

GONZALES COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2017

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

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## FINANCIAL SECTION

**BEYER & Co.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Wayne R. Beyer, C.P.A.

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gonzales 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 Gonzales 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, the Road and Bridge Funds, the Revolving Loan Fund, and the Debt Service 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 3–12, and 61-66 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 Gonzales County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



BEYER & COMPANY  
Certified Public Accountants  
May 12, 2018

## Management's Discussion and Analysis

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

### Financial Highlights

- . The assets of Gonzales County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$42,950,470 (net position). Of this amount, \$6,504,163 or 15% (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 \$2,513,847. This increase is mainly attributable to an increase in Ad Valorem Taxes, Sales Taxes, and Charges for Services of \$171,013, \$111,610, and \$286,488, respectively, and careful budget monitoring.
- . Gonzales County, Texas' total restricted net position at September 30, 2017 is \$11,858,625 or 28% of net position.
- . Gonzales County, Texas' total debt decreased by \$380,933 (8.55 percent) during the current fiscal year. The key factor in this decrease was the payment of bonds and capital leases of \$210,000 and \$113,122, respectively.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Gonzales County, Texas' basic financial statements. Gonzales 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 Gonzales County, Texas' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Gonzales 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 Gonzales 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 Gonzales 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 Gonzales 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 government-wide financial statements include only Gonzales 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. Gonzales 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 Gonzales County, Texas can be divided into two categories: governmental funds and fiduciary 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.

Gonzales County, Texas maintains twenty-nine (29) 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 Debt Service Fund, the Revolving Loan Fund and the Energy Transportation Reinvestments Fund, each of which are considered to be major funds. Data from the other twenty-four (24) 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.

Gonzales County, Texas adopts an annual appropriated budget for its General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Revolving Loan Fund. A budgetary comparison statement has been provided for the General Fund, the Road and Bridge Fund, the Debt Service Fund, and the Revolving Loan Fund. The basic governmental fund financial statements can be found on pages 15-23 of this report.

Gonzales County, Texas also has one agency fund and one private purpose trust fund. The fiduciary fund types can be found on pages 24-25 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 26-60 of this report.

*Other information:*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Gonzales County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 61-66 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 68-69 and on pages 70-73 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 Gonzales County, Texas, assets exceeded liabilities by \$42,950,470 at the close of the most recent fiscal year.

By far the largest portion of Gonzales County, Texas' net position (57 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. Gonzales County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Gonzales County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



GONZALES COUNTY, TEXAS  
NET POSITION

	Governmental Activities		Total	
	2017	2016	2017	2016
Current and Other Assets	\$19,999,256	\$21,119,379	\$19,999,256	\$21,119,379
Capital Assets:	25,501,831	22,422,804	25,501,831	22,422,804
Total Assets	45,501,087	43,542,183	45,501,087	43,542,183
Total Deferred Outflows of Resources	2,299,920	2,456,356	2,299,920	2,456,356
Total Assets	\$47,801,007	\$45,998,539	\$47,801,007	\$45,998,539
Long-Term Liabilities	4,073,890	4,454,823	4,073,890	4,454,823
Other Liabilities	654,588	848,979	654,588	848,979
Total Liabilities	4,728,478	5,303,802	4,728,478	5,303,802
Total Deferred Inflows of Resources	122,059	258,114	122,059	258,114
Net Investment in Capital Assets	24,587,682	21,390,416	24,587,682	21,390,416
Restricted	11,858,625	13,096,427	11,858,625	13,096,427
Unrestricted	6,504,163	5,949,780	6,504,163	5,949,780
Total Net Assets	\$42,950,470	\$40,436,623	\$42,950,470	\$40,436,623

A portion of Gonzales County, Texas' net position (28 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6,504,163) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year and the prior fiscal year, Gonzales County, Texas is able to report positive balances in all three categories of net position.

There was a decrease of \$1,237,802 in restricted net position reported in connection with Gonzales County, Texas' governmental activities. This decrease resulted from monies being expended for road construction.

The government's total net position increased by \$2,513,847. This increase is mainly attributable to an increase in Ad Valorem Taxes, Sales Taxes, and Charges for Services of \$171,013, \$111,610, and \$286,488, respectively, 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.

**GONZALES COUNTY, TEXAS  
CHANGE IN NET POSITION**

	Governmental Activities		Total	
	2017	2016	2017	2016
Revenues:				
Program Revenues:				
Charges for Services	\$2,688,447	\$2,401,959	\$2,688,447	\$2,401,959
Operating Grants and Contributions	232,081	162,341	232,081	162,341
Capital Grants and Contributions	0	1,175,982	0	1,175,982
General Revenues:				
Maintenance and Operations Taxes	13,347,664	13,176,651	13,347,664	13,176,651
Sales Taxes	2,014,505	1,902,895	2,014,505	1,902,895
Other Taxes	12,018	15,515	12,018	15,515
Oil Royalties	532	267	532	267
Unrestricted Investment Earnings	79,813	64,975	79,813	64,975
Miscellaneous	409,237	346,213	409,237	346,213
Total Revenue	18,784,297	19,246,798	18,784,297	19,246,798
Expenses:				
General Administration	2,059,705	2,539,868	2,059,705	2,539,868
Legal	566,930	570,200	566,930	570,200
Judicial	1,612,871	1,568,832	1,612,871	1,568,832
Financial Administration	911,014	881,018	911,014	881,018
Public Facilities	816,155	606,626	816,155	606,626
Public Safety	5,497,512	5,473,254	5,497,512	5,473,254
Public Transportation	4,665,258	4,381,819	4,665,258	4,381,819
Health and Welfare	821	4,420	821	4,420
Conservation - Agriculture	98,825	134,662	98,825	134,662
Interest and Fiscal Charges	41,359	54,112	41,359	54,112
Total Expenses	16,270,450	16,214,811	16,270,450	16,214,811
Increase in Net Position before transfers and special items	2,513,847	3,031,987	2,513,847	3,031,987
Transfers	0	0	0	0
Increase in Net Position	2,513,847	3,031,987	2,513,847	3,031,987
Net Position at 09/30/2016	40,436,623	37,404,636	40,436,623	37,404,636
Net Position at 09/30/2017	\$42,950,470	\$40,436,623	\$42,950,470	\$40,436,623

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Government activities:				
General Administration	\$2,059,705	\$367,879	\$21,108	\$0
Legal	566,930		3,935	
Judicial	1,612,871	1,004,492	20,396	
Financial Administration	911,014	383,110		
Public Facilities	816,155			
Public Safety	5,497,512	91,516	164,619	
Public Transportation	4,665,258	841,450	22,023	
Health and Welfare	821			
Conservation - Agriculture	98,825			
Interest and Fiscal Charges	41,359			
Total Government Activities	<u>\$16,270,450</u>	<u>\$2,688,447</u>	<u>\$232,081</u>	<u>\$0</u>

Revenues by source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$2,688,447	14.31%
Operating Grants and Contributions	232,081	1.24%
Capital Grants and Contributions	0	0.00%
Maintenance and Operations Taxes	13,347,664	71.06%
Sales Taxes	2,014,505	10.72%
Other Taxes	12,018	0.06%
Oil Royalties	532	0.00%
Unrestricted Investment Earnings	79,813	0.42%
Miscellaneous	409,237	2.18%
	<u>\$18,784,297</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, Gonzales County, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of Gonzales County, Texas' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Gonzales 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, Gonzales County, Texas' governmental funds reported combined ending fund balances of \$15,948,269, a decrease of \$1,440,891 in comparison with the prior year. Approximately 25% of this total amount (\$4,045,639) 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 Gonzales County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,045,639, while total fund balance reached a balance of \$4,076,832. 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 31 percent of total general fund expenditures, while total fund balance represents 31 percent of that same amount.

The fund balance of the general fund increased by \$37,495 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 \$7,538,705, while total fund balance reached a balance of \$7,551,517. 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 144 percent of total road and bridge fund expenditures, while total fund balance represents 144 percent of that same amount.

The fund balance of the road and bridge fund decreased by \$165,871 during the current fiscal year. Key factors in this decrease are as follows:

- . A decrease in Ad Valorem Taxes of \$1,084,117.

At the end of the current fiscal year unassigned fund balance of the Debt Service fund was \$0, while total fund balance reached \$29,644. As a measure of the Debt Service fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 0 percent of total Debt Service fund expenditures, while total fund balance represents 12 percent of that same amount.

