

REFUGIO COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2016

Refugio County, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2016

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the County Judge and Commissioner's Court
Refugio County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Refugio County, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Refugio County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Refugio County, Texas, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Refugio County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2017, on our consideration of Refugio County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Refugio County, Texas' internal control over financial reporting and compliance.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
April 9, 2017



Management's Discussion and Analysis

As management of Refugio County, Texas, we offer readers of Refugio County, Texas' financial statements this narrative overview and analysis of the financial activities of Refugio County, Texas for the fiscal year ended September 30, 2016.

Financial Highlights

- . The assets of Refugio County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$12,870,385 (net position). Of this amount, \$4,488,632 or 35% (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 \$670,689. This increase is mainly attributable to careful budget monitoring.
- . Refugio County, Texas' total restricted net position at September 30, 2016 is \$2,395,648 or 19% of net position.
- . Refugio County, Texas' total debt increased by \$196,149 (40 percent) during the current fiscal year. The key factor in this increase was the addition of GASB 68 debt.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Governmental funds:

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

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

Refugio County, Texas maintains thirty-three (33) 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, and the Sheriff Grant Fund each of which are considered to be major funds. Data from the other thirty (30) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to the financial statements:

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

Other information:

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

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

The single audit section can be found on pages 71-78 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Refugio County, Texas, assets exceeded liabilities by \$12,870,385 at the close of the most recent fiscal year.

REFUGIO COUNTY, TEXAS NET POSITION

	Governmental Activities		Total	
	2016	2015	2016	2015
Current and Other Assets	\$6,408,662	\$6,106,387	\$6,408,662	\$6,106,387
Capital Assets:	6,183,032	6,421,936	6,183,032	6,421,936
Total Assets	<u>12,591,694</u>	<u>12,528,323</u>	<u>12,591,694</u>	<u>12,528,323</u>
Total Deferred Outflows of Resources	<u>1,600,721</u>	<u>688,357</u>	<u>1,600,721</u>	<u>688,357</u>
Long-Term Liabilities	681,441	485,292	681,441	485,292
Other Liabilities	<u>154,233</u>	<u>172,930</u>	<u>154,233</u>	<u>172,930</u>
Total Liabilities	<u>835,674</u>	<u>658,222</u>	<u>835,674</u>	<u>658,222</u>
Total Deferred Inflows of Resources	<u>486,356</u>	<u>358,762</u>	<u>486,356</u>	<u>358,762</u>
Invested in Capital Assets, Net of Related Debt	5,986,105	6,176,936	5,986,105	6,176,936
Restricted	2,395,648	2,196,217	2,395,648	2,196,217
Unrestricted	<u>4,488,632</u>	<u>3,826,543</u>	<u>4,488,632</u>	<u>3,826,543</u>
Total Net Position	<u>\$12,870,385</u>	<u>\$12,199,696</u>	<u>\$12,870,385</u>	<u>\$12,199,696</u>

A portion of Refugio County, Texas' net position (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$4,488,632) may be used to meet the government's ongoing obligations to citizens and creditors.

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

There was an increase of \$199,431 in restricted net position reported in connection with Refugio County, Texas' governmental activities. This increase resulted from monies being saved for future special projects and construction.

The government's total net position increased by \$670,689. This increase is mainly attributable to careful budget monitoring.

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

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

	Governmental Activities		Total	
	2016	2015	2016	2015
Revenues:				
Program Revenues:				
Charges for Services	\$2,536,470	\$2,772,389	\$2,536,470	\$2,772,389
Operating Grants and Contributions	759,197	991,136	759,197	991,136
Capital Grants and Contributions	38,868	261,089	38,868	261,089
General Revenues:				
Maintenance and Operations Taxes	7,810,976	7,963,682	7,810,976	7,963,682
Unrestricted Investment Earnings	28,474	24,618	28,474	24,618
Miscellaneous	572,191	1,074,437	572,191	1,074,437
Total Revenue	<u>11,746,176</u>	<u>13,087,351</u>	<u>11,746,176</u>	<u>13,087,351</u>
Expenses:				
General Administration	2,261,430	2,318,727	2,261,430	2,318,727
Judicial	691,264	694,626	691,264	694,626
Legal	158,191	154,042	158,191	154,042
Financial Administration	493,565	500,698	493,565	500,698
Public Facilities	391,661	249,475	391,661	249,475
Public Safety	3,911,863	4,712,229	3,911,863	4,712,229
Public Transportation	2,134,921	2,347,383	2,134,921	2,347,383
Culture and Recreation	289,984	274,996	289,984	274,996
Health and Welfare	657,290	624,963	657,290	624,963
Conservation - Agriculture	79,816	84,566	79,816	84,566
Interest and Fiscal Charges	5,502	2,391	5,502	2,391
Total Expenses	<u>11,075,487</u>	<u>11,964,096</u>	<u>11,075,487</u>	<u>11,964,096</u>
Increase in Net Position Before Transfers and Special Items	670,689	1,123,255	670,689	1,123,255
Transfers	0	0	0	0
Increase in Net Position	670,689	1,123,255	670,689	1,123,255
Net Position at 09/30/2015	<u>12,199,696</u>	<u>11,076,441</u>	<u>12,199,696</u>	<u>11,076,441</u>
Net Position at 09/30/2016	<u>\$12,870,385</u>	<u>\$12,199,696</u>	<u>\$12,870,385</u>	<u>\$12,199,696</u>

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government activities:				
General Administration	\$2,261,430	\$906,918	\$39,144	\$0
Judicial	691,264	245,842	8,494	
Legal	158,191	59,242	23,333	
Financial Administration	493,565	248,486		
Public Facilities	391,661			38,868
Public Safety	3,911,863	108,619	471,822	
Public Transportation	2,134,921	839,985	84,408	
Culture and Recreation	289,984	111,295		
Health and Welfare	657,290	16,083	131,996	
Conservation - Agriculture	79,816			
Interest and Fiscal Charges	5,502			
Total Government Activities	<u>\$11,075,487</u>	<u>\$2,536,470</u>	<u>\$759,197</u>	<u>\$38,868</u>

Revenues by Source - Governmental Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$2,536,470	21.59%
Operating Grants and Contributions	759,197	6.46%
Capital Grants and Contributions	38,868	0.33%
Maintenance and Operations Taxes	7,810,976	66.51%
Unrestricted Investment Earnings	28,474	0.24%
Miscellaneous	572,191	4.87%
	<u>\$11,746,176</u>	<u>100.00%</u>

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

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Refugio County, Texas' governmental funds reported combined ending fund balances of \$5,222,075, an increase of \$570,075 in comparison with the prior year. Approximately 41% of this total amount (\$2,160,298) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is restricted or committed.

