436	29,593	30,436	29,593
Total Assets	<u>\$129,073</u>	<u>\$575,076</u>	<u>\$540,582</u>	<u>\$163,567</u>

LIABILITIES:				
Accounts Payable	113,631	145,437	113,631	145,437
Due to Others	15,442	429,639	426,951	18,130
Total Liabilities	<u>\$129,073</u>	<u>\$575,076</u>	<u>\$540,582</u>	<u>\$163,567</u>

<u>CASH BOND FUND</u>	BALANCE 10/1/2016	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2017
ASSETS				
Cash and Cash Equivalents	\$62,913	\$332	\$0	\$63,245
Accounts Receivable	0			0
Total Assets	<u>\$62,913</u>	<u>\$332</u>	<u>\$0</u>	<u>\$63,245</u>

LIABILITIES:				
Accounts Payable				\$0
Due to Others	62,913	332	0	63,245
Total Liabilities	<u>\$62,913</u>	<u>\$332</u>	<u>\$0</u>	<u>\$63,245</u>

<u>COUNTY OFFICER ACCOUNTS</u>	BALANCE 10/1/2016	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2017
ASSETS				
Cash and Cash Equivalents	\$689,926		\$34,182	\$655,744
Accounts Receivable				0
Total Assets	<u>\$689,926</u>	<u>\$0</u>	<u>\$34,182</u>	<u>\$655,744</u>

LIABILITIES:				
Accounts Payable				\$0
Due to Others	689,926	0	34,182	655,744
Total Liabilities	<u>\$689,926</u>	<u>\$0</u>	<u>\$34,182</u>	<u>\$655,744</u>

<u>TOTAL</u>	BALANCE 10/1/2016	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2017
ASSETS				
Cash and Cash Equivalents	\$866,830	\$547,338	\$544,510	\$869,658
Accounts Receivable	30,436	29,669	30,436	29,669
Total Assets	<u>\$897,266</u>	<u>\$577,007</u>	<u>\$574,946</u>	<u>\$899,327</u>

LIABILITIES:				
Accounts Payable	113,631	\$145,437	\$113,631	\$145,437
Due to Others	783,635	431,570	574,946	753,890
Total Liabilities	<u>\$897,266</u>	<u>\$577,007</u>	<u>\$688,577</u>	<u>\$899,327</u>