The fund balance of Gonzales County, Texas' Debt Service fund decreased by \$10,101 during the current fiscal year. This decrease is a result of debt service expenditures exceeding the property tax revenue.

There is no discussion regarding the Revolving Loan fund and the Energy Transportation Reinvestment fund. The Revolving Loan fund is a grant fund and the Energy Transportation Reinvestment fund is a construction fund.

#### Budgetary Highlights:

Differences between the original budget and the final amended budget in the general fund was an increase of \$445,343 in appropriations and the majority of the amendments can be briefly summarized as follows:

- . The major increase occurred in the non-departmental department which increased by \$226,229 by reason of an increase in the appraisal district of \$75,564, retiree health insurance of \$14,654, and unclaimed capital credits and hazard mitigation plan of \$136,010. The increase was funded from available fund balance.

Differences between the original budget and the final amended budget in the road and bridge fund was an increase of \$196,174 in appropriations and the majority of the amendments can be briefly summarized as follows:

- . The major increase occurred in the public transportation which increased by \$196,174; primarily by reason of an increase in the road expenditures of 186,284. The increase was funded from available fund balance.

There were no differences between the original budget and the final amended budget in the debt service fund.

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## Capital Asset and Debt Administration

### *Capital assets:*

Gonzales County, Texas' investment in capital assets for its governmental activities as of September 30, 2017, amounts to \$25,501,831 (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 increase in Gonzales County, Texas' investment in capital assets for the current fiscal year was 13.73 percent.

The major capital asset events during the current fiscal year were major road renovations pursuant to a Texas State TIF Grant and Randal – Rather Building renovation.

#### GONZALES COUNTY, TEXAS CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Total	
	2017	2016	2017	2016
Construction in Progress	\$0	\$2,344,413	\$0	\$2,344,413
Building and Improvements	11,074,922	7,359,671	11,074,922	7,359,671
Machinery, Equipment and Vehicles	6,469,727	5,708,581	6,469,727	5,708,581
Infrastructure	7,957,182	7,010,139	7,957,182	7,010,139
Total	<u>\$25,501,831</u>	<u>\$22,422,804</u>	<u>\$25,501,831</u>	<u>\$22,422,804</u>

Additional information on Gonzales County, Texas' capital assets can be found in note IV C on pages 39-40 of this report.

*Long-term debt:*

At the end of the current fiscal year, Gonzales County, Texas had the following bonded debt.

	Beginning Balance	Additions	Reductions	Ending Balance	Summary	
					Noncurrent Liabilities	
					Due Within One Year	Due in More Than One Year
<u>Governmental Activities:</u>						
Bonds Payable	\$895,000	\$0	\$210,000	\$685,000	\$220,000	\$465,000
Total Bonds Payable	895,000	0	210,000	685,000	220,000	465,000
Grand Total	<u>\$895,000</u>	<u>\$0</u>	<u>\$210,000</u>	<u>\$685,000</u>	<u>\$220,000</u>	<u>\$465,000</u>

Gonzales County, Texas' total bonded debt decreased by \$210,000 (23 percent) during the current fiscal year. The key factor in this decrease was the payment of \$210,000 on bond retirement.

Additional information on Gonzales County, Texas' long term debt can be found in note IV F on pages 41-42 of this report.

**Economic Factors**

The Eagle Ford Oil and Gas Shale have brought in new businesses which have increased the sales taxes significantly; however, the sales taxes have fallen recently because of a downturn in the oil and gas industry. Industry trends indicate the Oil and Gas industry will pick back up in the near future.

**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 Gonzales County Auditor's Office; 414 St. Joseph Street, Suite 400; Gonzales, Texas 78629, or (830) 672-6397.

## BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government	
	Governmental	
	Activities	Total
<b>ASSETS</b>		
Cash and Cash Equivalents	\$16,299,942	\$16,299,942
Receivables (net of allowance for uncollectibles)	3,655,309	3,655,309
Prepaid Expenses	44,005	44,005
Capital Assets Not Being Depreciated:		
Construction in Progress	0	0
Total Capital Assets Being Depreciated, Net		
Building and Improvements	11,074,922	11,074,922
Machinery and Equipment	6,469,727	6,469,727
Infrastructure	7,957,182	7,957,182
Total Assets	<u>\$45,501,087</u>	<u>\$45,501,087</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflow of Resources-Contributions (after 12/31/15)	1,202,251	1,202,251
Deferred Outflow-Changes of assumptions	113,070	113,070
Deferred Outflow-Net difference between projected and actual earnings	984,599	984,599
Total Deferred Outflows of Resources	<u>2,299,920</u>	<u>2,299,920</u>
<b>LIABILITIES:</b>		
Accounts Payable	\$454,535	\$454,535
Accrued Wages	176,408	176,408
Accrued Interest Payable	3,526	3,526
Unearned Revenues	20,119	20,119
Noncurrent Liabilities:		
Due Within One Year	463,239	463,239
Due in More Than One Year	3,610,651	3,610,651
Total Liabilities	<u>4,728,478</u>	<u>4,728,478</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflow-Differences between expected and actual experience	122,059	122,059
Total Deferred Inflows of Resources	<u>122,059</u>	<u>122,059</u>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	24,587,682	24,587,682
Restricted		
Construction	3,248,073	3,248,073
Debt Service	29,644	29,644
Elections	16,564	16,564
Financial Administration	16,279	16,279
General Administration	293,598	293,598
Judicial	189,216	189,216
Judicial - District Attorney	12,734	12,734
Public Safety	64,818	64,818
Public Safety - Sheriff	54,122	54,122
Public Transportation	7,538,705	7,538,705
Records Archives	394,872	394,872
Unrestricted	6,504,163	6,504,163
Total Net Position	<u>\$42,950,470</u>	<u>\$42,950,470</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and
					Changes in	Changes in
				Governmental	Governmental	
				Activities	Activities	
					Total	
Primary Government						
Government Activities:						
General Administration	\$2,059,705	\$367,879	\$21,108	\$0	(\$1,670,718)	(\$1,670,718)
Legal	566,930		3,935		(562,995)	(562,995)
Judicial	1,612,871	1,004,492	20,396		(587,983)	(587,983)
Financial Administration	911,014	383,110			(527,904)	(527,904)
Public Facilities	816,155			0	(816,155)	(816,155)
Public Safety	5,497,512	91,516	164,619		(5,241,377)	(5,241,377)
Public Transportation	4,665,258	841,450	22,023	0	(3,801,785)	(3,801,785)
Health and Welfare	821	0			(821)	(821)
Conservation - Agriculture	98,825				(98,825)	(98,825)
Interest and Fiscal Charges	41,359				(41,359)	(41,359)
Total Government Activities	<u>16,270,450</u>	<u>2,688,447</u>	<u>232,081</u>	<u>0</u>	<u>(13,349,922)</u>	<u>(13,349,922)</u>
Total Primary Government	<u>\$16,270,450</u>	<u>\$2,688,447</u>	<u>\$232,081</u>	<u>\$0</u>	<u>(13,349,922)</u>	<u>(13,349,922)</u>
General Revenues						
Property Taxes, Levies for General Purposes					13,347,664	13,347,664
Sales Taxes					2,014,505	2,014,505
Other Taxes					12,018	12,018
Oil Royalties					532	532
Unrestricted Investment Earnings					79,813	79,813
Miscellaneous					409,237	409,237
Total General Revenues and Transfers					<u>15,863,769</u>	<u>15,863,769</u>
Change in Net Position					<u>2,513,847</u>	<u>2,513,847</u>
Net Position - Beginning					<u>40,436,623</u>	<u>40,436,623</u>
Net Position - Ending					<u>\$42,950,470</u>	<u>\$42,950,470</u>

The accompanying notes are an integral part of this statement.