The general fund is the chief operating fund of Refugio County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,160,298, while total fund balance reached a balance of \$2,252,401. 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 33 percent of that same amount.

The fund balance of the general fund increased by \$236,069 during the current fiscal year. This increase is a result of careful budget monitoring.

At the end of the current fiscal year restricted fund balance of the road and bridge fund was \$1,444,071, while total fund balance reached a balance of \$1,456,586. 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 71 percent of total road and bridge fund expenditures, while total fund balance represents 71 percent of that same amount.

The fund balance of the road and bridge fund increased by \$271,623 during the current fiscal year. Key factors in this increase are as follows:

- . Careful budget monitoring.

There is no discussion regarding the sheriff grant fund since this fund is a grant fund and is structured to conform to a grant budget.

Budgetary Highlights:

The difference between the original budget and the final amended budget in the general fund was a decrease of \$18,540 in appropriations and the majority of the amendments can be briefly summarized as follows:

. This decrease is immaterial.

The total actual expenditures in the general fund of \$6,888,494 was under the budgeted amount of \$7,262,917 by \$374,423.

There were no differences between the original budget and the final amended budget in the road and bridge fund

The total actual expenditures in the road and bridge fund of \$2,040,818 was under the budgeted amount of \$2,434,533 by \$393,715.

Capital Asset and Debt Administration

Capital assets:

Refugio County, Texas' investment in capital assets for its governmental activities as of September 30, 2016, amounts to \$6,183,032 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, roads and infrastructure, machinery and equipment, and park facilities. The total decrease in Refugio County, Texas' investment in capital assets for the current fiscal year was 3.72 percent.

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

REFUGIO COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Total	
	2016	2015	2016	2015
Land	\$201,395	\$201,895	\$201,395	\$201,395
Building and Improvements	2,577,774	2,409,272	2,577,774	2,684,951
Machinery and Equipment	1,798,620	1,855,135	1,798,620	1,841,089
Intangible	25,428	37,184	25,428	31,306
Infrastructure	1,579,815	1,749,115	1,579,815	1,663,195
Total	\$6,183,032	\$6,252,601	\$6,183,032	\$6,421,936

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

Long-term debt:

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

Economic Factors

There are no significant economic factors or conditions that may have a significant effect on any future financial positions or results of operations in the County.

Requests for Information

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



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

REFUGIO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government	
	Governmental	
	Activities	Total
ASSETS		
Cash and Cash Equivalents	\$5,210,983	\$5,210,983
Receivables (net of allowance for uncollectibles)	1,092,445	1,092,445
Prepaid Expenses	105,234	105,234
Capital assets not being depreciated:		
Land	201,395	201,395
Total Capital assets being depreciated, net		
Building and Improvements	2,577,774	2,577,774
Machinery, Vehicles, and Equipment	1,798,620	1,798,620
Intangible	25,428	25,428
Infrastructure	1,579,815	1,579,815
Total Assets	<u>\$12,591,694</u>	<u>\$12,591,694</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow of Resources-Contributions (after 12/31/15)	503,051	503,051
Deferred Outflow-Changes of assumptions	149,840	149,840
Deferred Outflow-Net difference between projected and actual earnings	947,830	947,830
Total Deferred Outflows of Resources	<u>1,600,721</u>	<u>1,600,721</u>
LIABILITIES:		
Accounts Payable	\$153,601	\$153,601
Accrued Wages Payable	632	632
Noncurrent Liabilities:		
Due within one year	254,061	254,061
Due in more than one year	427,380	427,380
Total Liabilities	<u>835,674</u>	<u>835,674</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue-County Attorney Grant	38,333	38,333
Deferred Inflow-Differences between expected and actual experience	448,023	448,023
Total Deferred Inflows of Resources	<u>486,356</u>	<u>486,356</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	5,986,105	5,986,105
Restricted		
General Administration	12,846	12,846
General Administration - Records	251,560	251,560
Health and Welfare	233,084	233,084
Judicial	146,232	146,232
Permanent Improvement	1,155	1,155
Public Safety	306,700	306,700
Public Transportation	1,444,071	1,444,071
Unrestricted	4,488,632	4,488,632
Total Net Position	<u>\$12,870,385</u>	<u>\$12,870,385</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government						
Government activities:						
General Administration	\$2,261,430	\$906,918	\$39,144	\$0	(\$1,315,368)	(\$1,315,368)
Judicial	691,264	245,842	8,494		(436,928)	(436,928)
Legal	158,191	59,242	23,333		(75,616)	(75,616)
Financial Administration	493,565	248,486			(245,079)	(245,079)
Public Facilities	391,661			38,868	(352,793)	(352,793)
Public Safety	3,911,863	108,619	471,822		(3,331,422)	(3,331,422)
Public Transportation	2,134,921	839,985	84,408		(1,210,528)	(1,210,528)
Culture and Recreation	289,984	111,295			(178,689)	(178,689)
Health and Welfare	657,290	16,083	131,996		(509,211)	(509,211)
Conservation - Agriculture	79,816				(79,816)	(79,816)
Interest and Fiscal Charges	5,502				(5,502)	(5,502)
Total Government Activities	<u>11,075,487</u>	<u>2,536,470</u>	<u>759,197</u>	<u>38,868</u>	<u>(7,740,952)</u>	<u>(7,740,952)</u>
Total Primary Government	<u>\$11,075,487</u>	<u>\$2,536,470</u>	<u>\$759,197</u>	<u>\$38,868</u>	<u>(7,740,952)</u>	<u>(7,740,952)</u>
General Revenues						
Property Taxes, Levies for General Purposes					7,810,976	7,810,976
Unrestricted Investment Earnings					35,857	35,857
Miscellaneous					564,808	564,808
Total General Revenues and Transfers					<u>8,411,641</u>	<u>8,411,641</u>
Change in Net Position					670,689	670,689
Net Position - Beginning					12,199,696	12,199,696
Net Position - Ending					<u>\$12,870,385</u>	<u>\$12,870,385</u>

The accompanying notes are an integral part of this statement.



FUND FINANCIAL STATEMENTS

REFUGIO COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Road and Bridge	Sheriff Grants	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$2,170,313	\$1,441,775	\$0	\$1,499,273	\$5,111,361
Receivables (net of allowance for uncollectibles)	374,544	120,450	35,550	21,634	552,178
Prepaid Expenses	92,103	12,515		616	105,234
Total Assets	\$2,636,960	\$1,574,740	\$35,550	\$1,521,523	\$5,768,773
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$53,583	\$56,181	\$35,550	\$8,287	\$153,601
Accrued Wages Payable	484			148	632
Deferred Revenues	38,333	0			38,333
Total Liabilities	92,400	56,181	35,550	8,435	192,566
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes					
Total deferred inflows of resources	292,159	61,973	0	0	354,132
Fund Balances:					
Non-Spendable					
Prepaid Items	92,103	12,515		616	105,234
Restricted					
General Administration				12,846	12,846
General Administration - Records				251,560	251,560
Health and Welfare				233,084	233,084
Judicial				146,232	146,232
Permanent Improvement				1,155	1,155
Public Safety				306,700	306,700
Public Transportation		1,444,071			1,444,071
Committed					
Culture and Recreation				118,105	118,105
General Administration				338,858	338,858
Public Facilities				103,932	103,932
Unassigned	2,160,298				2,160,298
Total Fund Balance	2,252,401	1,456,586	0	1,513,088	5,222,075
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$2,636,960	\$1,574,740	\$35,550	\$1,521,523	\$5,768,773

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2016

Total Fund Balances - governmental funds balance sheet	\$5,222,075
Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	6,183,032
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,668,533
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	354,132
Compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(207,319)
Long-term liabilities - Capital lease payable, is not due and payable in the current period and therefore is not reported in the funds.	(474,122)
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	124,054
Net Position of governmental activities - statement of Net Position	<u>\$12,870,385</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Road and Bridge	Sheriff's Grants	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$6,412,494	\$1,360,226	\$0	\$0	\$7,772,720
Intergovernmental	67,797	84,408	389,263	256,597	798,065
Licenses and Permits	5,033	250,203			255,236
Charges for Services	639,412	71,396		257,580	968,388
Fines and Forfeitures		537,555			537,555
Interest	21,878	8,018		5,910	35,806
Miscellaneous	237,661	635		216,141	454,437
Total Revenues	<u>7,384,275</u>	<u>2,312,441</u>	<u>389,263</u>	<u>736,228</u>	<u>10,822,207</u>
EXPENDITURES					
Current:					
General Administration	1,409,388			47,665	1,457,053
Judicial	665,143			32,993	698,136
Legal	151,441			9,598	161,039
Financial Administration	502,671				502,671
Public Facilities	314,321				314,321
Public Safety	3,248,527		389,263	337,008	3,974,798
Public Transportation		1,987,243			1,987,243
Culture and Recreation	151,493			131,031	282,524
Health and Welfare	368,535			279,015	647,550
Conservation - Agriculture	76,975				76,975
Capital Projects -					
Capital Outlay and Other				96,247	96,247
Debt Service					
Principal Retirement		48,073			48,073
Interest and Fiscal Charges		5,502			5,502
Total Expenditures	<u>6,888,494</u>	<u>2,040,818</u>	<u>389,263</u>	<u>933,557</u>	<u>10,252,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>495,781</u>	<u>271,623</u>	<u>0</u>	<u>(197,329)</u>	<u>570,075</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	44,000			303,712	347,712
Operating Transfers Out	(303,712)	0		(44,000)	(347,712)
Total Other Financing Sources (Uses)	<u>(259,712)</u>	<u>0</u>	<u>0</u>	<u>259,712</u>	<u>0</u>
Net Changes in Fund Balances	236,069	271,623	0	62,383	570,075
Fund Balances - Beginning	2,016,332	1,184,963	0	1,450,705	4,652,000
Fund Balances - Ending	<u>\$2,252,401</u>	<u>\$1,456,586</u>	<u>\$0</u>	<u>\$1,513,088</u>	<u>\$5,222,075</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2016

Net Changes in Fund Balances - total governmental funds	\$570,075
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.	(238,904)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	38,256
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.	(19,169)
Net Pension Receivable. This is the change in these amounts this year.	(388,111)
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	(40,718)
Deferred Outflow-Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	149,840
Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	803,242
Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year.	(117,594)
(Increase) decrease in Compensated absences from beginning of period to end of period.	32,973
Net Pension Payable. This is the change in these amounts this year.	(277,195)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	48,073
Internal Service funds are used by management to account for funds for Self-Insurance. The net revenue of certain activities of Internal service funds is reported with governmental activities.	109,921
Change in Net Position of governmental activities - statement of activities	<u>\$670,689</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$6,497,243	\$6,497,243	\$6,412,494	(\$84,749)
Intergovernmental	64,353	64,353	67,797	3,444
Licenses and Permits	4,100	4,100	5,033	933
Charges for Services	731,350	731,350	639,412	(91,938)
Interest	15,000	15,000	21,878	6,878
Miscellaneous	114,123	210,583	237,661	27,078
Total Revenues	7,426,169	7,522,629	7,384,275	(138,354)

EXPENDITURES

Current:

General Administration				
Commissioner's Court	22,200	12,387	10,960	1,427
County Clerk	196,979	222,837	217,935	4,902
County Judge	153,647	160,274	156,736	3,538
Economic Development	50,000	50,000	50,000	0
Elections	111,697	111,846	102,297	9,549
IT Department	133,328	133,354	97,967	35,387
Non-Departmental	1,245,458	792,457	748,646	43,811
Veterans Service	26,335	26,335	24,847	1,488
Legal				
County Attorney	142,928	156,126	151,441	4,685
Judicial				
Assistant District Attorney	75,499	75,620	71,882	3,738
County Court	26,000	26,000	20,487	5,513
District Clerk	194,496	207,841	206,824	1,017
District Court	95,008	95,008	73,652	21,356
Justices of the Peace	266,106	294,901	292,298	2,603
Financial Administration				
County Auditor	138,105	153,962	150,229	3,733
County Treasurer	151,461	160,930	142,767	18,163
Tax Assessor-Collector	198,198	216,391	209,675	6,716
Public Facilities				
Courthouse Maintenance	229,920	227,432	222,191	5,241
Public Buildings	137,800	110,867	92,130	18,737

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Public Safety				
911	\$48,427	\$48,548	\$47,772	\$776
Adult Probation	2,500	2,500	2,500	0
Animal Control	96,998	113,407	113,403	4
Constables	62,909	69,536	68,988	548
D.P.S.	42,218	48,817	46,541	2,276
Emergency Management	78,432	88,068	86,796	1,272
Fire	100,700	100,700	100,645	55
Jail	1,081,555	1,139,485	1,115,830	23,655
Sheriff	1,554,394	1,766,293	1,666,052	100,241
Culture and Recreation				
Library	131,761	144,959	130,743	14,216
Museum	20,750	20,750	20,750	0
Health and Welfare				
Elderly Services	129,025	129,025	129,025	0
Food Service	253,076	266,115	239,510	26,605
Conservation - Agriculture				
Agriculture Extension Service	83,547	90,146	76,975	13,171
Total Expenditures	<u>7,281,457</u>	<u>7,262,917</u>	<u>6,888,494</u>	<u>374,423</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>144,712</u>	<u>259,712</u>	<u>495,781</u>	<u>236,069</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	44,000	44,000	44,000	0
Operating Transfers Out	(188,712)	(303,712)	(303,712)	0
Total Other Financing Sources (Uses)	<u>(144,712)</u>	<u>(259,712)</u>	<u>(259,712)</u>	<u>0</u>
Net Changes in Fund Balances	0	0	236,069	236,069
Fund Balances - Beginning	2,016,332	2,016,332	2,016,332	
Fund Balances - Ending	<u>\$2,016,332</u>	<u>\$2,016,332</u>	<u>\$2,252,401</u>	<u>\$236,069</u>