## FUND FINANCIAL STATEMENTS

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

	General Fund	Road and Bridge	Debt Service Fund	Revolving Loan Fund	Energy Transportation Reinvestment	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$4,174,176	\$7,742,428	\$29,644	\$290,098	\$3,308,495	\$755,101	\$16,299,942
Receivables (net of allowance for uncollectibles)	1,656,613	0		523,541	99,921	18,524	2,298,599
Prepaid Items	31,193	12,812					44,005
Total Assets	\$5,861,982	\$7,755,240	\$29,644	\$813,639	\$3,408,416	\$773,625	\$18,642,546
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>Liabilities</b>							
Accounts Payable	\$118,562	\$169,229			\$160,343	\$6,401	\$454,535
Accrued Wages	141,914	34,494				0	176,408
Deferred Revenues	5,000			523,541		15,119	543,660
Total Liabilities	265,476	203,723	0	523,541	160,343	21,520	1,174,603
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Property Taxes	1,519,674						1,519,674
Total Deferred Inflows of Resources	1,519,674	0	0	0	0	0	1,519,674
<b>Fund Balances:</b>							
<b>Non-Spendable</b>							
Prepaid Items	31,193	12,812					44,005
<b>Restricted</b>							
Construction					3,248,073		3,248,073
Debt Service			29,644				29,644
Elections						16,564	16,564
Financial Administration						16,279	16,279
General Administration				290,098		3,500	293,598
Judicial						189,216	189,216
Judicial - District Attorney						12,734	12,734
Public Safety						64,818	64,818
Public Safety - Sheriff						54,122	54,122
Public Transportation		7,538,705					7,538,705
Records Archives						394,872	394,872
Unassigned	4,045,639						4,045,639
Total Fund Balance	4,076,832	7,551,517	29,644	290,098	3,248,073	752,105	15,948,269
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$5,861,982	\$7,755,240	\$29,644	\$813,639	\$3,408,416	\$773,625	\$18,642,546

The accompanying notes are an integral part of this statement.

GONZALES 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	\$15,948,269
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.	25,501,831
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,880,251
Deferred Outflow of Resources-Contribution	1,202,251
Deferred Outflow-Changes of assumptions	113,070
Deferred Outflow-Net difference between projected and actual earnings	984,599
Deferred Inflow-Differences between expected and actual experience	(122,059)
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	1,519,674
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(4,077,416)
Net Position of Governmental Activities - Statement of Net Position	<u>\$42,950,470</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	Road and Bridge	Debt Service Fund	Revolving Loan Fund	Energy Transportation Reinvestment	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>							
Taxes							
Property	\$8,901,796	\$3,999,387	\$232,175				\$13,133,358
Sales	2,014,505						2,014,505
Other	12,018						12,018
Intergovernmental	147,688	22,023				62,370	232,081
Licenses and Permits	132,150	709,300					841,450
Charges for Services	887,819					193,801	1,081,620
Fines and Forfeitures	670,467						670,467
Oil Royalties	532						532
Interest	43,423	32,252	171	3,854		113	79,813
Miscellaneous	310,690	98,547					409,237
Total Revenues	<u>13,121,088</u>	<u>4,861,509</u>	<u>232,346</u>	<u>3,854</u>	<u>0</u>	<u>256,284</u>	<u>18,475,081</u>
<i>EXPENDITURES</i>							
Current:							
General Administration	2,057,337			2,397		7,100	2,066,834
Legal	575,142						575,142
Judicial	1,531,101					100,622	1,631,723
Financial Administration	927,909						927,909
Public Facilities	2,362,231						2,362,231
Public Safety	5,529,516					122,177	5,651,693
Public Transportation		5,109,169					5,109,169
Health and Welfare	821						821
Conservation - Agriculture	99,536						99,536
Capital Projects -							
Capital Outlay and Other					1,125,373		1,125,373
Debt Service							
Principal Retirement		113,121	210,000				323,121
Interest Retirement		9,973	32,447				42,420
Total Expenditures	<u>13,083,593</u>	<u>5,232,263</u>	<u>242,447</u>	<u>2,397</u>	<u>1,125,373</u>	<u>229,899</u>	<u>19,915,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,495</u>	<u>(370,754)</u>	<u>(10,101)</u>	<u>1,457</u>	<u>(1,125,373)</u>	<u>26,385</u>	<u>(1,440,891)</u>
<i>OTHER FINANCING SOURCES (USES):</i>							
Principal Received on Loans				29,108			29,108
Other Financing Sources - Capital Lease		204,883					204,883
Total Other Financing Sources (Uses)	<u>0</u>	<u>204,883</u>	<u>0</u>	<u>29,108</u>	<u>0</u>	<u>0</u>	<u>233,991</u>
Net Changes in Fund Balances	<u>37,495</u>	<u>(165,871)</u>	<u>(10,101)</u>	<u>30,565</u>	<u>(1,125,373)</u>	<u>26,385</u>	<u>(1,206,900)</u>
Fund Balances - Beginning	4,039,337	7,717,388	39,745	259,533	4,373,446	725,720	17,155,169
Fund Balances - Ending	<u>4,076,832</u>	<u>7,551,517</u>	<u>29,644</u>	<u>290,098</u>	<u>3,248,073</u>	<u>752,105</u>	<u>15,948,269</u>

The accompanying notes are an integral part of this statement.

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

Net Changes in Fund Balances - Total Governmental Funds	(\$1,206,900)
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.	3,079,027
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.	94,910
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	76,242
Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	(37,690)
Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	(194,988)
Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year.	136,055
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(204,883)
Repayment of principal on revolving loans is recognized as an other source of revenues in the funds but not in the SOA.	(29,108)
(Increase) decrease in compensated absences from beginning of period to end of period.	67,756
(Increase) decrease in accrued interest payable from beginning of period to end of period.	1,060
Other Post Employment Benefit expenses not requiring the use of current financial resources are not reported expenditures in the funds.	0
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	214,306
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	194,938
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	323,122
Change in Net Position of Governmental Activities - Statement of Activities	<u>\$2,513,847</u>

The accompanying notes are an integral part of this statement.



GONZALES COUNTY, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - 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	\$8,091,892	\$8,091,892	\$8,901,796	\$809,904
Sales	1,650,000	1,650,000	2,014,505	364,505
Other	15,750	15,750	12,018	(3,732)
Intergovernmental	90,135	97,645	147,688	50,043
Licenses and Permits	165,000	165,000	132,150	(32,850)
Charges for Services	1,017,460	1,017,560	887,819	(129,741)
Fines and Forfeitures	704,011	704,011	670,467	(33,544)
Oil Royalties	300	300	532	232
Interest	36,573	36,573	43,423	6,850
Miscellaneous	128,840	132,440	310,690	178,250
Total Revenues	<u>11,899,961</u>	<u>11,911,171</u>	<u>13,121,088</u>	<u>1,209,917</u>

*EXPENDITURES*

Current:

General Administration				
County Clerk	429,093	432,407	420,064	12,343
County Judge	268,901	268,843	257,521	11,322
Elections	39,079	39,079	31,369	7,710
Human Resources	69,189	69,189	56,249	12,940
Non-Departmental	996,441	1,222,670	1,155,029	67,641
Records Management	116,695	116,725	106,134	10,591
Veterans Service	32,755	33,455	30,971	2,484
Legal				
County Attorney	602,790	611,114	575,142	35,972
Judicial				
County Court	193,000	193,360	177,638	15,722
District Clerk	376,950	377,800	360,011	17,789
District Court	313,439	323,439	322,174	1,265
Justice of the Peace	753,111	753,111	671,278	81,833
Financial Administration				
Accounts Payable	66,754	66,754	54,553	12,201
County Auditor	245,409	245,409	235,944	9,465
County Treasurer	90,863	90,863	85,477	5,386
Tax Assessor-Collector	589,138	589,138	551,935	37,203
Public Facilities				
Courthouse	3,374,835	3,376,485	2,362,231	1,014,254
Public Safety				
Constables	393,817	439,229	427,879	11,350
D.P.S.	82,880	83,625	83,563	62
Jail	2,260,737	2,307,481	2,179,292	128,189
Sheriff	2,724,069	2,824,282	2,740,401	83,881
Code Enforcement	113,682	114,512	98,381	16,131

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Indigent Services	\$8,000	\$8,000	\$821	\$7,179
Conservation - Agriculture				
Agriculture Extension Service	141,937	141,937	99,536	42,401
Total Expenditures	<u>14,283,564</u>	<u>14,728,907</u>	<u>13,083,593</u>	<u>1,645,314</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(2,383,603)</u>	<u>(2,817,736)</u>	<u>37,495</u>	<u>2,855,231</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0		0
Operating Transfers Out				<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	<u>(2,383,603)</u>	<u>(2,817,736)</u>	<u>37,495</u>	<u>2,855,231</u>
Fund Balances - Beginning	4,039,337	4,039,337	4,039,337	
Fund Balances - Ending	<u>\$1,655,734</u>	<u>\$1,221,601</u>	<u>\$4,076,832</u>	<u>\$2,855,231</u>

The accompanying notes are an integral part of this statement.