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



REFUGIO COUNTY, TEXAS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes				
Property	\$1,378,233	\$1,378,233	\$1,360,226	(\$18,007)
Intergovernmental	71,400	71,400	84,408	13,008
Licenses and Permits	275,000	275,000	250,203	(24,797)
Charges for Services	58,400	58,400	71,396	12,996
Fines and Forfeitures	645,000	645,000	537,555	(107,445)
Interest	5,900	5,900	8,018	2,118
Miscellaneous	0	0	635	635
Total Revenues	<u>2,433,933</u>	<u>2,433,933</u>	<u>2,312,441</u>	<u>(121,492)</u>
EXPENDITURES				
Current				
Public Transportation	2,380,886	2,380,886	1,987,243	393,643
Debt Service				
Principal Retirement	48,073	48,073	48,073	0
Interest and Fiscal Charges	5,574	5,574	5,502	72
Total Expenditures	<u>2,434,533</u>	<u>2,434,533</u>	<u>2,040,818</u>	<u>393,715</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(600)</u>	<u>(600)</u>	<u>271,623</u>	<u>272,223</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out		0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	(600)	(600)	271,623	272,223
Fund Balances - Beginning	1,184,963	1,184,963	1,184,963	
Fund Balances - Ending	<u>\$1,184,363</u>	<u>\$1,184,363</u>	<u>\$1,456,586</u>	<u>\$272,223</u>

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

REFUGIO COUNTY, TEXAS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2016

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$99,622
Receivables (net of allowance for uncollectibles)	<u>24,432</u>
Total Current Assets	<u>124,054</u>
 Total Assets	 <u><u>\$124,054</u></u>
 FUND EQUITY AND OTHER CREDITS	
Net Position	
Restricted for:	
Employee Insurance - Expendable	124,054
Unrestricted	<u>0</u>
Total Net Position	<u><u>\$124,054</u></u>

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

REFUGIO COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
OPERATING REVENUES:	
Charges for Services	\$794,460
Miscellaneous	110,371
Total Operating Revenues	<u>904,831</u>
OPERATING EXPENSES:	
Personal Services	
Other Services and Charges	794,961
Total Operating Expenses	<u>794,961</u>
Operating Income (Loss)	<u>109,870</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	51
Total Non-Operating Revenues (Expenses)	<u>51</u>
Income Before Transfers	109,921
Transfers In (Out) - Net	0
Change in Net Position	<u>109,921</u>
Total Net Position - Beginning	14,133
Total Net Position - Ending	<u>\$124,054</u>

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

REFUGIO COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND
Cash Flows from Operating Activities	
Receipts from customers and users	\$880,399
Payments to suppliers	(794,961)
Payments to employees	0
Net Cash Provided (Used) By Operating Activities	<u>85,438</u>
Cash Flows from Non-Capital and Related Financing Activities	
Transfers In (Out) - Net	
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>0</u>
Cash Flows from Capital and Related Financing Activities	
Interest and Fiscal Charges	0
Purchases of Capital Assets	0
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>0</u>
Cash Flows from Investing Activities	
Interest Received	51
Net Cash Provided (Used) by Investment Activities	<u>51</u>
Net Increase (Decrease) in Cash Equivalents	85,489
Cash and Cash Equivalents at Beginning of Year	14,133
Cash and Cash Equivalents at End of Year	<u>\$99,622</u>
(continued)	

(continued)

	<u>GOVERN MENTAL ACTIVITIES- INTERNAL SERVICE FUND</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$109,870
Adjustments to Reconcile to Net Cash Flow	
Non-Cash Items Included in Net Income	
Depreciation	0
Changes in Current Items	
Increase (Decrease) in Accounts Receivable	24,432
Net Cash Provided (Used)	
By Operating Activities	<u>\$134,302</u>
Noncash Investing, Capital, and Financing Activities:	
Borrowing from Capital Debt	<u>\$0</u>

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



REFUGIO COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Agency Funds</u>
	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$866,830
Receivables (net of allowance for uncollectibles)	30,436
Total Assets	<u>\$897,266</u>
LIABILITIES:	
Accounts Payable	\$113,631
Due to Others	783,635
Total Liabilities	<u>897,266</u>
NET POSITION	
Held in Trust - Historical Purposes	<u>0</u>
Total Net Position	<u>\$0</u>

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

REFUGIO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. Summary of Significant Accounting Policies

A. Reporting entity

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The sheriff grant fund accounts for the Stonegarden Grant monies for the overtime of sheriff deputies.

C. Fiduciary Funds

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

D. Proprietary fund financial statements

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

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

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

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

2. Receivables and Payables

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

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

2. Receivables and Payables (continued)

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

All property tax receivables are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2016 and 10 percent of the delinquent outstanding property taxes at September 30, 2016.

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, 2016.

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, 2016.

5. Capital Assets

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

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

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

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

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

6. Compensated Absences

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

7. Long-Term Obligations

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

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

8. Fund Balances – Governmental Funds

As of September 30, 2016, fund balances of the governmental funds are classified as follows:

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

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

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

Unassigned — all other spendable amounts.

As of September 30, 2016, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$105,234
Restricted	
General Administration	12,846
General Administration - Records	251,560
Health and Welfare	233,084
Judicial	146,232
Permanent Improvement	1,155
Public Safety	306,700
Public Transportation	1,444,071
Committed	
Culture and Recreation	118,105
General Administration	338,858
Public Facilities	103,932
Unassigned	2,160,298
Total Fund Balance	<u>\$5,222,075</u>

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

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

9. Comparative data/reclassifications

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

10. Deferred outflows/inflows of resources

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

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

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

11. Net position flow assumption

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

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$6,183,032 difference are as follows:

Capital Assets Not Being Depreciated	\$201,395
Capital Assets Being Depreciated	15,410,254
Depreciation Expense	(9,428,617)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$6,183,032</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 \$354,132 difference are as follows:

Property Taxes Receivable	\$382,778
Allowance for Doubtful Accounts	(28,646)
Net	<u>\$354,132</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$1,668,533 difference are as follows:

Fines Receivable	\$2,278,568
Allowance for Doubtful Accounts	(1,762,733)
Deferred Outflow of Resources-Contributions (after 12/31/15)	503,051
Deferred Outflow-Changes of assumptions	149,840
Deferred Outflow-Net difference between projected and actual earnings	947,830
Deferred Inflow-Differences between expected and actual experience	(448,023)
Net	<u>\$1,668,533</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 (\$238,904) difference are as follows:

Capital Outlay - Additions	\$428,500
Capital Outlay - Dispositions - Net	(22,397)
Depreciation Expense	(645,007)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>(238,904)</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

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

Budgets for the 2016 fiscal year were adopted for the General Fund and the Road and Bridge Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2016, expenditures did not exceed appropriations in any funds.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2016.

IV. Detailed Notes on All Funds

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

Policies Governing Deposits and Investments

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

As of September 30, 2016, the government had the following investments: None

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2016, the government's bank balance of \$6,315,278 with Vantage Bank was not exposed to custodial credit risk because it was fully insured and collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The monies are secured by a line of credit negotiated with the depository bank and FDIC coverage is \$250,000. The book balance of the cash at September 30, 2016 is \$5,210,983.

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	General	Road and Bridge	Sheriff Grants	Other Govern- mental	Total
<u>Receivables</u>					
Ad Valorem Taxes	\$315,792	\$66,986			\$ 382,778
Fines	2,278,568				2,278,568
Other	106,817	58,477	35,550	21,634	222,478
Gross Receivables	<u>2,701,177</u>	<u>125,463</u>	<u>35,550</u>	<u>21,634</u>	<u>2,883,824</u>
Less: Allowance for Uncollectibles	<u>1,786,366</u>	<u>5,013</u>			<u>1,791,379</u>
Net Total Receivables	<u>\$914,811</u>	<u>\$120,450</u>	<u>\$35,550</u>	<u>\$21,634</u>	<u>\$1,092,445</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2016 was as follows:

Governmental Activities:	Beginning			Ending
Capital Assets Not Being Depreciated:	Balances	Increases	Decreases	Balances
Land	\$201,395	\$0	\$0	\$201,395
Construction in Progress	0			0
Total Capital Assets Not Being Depreciated:	<u>201,395</u>	<u>0</u>	<u>0</u>	<u>201,395</u>
 Capital Assets Being Depreciated:				
Building and Improvements	5,053,961	30,636	0	5,084,597
Machinery and Equipment	5,348,405	397,864	109,083	5,637,186
Intangible	58,779	0	0	58,779
Infrastructure	4,629,692	0	0	4,629,692
Total Capital Assets Being Depreciated:	<u>15,090,837</u>	<u>428,500</u>	<u>109,083</u>	<u>15,410,254</u>
 Less: Accumulated Depreciation for:				
Building and Improvements	2,369,010	137,813	0	2,506,823
Machinery and Equipment	3,507,316	417,936	86,686	3,838,566
Intangible	27,473	5,878	0	33,351
Infrastructure	2,966,497	83,380	0	3,049,877
Total Accumulated Depreciation	<u>8,870,296</u>	<u>645,007</u>	<u>86,686</u>	<u>9,428,617</u>
Total Capital Assets Depreciated, Net	<u>6,220,541</u>	<u>(216,507)</u>	<u>22,397</u>	<u>5,981,637</u>
Governmental Activities Capital Assets, Net	<u>\$6,421,936</u>	<u>(\$216,507)</u>	<u>\$22,397</u>	<u>\$6,183,032</u>

The 2015-2016 depreciation is as follows:

Governmental Activities	
General Administration	\$18,264
Judicial	5,550
Public Facilities	54,470
Public Safety	287,707
Public Transportation	256,025
Culture and Recreation	8,889
Health and Welfare	11,840
Conservation - Agriculture	2,262
Total Depreciation Expense - Governmental Activities	<u>\$645,007</u>

The infrastructure capital assets were not fully depreciated at September 30, 2016.

Construction commitments

There were no major capital asset construction events during the 2015-2016 year.

D. Interfund Receivables, Payables, and Transfers

TRANSFER OUT	TRANSFER IN		TOTAL
	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	
GENERAL FUND	\$0	303,712	\$303,712
NON-MAJOR GOVERNMENTAL FUNDS	(44,000)		(44,000)
TOTALS	<u>(\$44,000)</u>	<u>\$303,712</u>	<u>\$259,712</u>

E. Leases

Operating Leases

The government leases equipment under noncancelable operating leases. Total costs for such leases were \$40,269 for the year ended September 30, 2016. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30	<u>Amount</u>
2017	31,635
2018	12,883
2019	12,499
2020	<u>7,246</u>
Total	<u>\$ 64,263</u>

Rent expenditures were \$0 for the year ended September 30, 2016. Sublease rental income was \$0 for the year ended September 30, 2016.

F. Long-Term Debt

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

Assets acquired through capital leases are as follows:

Asset:	2015 CHIPSPREADER/ GOOSENECK	
	TRAILER	TOTAL
Cost	\$270,000	\$270,000
Less: Accumulated Depreciation	67,523	67,523
Total	<u>\$202,477</u>	<u>\$202,477</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

YEAR	Activities	Total
2017	\$53,575	\$53,575
2018	53,575	53,575
2019	53,575	53,575
2020	53,576	53,576
TOTAL MINIMUM LEASE PAYMENTS	<u>214,301</u>	<u>214,301</u>
LESS: AMOUNT REPRESENTING INTEREST	17,374	17,374
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$196,927</u>	<u>\$196,927</u>

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

The changes in long-term liabilities are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
Capital Lease	\$245,000	\$0	\$48,073	\$196,927	\$46,742	\$150,185
Compensated Absences	240,292	207,319	240,292	207,319	207,319	0
GASB 68 Payable		277,195		277,195		277,195
Grand Total	<u>\$485,292</u>	<u>\$484,514</u>	<u>\$288,365</u>	<u>\$681,441</u>	<u>\$254,061</u>	<u>\$427,380</u>

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2016-17 year is \$207,319. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$254,061 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2015-2016 is \$5,502.

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.

	<u>Year ended 09/30/15</u>	<u>Year ended 09/30/16</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurred Claims (including IBNRs)		
Claim Payments		
Unpaid Claims, End of Fiscal Year	<u>\$ -0-</u>	<u>\$ -0-</u>

1. General Liability Insurance

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

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

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

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

2. Property and Casualty Insurance

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

3. Workers' Compensation Insurance

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

4. Group Health and Life Insurance

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

5. Unemployment Compensation Insurance

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

B. Related Party Transaction

There were no related party transactions in the 2016 fiscal year.