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$4,024,000	\$4,024,000	\$3,999,387	(\$24,613)
Intergovernmental	22,023	22,023	22,023	0
Licenses and Permits	767,504	767,504	709,300	(58,204)
Interest	23,000	23,000	32,252	9,252
Miscellaneous	20,341	20,341	98,547	78,206
Total Revenues	<u>4,856,868</u>	<u>4,856,868</u>	<u>4,861,509</u>	<u>4,641</u>
<b>EXPENDITURES</b>				
Current				
Public Transportation				
Road and Bridge	5,371,625	5,557,909	5,109,169	448,740
Debt Service				
Principal Retirement	113,000	122,890	113,121	9,769
Interest Retirement	12,790	12,790	9,973	2,817
Total Expenditures	<u>5,497,415</u>	<u>5,693,589</u>	<u>5,232,263</u>	<u>461,326</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(640,547)	(836,721)	(370,754)	465,967
<b>OTHER FINANCING SOURCES (USES):</b>				
Other Financing Sources - Capital Lease	0	0	204,883	204,883
Operating Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>204,883</u>	<u>204,883</u>
Net Changes in Fund Balances	(640,547)	(836,721)	(165,871)	670,850
Fund Balances - Beginning	7,717,388	7,717,388	7,717,388	
Fund Balances - Ending	<u>\$7,076,841</u>	<u>\$6,880,667</u>	<u>\$7,551,517</u>	<u>\$670,850</u>

GONZALES COUNTY, TEXAS  
DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$228,684	\$228,684	\$232,175	\$3,491
Interest	160	160	171	11
Total Revenues	<u>228,844</u>	<u>228,844</u>	<u>232,346</u>	<u>3,502</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal Retirement	210,000	210,000	210,000	0
Interest Retirement	32,447	32,447	32,447	0
Total Expenditures	<u>242,447</u>	<u>242,447</u>	<u>242,447</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,603)	(13,603)	(10,101)	3,502
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	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	(13,603)	(13,603)	(10,101)	3,502
Fund Balances - Beginning	39,745	39,745	39,745	
Fund Balances - Ending	<u>\$26,142</u>	<u>\$26,142</u>	<u>\$29,644</u>	<u>\$3,502</u>

GONZALES COUNTY, TEXAS  
 REVOLVING LOAN 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
	Original	Final		(Negative)
<b>REVENUES</b>				
Interest	\$5,756	\$5,756	\$3,854	(\$1,902)
Total Revenues	5,756	5,756	3,854	(1,902)
<b>EXPENDITURES</b>				
Current:				
General Administration				
General Administration	2,400	2,400	2,397	3
Total Expenditures	2,400	2,400	2,397	3
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,356	3,356	1,457	(1,899)
OTHER FINANCING SOURCES (USES):				
Principal Received on Loans	52,212	52,212	29,108	(23,104)
Operating Transfers Out				0
Total Other Financing Sources (Uses)	52,212	52,212	29,108	(23,104)
Net Changes in Fund Balances	55,568	55,568	30,565	(25,003)
Fund Balances - Beginning	259,533	259,533	259,533	
Fund Balances - Ending	\$315,101	\$315,101	\$290,098	(\$25,003)

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

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

	Agency Funds	Private Purpose Trust Funds <u>Permanent</u> School Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$1,838,493	\$198,067
Receivables (net of allowance for uncollectibles)	0	
Due from Others	0	
Total Assets	<u>\$1,838,493</u>	<u>\$198,067</u>
<b>LIABILITIES</b>		
Accounts Payable	\$0	\$0
Due to Others	1,838,493	0
Total Liabilities	<u>1,838,493</u>	<u>0</u>
<b>NET POSITION</b>		
Held in Trust-Unexpendable	0	198,067
Total Net Position	<u>\$0</u>	<u>\$198,067</u>

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

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

	Private Purpose Trust Funds <u>Permanent School Fund</u>
ADDITIONS	
Contributions:	
Private Donations	\$0
Intergovernmental	
Total Contributions	<u>0</u>
Investment Earnings:	
Interest Received	903
Total Investment Earnings	<u>903</u>
Less Investment Expense	0
Net Investment Earnings	<u>903</u>
TOTAL ADDITIONS	<u>903</u>
DEDUCTIONS	
Culture and Recreation-History	1,055
Total Deductions	<u>1,055</u>
Change in Net Position	(152)
Net Position-Beginning	<u>198,219</u>
Net Position-Ending	<u>\$198,067</u>

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

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

I. Summary of Significant Accounting Policies

A. Reporting entity

Gonzales 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 Gonzales County, Texas, (the County) conform to generally accepted accounting principles. The County also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

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

B. Government-Wide and Fund Financial Statements

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

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



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

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

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

The revolving loan fund accounts for the past federal grant monies to help local businesses defray business costs associated with either business start-up or expansion.

The energy transportation reinvestment fund accounts for state grant monies and ad valorem tax monies which are located in the zone; to help with the government's road re-building.

In addition, the County reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

C. 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.

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 are reported in the government-wide financial statements as "internal balances."

C. 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.

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

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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The major capital asset events during the current fiscal year were major road renovations pursuant to a Texas State TIF Grant and Randal – Rather Building renovation.

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.

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

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, 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 expenses in the year of occurrence.

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.

***Unassigned*** — all other spendable amounts.

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

8. Fund Balances – Governmental Funds (continued)

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

Fund Balances:	
Non-Spendable	
Prepaid Items	\$44,005
Restricted	
Construction	3,248,073
Debt Service	29,644
Elections	16,564
Financial Administration	16,279
General Administration	293,598
Judicial	189,216
Judicial - District Attorney	12,734
Public Safety	64,818
Public Safety - Sheriff	54,122
Public Transportation	7,538,705
Records Archives	394,872
Unassigned	<u>4,045,639</u>
Total Fund Balance	<u>\$15,948,269</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.

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

9. 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 one item that qualifies for reporting in this category. It is deferred under GASB 68.

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.

10. 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 balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$4,077,416 difference are as follows:

Bonds Payable	\$685,000
Capital Lease Payable	229,149
Accrued Interest Payable	3,526
GASB 45 Payable	189,504
Compensated Absences	176,410
Net Pension Liability	<u>2,793,827</u>
	<u>\$4,077,416</u>

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 \$25,501,831 difference are as follows:

Capital Assets Not Being Depreciated	\$0
Capital Assets Being Depreciated	34,678,405
Accumulated Depreciation	(9,176,574)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$25,501,831</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 \$1,519,674 difference are as follows:

Property Taxes Receivable	\$1,643,801
Allowance for Doubtful Accounts	<u>(124,127)</u>
Net	<u>\$1,519,674</u>



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

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 \$1,880,251 difference are as follows:

Fines and Fees Receivable	\$4,522,366
Allowance for Doubtful Accounts	(3,165,656)
Principal on Revolving Loans	<u>523,541</u>
Net	<u>\$1,880,251</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 \$3,079,027 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$1,647,312
Capital Outlay - Additions - Being Depreciated	7,533,840
Capital Outlay - Reclassifications - Net	(4,354,767)
Depreciation Expense	(1,747,358)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$3,079,027</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 all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2017 fiscal year were adopted for the General Fund, the Road and Bridge Fund, the Debt Service Fund, the Revolving Loan Fund, the Energy Transportation Reinvestment Fund, and other applicable non-major governmental funds.

#### 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.

#### 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 compliance with the requirements of the Act and with local policies.

###### Policies Governing Deposits and Investments:

The County does have a depository contract, and in compliance with the Public Funds Investment Act; the County has adopted an investment policy. That policy does address the following risks:

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has an investment policy for custodial credit risk. As of September 30, 2017, the government's bank balance of \$15,784,724 was not exposed to custodial credit risk. The fair market value of the securities pledged is \$55,400,000 and the FDIC coverage is \$250,000. The book balance of the deposits was \$13,302,161. The collateral is securities held by the pledging financial institution's trust department or agent, in the government's name.

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

State statute authorizes the County to invest in obligations of, or guaranteed by, governmental entities, certificates of deposits, bankers acceptances, commercial paper, no load money market mutual funds, repurchase agreements, and investment pools. Investments for the County are reported at fair value. The Pooled Cash Accounts at September 30, 2017 consist of \$2,997,781 in Tex-Pool Accounts. The pooled accounts are not SEC regulated but are governed by an independent board of directors and operate in accordance with state laws and regulations. The reported values of the pools are the same as the fair value of the pooled shares which are acquired at a cost of \$1 each.