C. Subsequent Events

On April 3, 2017, an individual gifted an airport to the County.

D. Contingent Liabilities

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

The County is a defendant in the following lawsuit at September 30, 2016.

Ricardo Adame v. Refugio County ~ an employment lawsuit arising out of the Sheriff's Office. There is currently a Motion for Summary Judgment on file with Court wherein the County is seeking dismissal of the suit. In the event the County is not dismissed, the defense of the County is being provided by Texas Association of Counties with whom Refugio County has a contractual liability agreement and it is the current opinion of the County that the liability limits provided by Texas Association of Counties should be more than adequate to cover any settlement or judgment arising out of this litigation.

E. Summary of TCDRS Funding Policy

Net Pension Liability / (Asset)

Net Pension Liability/(Asset)	December 31, 2014	December 31, 2015
Total pension liability	\$13,833,400	\$14,591,721
Fiduciary net position	14,221,512	14,314,526
Net pension liability/(asset)	(388,111)	277,195
Fiduciary net position as a % of total pension liability	102.81%	98.10%
Pensionable covered payroll ⁽¹⁾	\$5,035,263	\$5,402,995
Net pension liability as a % of covered payroll	(7.71%)	5.13%

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

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

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

Discount Rate

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

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

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

Other Key Actuarial Assumptions

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2015 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 GASS 68.

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASS Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASS 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	Dec. 31, 2014	Dec. 31, 2015
Measurement date	Dec. 31, 2014	Dec. 31, 2015
Employer's fiscal year	October 1, 2015	September 30, 2016

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)
2016	\$14,314,526	\$717,786	\$927,335	\$14,315	\$1,150,587	\$15,241,249
2017	15,241,249	635,230	813,893	15,241	1,226,841	16,274,186
2018	16,274,186	618,783	942,921	16,274	1,304,691	17,238,464
2019	17,238,464	613,242	1,016,596	17,238	1,379,613	18,197,485
2020	18,197,485	609,246	1,091,024	18,197	1,454,142	19,151,652
2021	19,151,652	599,344	1,172,371	19,152	1,527,768	20,087,241
2022	20,087,241	584,437	1,241,914	20,087	1,600,159	21,009,837
2023	21,009,837	566,364	1,339,399	21,010	1,670,264	21,886,056
2024	21,886,056	547,494	1,408,660	21,886	1,737,703	22,740,708
2025	22,740,708	531,704	1,486,998	22,741	1,803,158	23,565,832
2035	29,154,349	275,447	2,111,020	29,154	2,287,451	29,577,073
2045	31,536,102	101,095	2,572,478	31,536	2,455,030	31,488,213
2055	29,643,083	22,172	2,580,947	29,643	2,298,300	29,352,965
2065	28,623,710	1,255	1,919,558	28,624	2,241,205	28,917,989
2075	37,888,208	0	1,061,726	37,888	3,025,278	39,813,872
2085	70,179,472	0	365,852	70,179	5,667,222	75,410,662
2095	148,249,872	0	52,063	148,250	12,000,285	160,049,844

* Projection values include no assumption for 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, 2014	\$13,833,400	\$14,221,512	\$(388,111)
Changes for the year:			
Service cost	588,092		588,092
Interest on total pension liability ⁽¹⁾	1,117,545		1,117,545
Effect of plan changes ⁽²⁾	(82,144)		(82,144)
Effect of economic/demographic gains or losses	(284,671)		(284,671)
Effect of assumptions changes or inputs	187,301		187,301
Refund of contributions	(165,651)	(165,651)	0
Benefit payments	(602,152)	(602,152)	0
Administrative expenses		(10,256)	10,256
Member contributions		378,277	(378,277)
Net investment income		112,200	(112,200)
Employer contributions		357,204	(357,204)
Other ⁽³⁾	0	23,391	(23,391)
Balances as of December 31, 2015	\$14,591,721	\$14,314,526	\$277,195

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

⁽²⁾Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018.

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

Sensitivity Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$16,343,488	\$14,591,721	\$13,120,575
Fiduciary net position	14,314,526	14,314,526	14,314,526
Net pension liability/(asset)	\$2,028,962	\$277,195	\$(1,193,951)

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2015 to December 31, 2015
Service cost	\$588,092
Interest on total pension liability ⁽¹⁾	1,117,545
Effect of plan changes	(82,144)
Administrative expenses	10,256
Member contributions	(378,277)
Expected investment return net of investment expenses	(1,161,436)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(167,077)
Recognition of assumption changes or inputs	37,460
Recognition of investment gains or losses	245,994
Other ⁽²⁾	(23,391)
Pension expense/ (income)	\$187,022

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

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

As of December 31, 2015, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$448,023	\$0
Changes of assumptions	0	149,840
Net difference between projected and actual earnings	0	947,830
Contributions made subsequent to measurement date ⁽³⁾	N/A	Employer determined

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

Year ended December 31:	
2016	\$116,377
2017	116,377
2018	226,520
2019	190,373
2020	0
Thereafter ⁽⁴⁾	0

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

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

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period ⁽¹⁾	Amount Recognized in 12/31/2015 Expense ⁽¹⁾	Balance of Deferred Inflows 12/31/2015	Balance of Deferred Outflows 12/31/2015
<i>Investment (gains) or losses</i>						
	\$1,049,23	12/31/2015	5.0	\$209,847	\$0	\$839,389
	180,734	12/31/2014	5.0	36,147	0	108,441
<i>Economic/ demographic (gains) or losses</i>						
	(284,671)	12/31/2015	5.0	(56,934)	227,737	0
	(440,572)	12/31/2014	4.0	(110,143)	220,286	0
<i>Assumption changes or inputs</i>						
	187,301	12/31/2015	5.0	37,460	0	149,840
	0	12/31/2014	4.0	0	0	0
<i>Employer contributions made subsequent to measurement date ⁽²⁾</i>						
_____ Employer Determined _____						

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

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

Appendix A-GASB 68 Plan Description for Refugio County

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

- a. Refugio County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 125%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Refugio County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2015 are shown in the chart on the prior page.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec.31,2014	Dec. 31, 2015
Number of inactive employees entitled to but not yet receiving benefits:	80	82
Number of active employees:	130	135
Average monthly salary*:	\$3,260	\$3,348
Average age*:	48.47	48.03
Average length of service in years*:	8.56	8.43

Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients:	69	72
Average monthly benefit:	\$700	\$681

**Averages reported for all active and inactive employees. Average service includes all proportionate service.*

Appendix D-Contributions Made Subsequent to Measurement Date

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

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 and 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 contributions made by the employer, along with any group term life premium offsets, via the TCDRS Employer Portal.

An example may help. An employer, with a March 31 fiscal year end, will implement GASB 68 requirements for its fiscal year end March 31, 2016. To transition to the new GASB requirements, the employer will record:

- a beginning NPL determined as of the Dec. 31, 2014 measurement date, and
- a beginning DOoR for pension contributions made after Dec. 31, 2014 through the beginning of the employer's fiscal year, which equates to March 31, 2015.

The employer's Dec. 31, 2014 NPL is computed to be \$1,000,000. The employer's pension contributions made after Dec. 31, 2014 to March 31, 2015 total \$200,000. The initial implementation entry would be:

	Debit	Credit
Net position	\$800,000	
DOoR - Contributions after the measurement date	\$200,000	
Initial NPL		\$1,000,000

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, 2015 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.

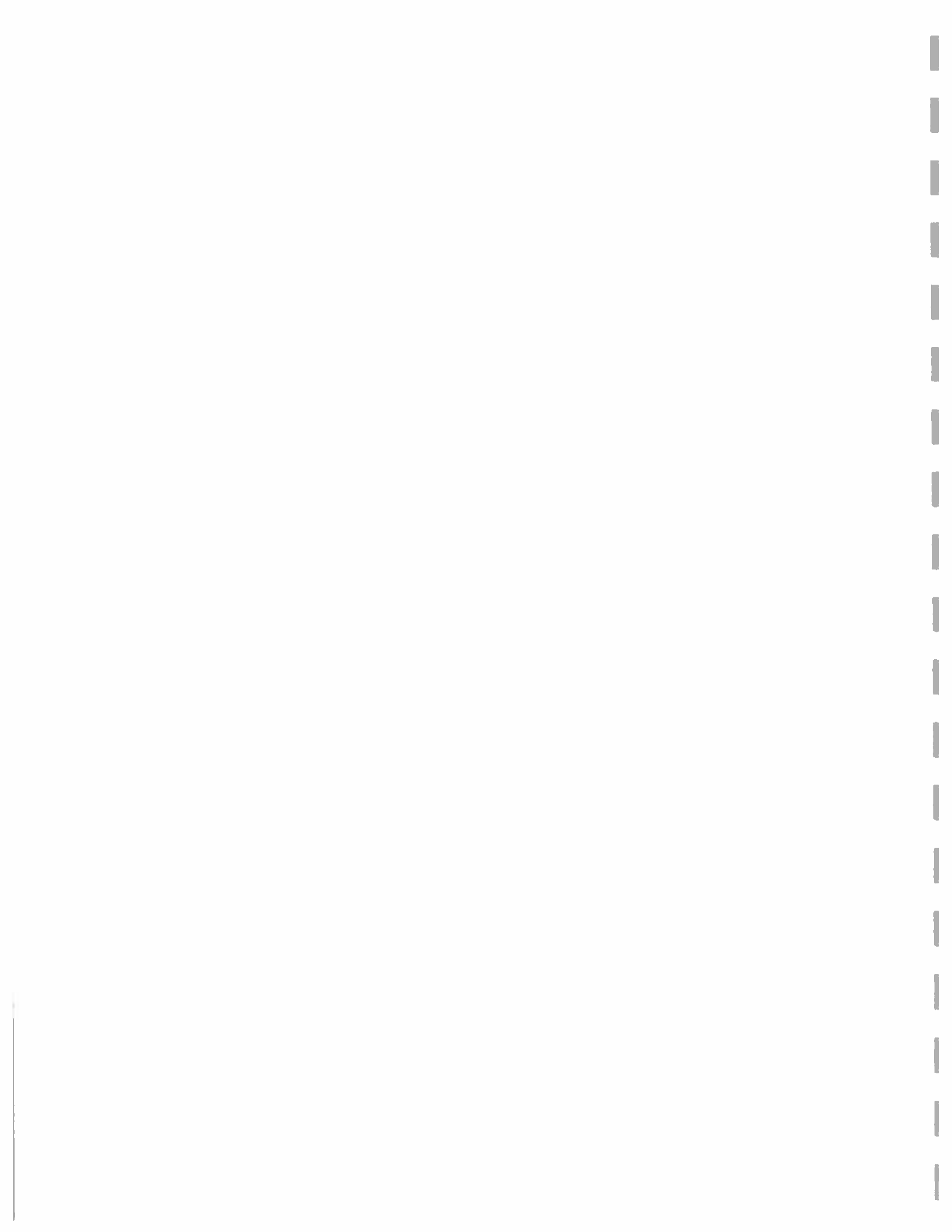
An actuarial audit of every investigation of experience is required and must be performed by an independent auditing actuary to review the consulting actuary's analysis, conclusions and recommendations for accuracy, appropriateness and reasonableness. These audits alternate between a peer review and 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