*In conclusion, at September 30, 2017:*

Investments - The County does have a formal investment policy, but it had no investments at September 30, 2017. The County participates in pooled accounts as discussed above. The County prefers these accounts due to the decrease in risk and also the high liquidity benefit.

Interest rate risk- The County does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County feels that with pooled accounts, this risk is very low due to their high liquidity.

Credit risks - Standard and Poor's has issued credit ratings of AAAM to Tex Pool.

It is the County's policy to limit its investment to top ratings issued by nationally recognized statistical ratings organizations.

Custodial credit risk - For an investment, custodial credit risk is the risk that in the event of the failure of the counter party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no policy on custodial credit risk but feels that its pooled accounts are low risk.

Concentration of credit risk - The County places no limit on the amount that the County may invest in any one issuer. The County is currently using the less risky pooled accounts and plans to continue to do so in the future.

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	Revolving Loan Fund	Energy Transportation Reinvestment	Other Governmental Funds	Total
<u>Receivables</u>					
Property Taxes	\$1,643,801				\$1,643,801
Fines	4,522,366				4,522,366
Sales	136,939				136,939
Accounts		523,541	99,921		623,462
Other				18,524	18,524
Gross receivables	6,303,106	523,541	99,921	18,524	6,945,092
Less: Allowance for Uncollectibles	3,289,783				3,289,783
Net total receivables	\$3,013,323	\$523,541	\$99,921	\$18,524	\$3,655,309

C. Capital Assets

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

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Construction in Progress	\$2,344,413	\$1,647,312	\$3,991,725	\$0
Total capital assets not being depreciated:	2,344,413	1,647,312	3,991,725	0
Capital assets being depreciated:				
Building and Improvements	11,016,717	4,012,810	0	15,029,527
Machinery, Equipment and Vehicles	9,750,377	2,275,576	904,633	11,121,320
Infrastructure	7,282,104	1,245,454	0	8,527,558
Total capital assets being depreciated:	28,049,198	7,533,840	904,633	34,678,405
Less: Accumulated Depreciation for:				
Building and Improvements	3,657,046	297,559	0	3,954,605
Machinery, Equipment and Vehicles	4,041,796	1,151,388	541,591	4,651,593
Infrastructure	271,965	298,411	0	570,376
Total Accumulated Depreciation	7,970,807	1,747,358	541,591	9,176,574
Total Capital Assets Depreciated, Net	20,078,391	5,786,482	363,042	25,501,831
Governmental Activities capital assets, Net	\$22,422,804	\$7,433,794	\$4,354,767	\$25,501,831

The 2016-2017 depreciation is as follows:

Governmental activities	
General Administration	\$17,743
Legal	7,926
Financial Administration	2,750
Public Facilities	273,320
Public Safety	212,255
Public Transportation	<u>1,233,364</u>
Total depreciation expense - governmental activities	<u>\$1,747,358</u>

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

#### Construction commitments

The major capital asset events during the current fiscal year were major road renovations pursuant to a Texas State TIF Grant and Randal – Rather Building renovation.

#### D. Interfund Receivables, Payables, and Transfers

There were no due to/from other funds at September 30, 2017. There were no interfund balances as of September 30, 2017. There were no advances at September 30, 2017. There were no transfers during the year.

#### E. Leases

##### Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were \$196,941 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	\$ 188,541
2019	168,985
2020	50,483
2021	20,551
2022	<u>0</u>
Total	<u>\$ 428,560</u>

Rent expenditures were \$0 for the year ended September 30, 2017. Sublease rental income was \$1,100 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) JD 624 K Loader, one (1) 2017 Freightliner, and one (1) 2016 John Deere 672G. This lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The security pledged for the capital leases is the equipment financed.

Assets acquired through capital leases are as follows:

Precinct Number	PUBLIC TRANSPORTATION			TOTAL
	1	2	2	
Asset:	JD 624K LOADER	2016 JOHN DEERE 672G	2016 FREIGHTLINER CAB TRACTOR	
	Cost	\$149,850	\$274,333	\$105,467
Less: Accumulated Depreciation	44,955	27,433	21,093	93,481
Total	\$104,895	\$246,900	\$84,374	\$436,169

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

Year Ending Sep. 30	JD 624K LOADER	2016 JOHN DEERE 672G	2016 FREIGHTLINER CAB TRACTOR	TOTAL
	2018	\$16,934	\$44,726	\$17,460
2019		44,726	17,460	62,186
2020		44,726	17,460	62,186
2021		44,726		44,726
Total	16,934	178,904	52,380	248,218
Less: Amount Representing Interest	5,744	12,185	1,140	19,069
Present Value of Minimum Lease Payments	\$11,190	\$166,719	\$51,240	\$229,149

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

## Bonds

The government issued a General Obligation Refunding Bond, Series 2006. The security for the bonds is the ad valorem taxes of the County to be put into a debt service fund.

Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Refunding Bonds - Series 2006	3.55-4.15%	\$685,000

The following is a summary of debt service requirements to maturity.

Year Ending September 30,	Governmental Activities Principal	
2018	\$220,000	\$23,716
2019	230,000	14,491
2020	235,000	4,878
TOTALS	<u>\$685,000</u>	<u>\$43,085</u>

The changes in long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Summary Noncurrent Liabilities	
					Due Within One Year	Due in More Than One Year
<u>Governmental Activities:</u>						
Bonds Payable	\$895,000	\$0	\$210,000	\$685,000	\$220,000	\$465,000
Capital Lease Payable	137,388	204,883	113,122	229,149	66,829	162,320
GASB 45 Payable	189,504			189,504		189,504
Net Pension Liability	2,988,765		194,938	2,793,827		2,793,827
Compensated Absences Payable	244,166	176,410	244,166	176,410	176,410	0
	<u>4,454,823</u>	<u>381,293</u>	<u>762,226</u>	<u>4,073,890</u>	<u>463,239</u>	<u>3,610,651</u>
Grand Total	<u>\$4,454,823</u>	<u>\$381,293</u>	<u>\$762,226</u>	<u>\$4,073,890</u>	<u>\$463,239</u>	<u>\$3,610,651</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 \$176,410. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$463,239 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2016-2017 is \$41,359.

The net pension liability is discussed in note F below. For a discussion of other post employee benefits please see part V E in these notes.



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

John Brumme is a County Attorney Investigator and partners with his brother, Jared Brumme a Sheriff's Deputy. He owns Vortex Public Safety. The County paid Vortex \$8,978.40 for the year ended September 30, 2017.

C. Subsequent Events

There are no subsequent events requiring disclosure.

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 was not a defendant in any lawsuit at September 30, 2017.

E. Other Post Employment Benefits

*Plan Description General*

Beginning in fiscal year 2010, the County implemented GASB Statement No.45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB) to prospectively account for the Gonzales County Retiree Health Care Plan (a single employer plan). In connection with such implementation, the County has commissioned an actuarial study from an outside consultant to quantify the amount of the County's OPEB obligations. This study indicates an unfunded actuarial accrued liability of \$342,219 as of October 1, 2011.

The plan was approved by the Commissioners Court and they may amend the plan. The County will have a valuation study every third year. A copy may be obtained from the County.

*OPEB Plan Eligibility*

The County provides County funded/paid retiree health care coverage upon meeting the following eligibility requirements:

*Eligibility*

Eligible retired employees and elected officials of the County shall be entitled to health insurance coverage under the County's group medical coverage policy. The eligible employee or official will be entitled to coverage beginning in the month following the attainment of age set under the following paragraph and continuing until the last month before the employee is eligible for and covered by Medicare coverage under federal law.

Eligibility Requirements Elected officials or employees utilizing the benefit under the paragraph above must meet the requirements set out in one of the following paragraphs: a. Have served at least 25 years with the County and have attained the age of fifty-nine and one-half (59 ½) years. County service may include any credit for military service allowed by the County retirement system. b. Have served at least 30 years with the County and have attained the age of fifty-seven (57) years. County service may include any credit for military service allowed by the County retirement system.

*Coverage for Officials with Less Than 25 Years of Service*

Post employment health benefits for elected officials with at least eight years of service but less than 25 years of service, and are vested in the County retirement system, shall be allowed to participate in the health insurance coverage under the County group medical insurance. Participation shall be entirely at the employee's own expense and may continue until the employee is eligible for Medicare coverage under federal law. Elected employees utilizing this benefit must have served at least eight years with the County. Failure to comply with any requirement of participation as outlined in section 3.12 of the County's personnel policy or failure to timely pay premiums may result in the loss of coverage.

## ***Funding Policies***

The County has elected to fund the plan on a current pay as you go (PAYGO), i.e., the annual contributions each year are equal to the benefits that are paid on behalf of the retirees. Under this funding policy, GASB 45 requires the use of a discount rate consistent with the investment return on the employer's general assets. In the valuation, the discount rate is 4.5%.

The actuarially determined contribution requirement for the County is computed through an actuarial valuation performed as of December 1, 2011. The actuarial valuation is performed to determine the adequacy of the contribution rate, to describe the current financial condition of the OPEB and to analyze changes to conditions. Actuarial valuations deal with the cost benefits to be paid in the future. The payments considered will range from one month in the future to decades from the valuation date (for a young, newly hired employee who may retire many years from now and live many years after that). In order to establish a present-day cost for these future benefit obligations, the actuary bases the valuation on a number of assumptions about future occurrences. The occurrences that must be considered include employee turnover, pay increases, disablement, retirements, deaths and investment income on anticipated plan assets.

Actuarial calculations reflect a long-term perspective and employs methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Significant Actuarial Assumptions: Actuarially assumed investment rate	4.5% per annum compounded annually net after investment expenses
Mortality rates for males and females Retirement, disablement and separation rates	Retirement Plans 2000 Health Mortality Table Graduated rates based on age (detailed in the Actuary's report)
Actuarial cost method General inflation Payroll growth rate Health cost increase	The projected unit credit cost method 3.0% per annum. Initial rate of 8.5% declining to an ultimate rate of 4.5% after 8 years
Method for determining the actuarial value of assets Amortization method	Market value of assets 30 years, open amortization

The following table shows the components of the County's annual OPEB cost for the year:

Annual required 2014 contributions Interest on OPEB obligations	\$	40,305
Adjustment to annual required contributions		<u>                    </u>
Annual OPEB cost (expense)	\$	40,305
Net estimated employer contributions		
Net OPEB obligations, beginning of year		149,199
Net OPEB, end of year	\$	<u>189,504</u>

	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal Year ending:				
9/30/12	\$41,488	66,661	160.7%	62,013
9/30/13	\$43,593		0.0%	105,606
9/30/14	\$43,593		0.0%	149,199
9/30/15	\$40,305		0.0%	189,504

Trend data:		12/31/2008	12/31/2011
Actuarial valuation date			
Actuarial value of assets	Actuarial Accrued Liability (AAL)	\$ 401,927	\$ 342,219
	Unfunded AAL (UAAL)	\$ 401,927	\$ 342,219
	Fund ratio	0.00%	0.00%
	Covered wages	\$ 3,968,526	\$4,125,333
	UAAL as a percent of covered payroll	10.13%	8.29%

F. Summary of TCDRS Funding Policy

**Net Pension Liability / (Asset)**

<b>Net Pension Liability / (Asset)</b>	<b><u>December 31, 2015</u></b>	<b><u>December 31, 2016</u></b>
Total pension liability	\$18,523,821	\$20,277,018
Fiduciary net position	15,535,056	17,483,191
Net pension liability/ (asset)	2,988,765	2,793,827
Fiduciary net position as a % of total pension liability	83.87%	86.22%
Pensionable covered payroll <sup>(1)</sup>	\$6,546,416	\$7,000,833
Net pension liability as a % of covered payroll	45.65%	39.91%

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.*

<sup>(1)</sup> Payroll is calculated based on contributions as reported to TCDRS.

**Discount Rate**

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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	\$17,483,191	\$1,506,452	\$1,304,712	\$17,483	\$1,423,456	\$19,090,903
2018	19,090,903	1,475,010	1,201,814	19,091	1,556,454	20,901,463
2019	20,901,463	1,450,366	1,317,420	20,901	1,697,468	22,710,976
2020	22,710,976	1,435,603	1,418,427	22,711	1,839,369	24,544,810
2021	24,544,810	1,422,040	1,512,346	24,545	1,983,569	26,413,528
2022	26,413,528	1,415,782	1,595,764	26,414	2,131,300	28,338,432
2023	28,338,432	1,410,172	1,702,791	28,338	2,282,667	30,300,143
2024	30,300,143	1,403,987	1,793,508	30,300	2,437,640	32,317,961
2025	32,317,961	1,397,572	1,913,154	32,318	2,595,997	34,366,058
2026	34,366,058	1,397,537	2,010,032	34,366	2,757,963	36,477,160
2036	58,585,510	1,443,349	3,085,994	58,586	4,677,868	61,562,148
2046	97,092,422	1,679,422	3,933,266	97,092	7,771,127	102,512,612
2056	177,401,724	2,227,646	3,866,402	177,402	14,297,417	189,882,983
2066	368,221,197	3,113,207	2,827,857	368,221	29,822,626	397,960,952
2076	813,587,226	4,389,774	1,508,158	813,587	65,982,690	881,637,945
2086	1,815,629,163	6,192,210	483,939	1,815,629	147,220,545	1,966,742,349
2096	4,021,218,037	8,734,723	66,071	4,021,218	325,903,218	4,351,768,689

\* 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	\$18,523,821	\$15,535,056	\$2,988,765
Changes for the year:			
Service cost	976,508		976,508
Interest on total pension liability <sup>(1)</sup>	1,507,148		1,507,148
Effect of plan changes <sup>(2)</sup>	0		0
Effect of economic/demographic gains or losses	76,858		76,858
Effect of assumptions changes or inputs	0		0
Refund of contributions	(69,010)	(69,010)	0
Benefit payments	(738,307)	(738,307)	0
Administrative expenses		(12,548)	12,548
Member contributions		490,058	(490,058)
Net investment income		1,152,169	(1,152,169)
Employer contributions		1,028,452	(1,028,452)
Other <sup>(3)</sup>	0	97,321	(97,321)
Balances as of December 31, 2016	\$20,277,018	\$17,483,191	\$2,793,827

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to a/location 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 Gonzales County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total pension liability	\$22,751,961	\$20,277,018	\$18,205,809
Fiduciary net position	<u>17,483,191</u>	<u>17,483,191</u>	<u>17,483,191</u>
Net pension liability/ (asset)	\$5,268,770	\$2,793,827	\$722,618

## Pension Expense/ (Income)

Pension Expense/ (Income)	<u>January 1, 2016 to December 31, 2016</u>
Service cost	\$976,508
Interest on total pension liability <sup>(1)</sup>	1,507,148
Effect of plan changes	0
Administrative expenses	12,548
Member contributions	(490,058)
Expected investment return net of investment expenses	(1,289,949)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(59,198)
Recognition of assumption changes or inputs	37,690
Recognition of investment gains or losses	332,767
Other <sup>(2)</sup>	(97,321)
Pension expense/ (income)	<u>\$930,137</u>

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

<sup>(2)</sup> 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	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$183,545	\$61,486
Changes of assumptions	0	113,070
Net difference between projected and actual earnings	0	984,599
Contributions made subsequent to measurement date <sup>(3)</sup>	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	\$311,260
2018	331,341
2019	290,082
2020	42,927
2021	0
Thereafter <sup>(4)</sup>	0

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 <sup>(1)</sup> (c)	Amount Recognized for 2016 <sup>(1)</sup> (a)+ (c)	Inflows	Outflows	
<i>Investment (gains) or losses</i>						
\$137,779	12/31/2016	5.0	\$27,556	\$0	\$110,224	
1,319,764	12/31/2015	5.0	263,953	0	791,858	
206,293	12/31/2014	5.0	41,259	0	82,517	
<i>Economic/ demographic (gains) or losses</i>						
76,858	12/31/2016	5.0	15,372	0	61,486	
(272,441)	12/31/2015	5.0	(54,488)	163,464	0	
(80,324)	12/31/2014	4.0	(20,081)	20,081	0	
<i>Assumption changes or inputs</i>						
0	12/31/2016	5.0	0	0	0	
188,450	12/31/2015	5.0	37,690	0	113,070	
0	12/31/2014	4.0	0	0	0	

*Employer contributions made subsequent to measurement date <sup>(2)</sup>*

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

<sup>(1)</sup> *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.*

<sup>(2)</sup> *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 Gonzales County

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

- a. Gonzales County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
  - 2) The plan provides retirement, disability and survivor benefits.
  - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
  - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
  - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Gonzales 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](http://www.tcdrs.org).

### Membership Information

Members	Dec. 31, 2015	Dec. 31, 2016
Number of inactive employees entitled to but not yet receiving benefits:	81	83
Number of active employees:	157	156
Average monthly salary*:	\$3,487	\$3,682
Average age*:	45.94	46.51
Average length of service in years*:	9.18	9.62

### Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients:	79	84
Average monthly benefit:	\$768	\$855

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

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



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

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

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

### ***Asset valuation method***

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

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

### ***Actuarial assumptions***

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

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

### **Oversight**

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

### ***Review of actuarial assumptions***

TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience. TCDRS assumptions are compared to plan experience and future expectations, and changes to the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study.

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

### ***Review of employer contribution rates***

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

### ***Review and modification of funding policy***

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

REQUIRED SUPPLEMENTARY INFORMATION

## Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Total Pension Liability</b>										
Service cost	\$976,508	\$857,720	\$743,601	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	1,507,148	1,401,918	1,294,712	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	(138,275)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	188,450	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	76,858	(272,441)	(80,324)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(807,317)</u>	<u>(737,771)</u>	<u>(693,130)</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	1,753,197	1,299,600	1,264,861	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>18,523,821</u>	<u>17,224,221</u>	<u>15,959,360</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>20,277,018</u>	<u>18,523,821</u>	<u>17,224,221</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>
<b>Fiduciary Net Position</b>										
Employer contributions	\$1,028,452	\$961,758	\$968,268	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	490,058	458,249	413,741	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	1,152,169	(73,671)	912,845	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(807,317)	(737,771)	(693,130)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(12,548)	(10,993)	(10,918)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>97,321</u>	<u>36,146</u>	<u>(76,138)</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 fiduciary net position	1,948,135	633,718	1,514,669	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>15,535,056</u>	<u>14,901,338</u>	<u>13,386,669</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>\$17,483,191</u>	<u>\$15,535,056</u>	<u>\$14,901,338</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>\$2,793,827</u>	<u>\$2,988,765</u>	<u>\$2,322,883</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	86.22%	83.87%	86.51%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$7,000,833	\$6,546,416	\$5,910,589	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	39.91%	45.65%	39.30%	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 67/68, 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 <sup>(1)</sup>	Actual Employer Contribution <sup>(1)</sup>	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(2)</sup>	Actual Contribution as a % of Covered Payroll
2007	\$248,240	\$257,200	\$(8,961)	\$3,318,710	7.8%
2008	349,198	349,198	0	3,664,200	9.5%
2009	347,126	359,577	(12,451)	3,773,107	9.5%
2010	363,114	369,314	(6,200)	3,875,281	9.5%
2011	377,943	383,579	(5,636)	4,024,955	9.5%
2012	514,476	614,477	(100,002)	4,237,857	14.5%
2013	717,705	817,720	(100,015)	4,885,673	16.7%
2014	868,268	968,268	(100,000)	5,910,589	16.4%
2015	840,560	961,758	(121,198)	6,546,416	14.7%
2016	830,999	1,028,452	(197,454)	7,000,833	14.7%

<sup>(1)</sup> 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.

<sup>(2)</sup> 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	5.7 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 Gonzales County December 31, 2016 Summary Valuation Report for further details.

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

<b>Valuation Timing</b>	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.
<b>Actuarial Cost Method</b>	Entry Age Normal <sup>(1)</sup>
<b>Amortization Method</b>	
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
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	Same as funding valuation: See Appendix C
<b>Salary Increases</b>	Same as funding valuation: See Appendix C
<b>Investment Rate of Return</b>	8.10%
<b>Cost-of-Living Adjustments</b>	Cost-of-Living Adjustments for Gonzales 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.
<b>Retirement Age</b>	Same as funding valuation: See Appendix C
<b>Turnover</b>	Same as funding valuation: See Appendix C
<b>Mortality</b>	Same as funding valuation: See Appendix C

<sup>(1)</sup> 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 Gonzales County.

Following is a description of the assumptions used in the December 31, 2016 actuarial valuation analysis for Gonzales County. This information may also be found in the Gonzales 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	3.5%

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



OTHER POST EMPLOYMENT BENEFITS-MEDICAL INSURANCE FOR RETIREES

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$	\$ 401,927	\$ 401,927		\$ 3,773,107	10.7%
12/31/11		342,219	342,219		4,024,955	8.5%

GONZALES COUNTY, TEXAS  
ENERGY TRANSPORTATION REINVESTMENT 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
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes				
Property	\$195,000	\$0	\$0	\$0
Intergovernmental				0
Total Revenues	<u>195,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Capital Projects -				
Capital Outlay and Other	4,000,000	4,001,740	1,125,373	2,876,367
Debt Service				
Principal Retirement				0
Total Expenditures	<u>4,000,000</u>	<u>4,001,740</u>	<u>1,125,373</u>	<u>2,876,367</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,805,000)</u>	<u>(4,001,740)</u>	<u>(1,125,373)</u>	<u>2,876,367</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				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	(3,805,000)	(4,001,740)	(1,125,373)	2,876,367
Fund Balances - Beginning	4,373,446	4,373,446	4,373,446	
Fund Balances - Ending	<u>\$568,446</u>	<u>\$371,706</u>	<u>\$3,248,073</u>	<u>\$2,876,367</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GONZALES COUNTY, TEXAS  
BALANCE SHEET - ROAD AND BRIDGE FUND  
SEPTEMBER 30, 2017

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Road and Bridge No. 1,2,3	Total Road and Bridge
<i>ASSETS</i>						
Cash and Cash Equivalents	\$1,631,333	\$1,669,495	\$2,676,310	\$1,765,290		\$7,742,428
Receivables (net of allowance for uncollectibles)						0
Prepaid Insurance	2,674	4,301	2,868	2,969		12,812
Total Assets	<u>\$1,634,007</u>	<u>\$1,673,796</u>	<u>\$2,679,178</u>	<u>\$1,768,259</u>	<u>\$0</u>	<u>7,755,240</u>
 <i>LIABILITIES AND FUND BALANCES:</i>						
<i>Liabilities:</i>						
Accounts Payable	\$46,947	\$39,500	\$40,468	\$42,314		\$169,229
Accrued Wages	9,728	10,150	7,921	6,695		34,494
Total Liabilities	<u>56,675</u>	<u>49,650</u>	<u>48,389</u>	<u>49,009</u>	<u>0</u>	<u>203,723</u>
 <i>Fund Balances:</i>						
<i>Non-Spendable</i>						
Prepaid Insurance	2,674	4,301	2,868	2,969	0	12,812
<i>Restricted</i>						
Public Transportation	1,574,658	1,619,845	2,627,921	1,716,281		7,538,705
Total Fund Balance	<u>1,577,332</u>	<u>1,624,146</u>	<u>2,630,789</u>	<u>1,719,250</u>	<u>0</u>	<u>7,551,517</u>
Total Liabilities and Fund Balances	<u>\$1,634,007</u>	<u>\$1,673,796</u>	<u>\$2,679,178</u>	<u>\$1,768,259</u>	<u>\$0</u>	<u>\$7,755,240</u>

The accompanying notes are an integral part of this statement.

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

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Road and Bridge No. 1,2,3	Total Road and Bridge
<i>REVENUES</i>						
Taxes						
Property	\$1,025,003	\$1,025,003	\$924,378	\$1,025,003		\$3,999,387
Intergovernmental		7,341	7,341	7,341		22,023
Licenses and Permits	176,575	176,575	179,575	176,575		709,300
Interest	9,487	4,334	10,911	7,520		32,252
Miscellaneous	27,030	20,690	3,370	9,829	37,628	98,547
Total Revenues	<u>1,238,095</u>	<u>1,233,943</u>	<u>1,125,575</u>	<u>1,226,268</u>	<u>37,628</u>	<u>4,861,509</u>
<i>EXPENDITURES</i>						
Current:						
Public Transportation						
Road and Bridge	1,338,181	1,398,717	1,326,657	1,007,986	37,628	5,109,169
Debt Service						
Principal Retirement	32,621	80,500				113,121
Interest Retirement	1,246	8,727				9,973
Total Expenditures	<u>1,372,048</u>	<u>1,487,944</u>	<u>1,326,657</u>	<u>1,007,986</u>	<u>37,628</u>	<u>5,232,263</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(133,953)</u>	<u>(254,001)</u>	<u>(201,082)</u>	<u>218,282</u>	<u>0</u>	<u>(370,754)</u>
<i>OTHER FINANCING SOURCES (USES):</i>						
Other Financing Sources - Capital Lease		204,883				204,883
Total Other Financing Sources (Uses)	<u>0</u>	<u>204,883</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>204,883</u>
Net Changes in Fund Balances	(133,953)	(49,118)	(201,082)	218,282	0	(165,871)
Fund Balances - Beginning	1,711,285	1,673,264	2,831,871	1,500,968		7,717,388
Fund Balances - Ending	<u>\$1,577,332</u>	<u>\$1,624,146</u>	<u>\$2,630,789</u>	<u>\$1,719,250</u>	<u>\$0</u>	<u>\$7,551,517</u>

The accompanying notes are an integral part of this statement.

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

	SPECIAL REVENUE																
	APPELLATE JUDICIAL FUND	CHILD ABUSE PREVENTION	COUNTY AND DISTRICT COURT TECHNOLOGY	COUNTY JUDGE EXCESS SUPPLEMENT	COURTHOUSE SECURITY FUND	COURT REPORTER SERVICES FUND	DIGITAL RECORDS PRESERVATION	FAMILY PROTECTION	HAVA GRANT	INDIGENT HEALTH CARE FUND	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECHNOLOGY FUND	LAW LIBRARY FUND	LOCAL BORDER SECURITY FUND	MEDIATION FEE FUND	MVBA FUND	PROBATE COURT FUND
ASSETS																	
Cash and Cash Equivalents	\$2,034	\$1,200	\$6,868	\$3,500	\$1,725	\$2,308	\$26,566	\$1,795	\$16,564	\$16,279	\$52,457	\$23,429	\$79,054	\$53,751	\$37,515	\$8,184	\$893
Receivables (net of allowance for uncollectibles)						1						4,859	461				
<b>TOTAL ASSETS</b>	<b>\$2,034</b>	<b>\$1,200</b>	<b>\$6,868</b>	<b>\$3,500</b>	<b>\$1,725</b>	<b>\$2,309</b>	<b>\$26,566</b>	<b>\$1,795</b>	<b>\$16,564</b>	<b>\$16,279</b>	<b>\$52,457</b>	<b>\$28,288</b>	<b>\$79,515</b>	<b>\$53,751</b>	<b>\$37,515</b>	<b>\$8,184</b>	<b>\$893</b>
LIABILITIES AND FUND BALANCES																	
Liabilities																	
Accounts Payable							\$3				\$60	\$552				\$5,786	
Accrued Wages																	
Unearned Revenues																	
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>552</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,786</b>	<b>0</b>
Fund Balances																	
Restricted																	
Elections									16,564								
Health Care										16,279							
General Administration				3,500													
Judicial	2,034	1,200	6,868			2,309		1,795				27,736	79,515		37,515	2,398	893
Vital Statistics																	
Public Safety														53,751			
Public Safety - Sheriff					1,725						52,397						
Records Archives							26,563										
<b>Total Fund Balances</b>	<b>2,034</b>	<b>1,200</b>	<b>6,868</b>	<b>3,500</b>	<b>1,725</b>	<b>2,309</b>	<b>26,563</b>	<b>1,795</b>	<b>16,564</b>	<b>16,279</b>	<b>52,397</b>	<b>27,736</b>	<b>79,515</b>	<b>53,751</b>	<b>37,515</b>	<b>2,398</b>	<b>893</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$2,034</b>	<b>\$1,200</b>	<b>\$6,868</b>	<b>\$3,500</b>	<b>\$1,725</b>	<b>\$2,309</b>	<b>\$26,566</b>	<b>\$1,795</b>	<b>\$16,564</b>	<b>\$16,279</b>	<b>\$52,457</b>	<b>\$28,288</b>	<b>\$79,515</b>	<b>\$53,751</b>	<b>\$37,515</b>	<b>\$8,184</b>	<b>\$893</b>

(continued)

SPECIAL REVENUE

RECORDS MANAGEMENT COUNTY CLERK	RECORDS MANAGEMENT - COUNTY AND DISTRICT	RECORDS MANAGEMENT DISTRICT CLERK	RECORDS MANAGEMENT AND PRESERVATION	SCAAP FUND	SUPPLEMENTAL GUARDIANSHIP FEE FUND	VITAL STATISTICS FUND	NON-MAJOR GOVERN- MENTAL FUNDS
\$300,865	\$60,355	\$11,982	\$7,089	\$14,954	\$13,000	\$12,734	\$755,101
		1,971		11,232			18,524
\$300,865	\$60,355	\$13,953	\$7,089	\$26,186	\$13,000	\$12,734	\$773,625
				15,119			\$6,401
0	0	0	0	15,119	0	0	0
							16,564
							16,279
							3,500
		13,953			13,000		189,216
						12,734	12,734
				11,067			64,818
300,865	60,355		7,089				54,122
							394,872
300,865	60,355	13,953	7,089	11,067	13,000	12,734	752,105
\$300,865	\$60,355	\$13,953	\$7,089	\$26,186	\$13,000	\$12,734	\$773,625

GONZALES 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																
	APPELLATE JUDICIAL FUND	CHILD ABUSE PREVENTION	COUNTY AND DISTRICT COURT TECHNOLOGY	COUNTY JUDGE EXCESS SUPPLEMENT	COURTHOUSE SECURITY FUND	COURT REPORTER SERVICES FUND	DIGITAL RECORDS PRESERVATION	FAMILY PROTECTION	HAVA GRANT	INDIGENT HEALTH CARE FUND	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECHNOLOGY FUND	LAW LIBRARY FUND	LOCAL BORDER SECURITY FUND	MEDIATION FEE FUND	MVBA FUND	PROBATE COURT FUND
<b>REVENUES</b>																	
Intergovernmental				\$574										\$53,751			
Charges for Services	1,740	191	1,111		21,977	2,881	3,620	910			6,371	25,661	12,180		3,480	54,485	240
Interest									113								
Total Revenues	1,740	191	1,111	574	21,977	2,881	3,620	910	0	113	6,371	25,661	12,180	53,751	3,480	54,485	240
<b>EXPENDITURES</b>																	
Current:																	
General Administration																	
General Administration																	
Records Management																	
Judicial																	
Judicial	1,427					3,474					1,370	34,332	4,324			55,197	
Public Safety																	
Sheriff					34,640									85,767			
Total Expenditures	1,427	0	0	0	34,640	3,474	0	0	0	0	1,370	34,332	4,324	85,767	0	55,197	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	313	191	1,111	574	(12,663)	(593)	3,620	910	0	113	5,001	(8,671)	7,856	(32,016)	3,480	(712)	240
<b>OTHER FINANCING SOURCES (USES):</b>																	
Operating Transfers In																	
Operating Transfers Out																	
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Changes in Fund Balances	313	191	1,111	574	(12,663)	(593)	3,620	910	0	113	5,001	(8,671)	7,856	(32,016)	3,480	(712)	240
Fund Balances - Beginning	1,721	1,009	5,757	2,926	14,388	2,902	22,943	885	16,564	16,166	47,396	36,407	71,659	85,767	34,035	3,110	653
Fund Balances - Ending	\$2,034	\$1,200	\$6,868	\$3,500	\$1,725	\$2,309	\$26,563	\$1,795	\$16,564	\$16,279	\$52,397	\$27,736	\$79,515	\$53,751	\$37,515	\$2,398	\$893

(continued)



SPECIAL REVENUE

RECORDS MANAGEMENT COUNTY CLERK	RECORDS MANAGEMENT - COUNTY AND DISTRICT	RECORDS MANAGEMENT DISTRICT CLERK	RECORDS MANAGEMENT AND PRESERVATION	SCAAP FUND	SUPPLEMENTAL GUARDIANSHIP FEE FUND	VITAL STATISTICS FUND	NON-MAJOR GOVERN- MENTAL FUNDS
				\$8,045			\$62,370
45,134	8,468	2,690	703		1,000	959	193,801
							113
45,134	8,468	2,690	703	8,045	1,000	959	256,284
							0
1,176	5,924						7,100
		498					100,622
				1,770			122,177
1,176	5,924	498	0	1,770	0	0	229,899
43,958	2,544	2,192	703	6,275	1,000	959	26,385
							0
							0
0	0	0	0	0	0	0	0
43,958	2,544	2,192	703	6,275	1,000	959	26,385
256,907	57,811	11,761	6,386	4,792	12,000	11,775	725,720
\$300,865	\$60,355	\$13,953	\$7,089	\$11,067	\$13,000	\$12,734	\$752,105