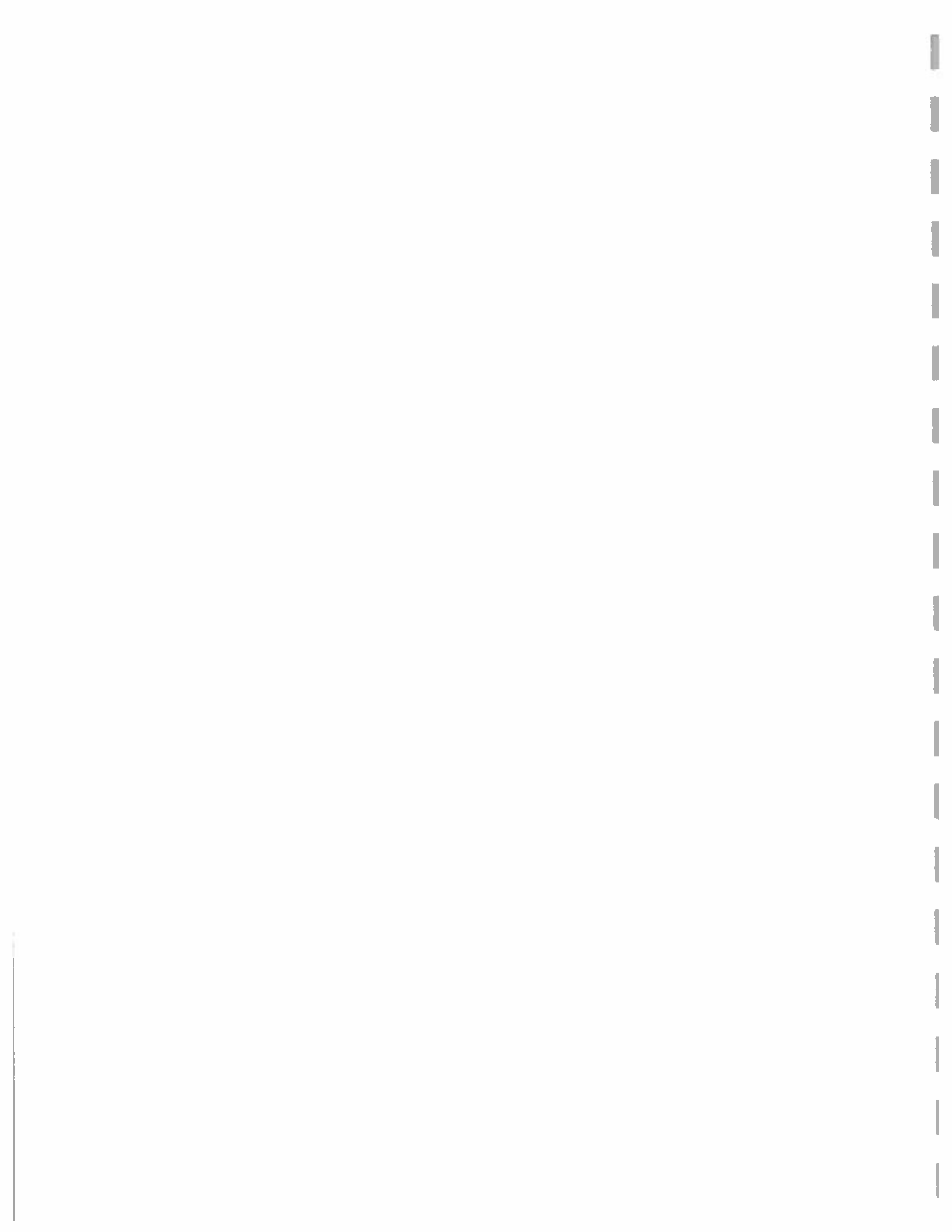
In order to test accuracy and ensure that the actuarial methods and assumptions are being correctly applied, an audit of the valuation is required every four years. These audits are conducted by an independent reviewing actuary and alternate between a peer review and a full replication audit of the valuation. 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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service cost	\$588,092	\$556,571	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	1,117,545	1,077,810	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	(82,144)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	187,301	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(284,671)	(440,572)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(767,802)	(772,628)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	758,321	421,181	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	13,833,400	13,412,219	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	\$14,591,721	\$13,833,400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$357,204	\$353,978	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	378,277	352,468	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	112,200	922,450	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(767,802)	(772,628)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(10,256)	(10,733)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	23,321	(291,897)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	93,014	553,639	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	14,221,512	13,667,873	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	\$14,314,526	\$14,221,512	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/ (asset), ending= (a) - (b)	\$277,195	(\$388,111)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	98.10%	102.81%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$5,402,995	\$5,035,263	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a% of covered payroll	5.13%	-7.71%	N/A	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.

GASB 68 Disclosure for Measurement Date December 31, 2015
 Refugio County
 Texas County & District Retirement System

This work product was prepared solely for TC DRS for the purposes described herein and may not be appropriate to use for other purposes. Millman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Millman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Millman work product.

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll(2)	Actual Contribution as a % of Covered Payroll
2006	\$181,777	\$181,777	\$0	\$2,754,192	6.6%
2007	195,293	195,293	0	2,977,033	6.6%
2008	193,918	193,918	0	3,189,437	6.1%
2009	205,320	205,320	0	3,399,336	6.0%
2010	241,880	241,880	0	3,557,054	6.8%
2011	249,407	249,407	0	3,814,422	6.5%
2012	306,821	306,873	(52)	4,565,789	6.7%
2013	327,010	327,010	0	4,816,078	6.8%
2014	353,978	353,978	0	5,035,263	7.0%
2015	357,138	357,204	(66)	5,402,995	6.6%

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

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.3 years (based on contribution rate calculated in 12/31/2015 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*	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

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

Appendix B-Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2015 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Refugio County December 31, 2015 Summary Valuation Report for further details.

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

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

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

Appendix C-Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2015 financial reporting metrics are the same as those used in the December 31, 2015 actuarial valuation analysis for Refugio County.

Following is a description of the assumptions used in the December 31, 2015 actuarial valuation analysis for Refugio County. This information may also be found in the Refugio County December 31, 2015 Summary Valuation Report.

Economic Assumptions

TCDRS system-wide economic assumptions:

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

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

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

Employer-specific economic assumptions:

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

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



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

REFUGIO COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUNDS
 SEPTEMBER 30, 2016

	Road and Bridge	Road and Bridge Special	Lateral Road	Total Road and Bridge
ASSETS				
Cash and Cash Equivalents	\$936,965	\$415,740	\$89,070	\$1,441,775
Receivables (net of allowance for uncollectibles)	118,830	1,620		120,450
Prepaid Expenses	12,515			12,515
Total Assets	\$1,068,310	\$417,360	\$89,070	\$1,574,740
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$56,181			\$56,181
Accrued Wages Payable				0
Total Liabilities	56,181	0	0	56,181
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue-Property Taxes				
Total deferred inflows of resources	61,973	0	0	61,973
Fund Balances:				
Non-Spendable				
Prepaid Items	12,515			12,515
Restricted				
Public Transportation	937,641	417,360	89,070	1,444,071
Total Fund Balance	950,156	417,360	89,070	1,456,586
Total Liabilities and Fund Balances	\$1,068,310	\$417,360	\$89,070	\$1,574,740

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS
 YEAR ENDED SEPTEMBER 30, 2016

	Road and Bridge	Road and Bridge Special	Lateral Road	Total Road and Bridge
<i>REVENUES</i>				
Taxes				
Property	\$1,360,226			\$1,360,226
Intergovernmental		73,020	11,388	84,408
Licenses and Permits	250,203			250,203
Charges for Services	71,396			71,396
Fines and Forfeitures	537,555			537,555
Interest	5,771	1,864	383	8,018
Miscellaneous	635			635
Total Revenues	<u>2,225,786</u>	<u>74,884</u>	<u>11,771</u>	<u>2,312,441</u>
<i>EXPENDITURES</i>				
Current:				
Public Transportation				
Road and Bridge	1,976,243	11,000		1,987,243
Debt Service				
Principal Retirement	48,073			48,073
Interest and Fiscal Charges	5,502			5,502
Total Expenditures	<u>2,029,818</u>	<u>11,000</u>	<u>0</u>	<u>2,040,818</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>195,968</u>	<u>63,884</u>	<u>11,771</u>	<u>271,623</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
Other Financing Sources - Capital Leases				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	195,968	63,884	11,771	271,623
Fund Balances - Beginning	754,188	353,476	77,299	1,184,963
Fund Balances - Ending	<u>\$950,156</u>	<u>\$417,360</u>	<u>\$89,070</u>	<u>\$1,456,586</u>

The accompanying notes are an integral part of this statement.

REFUGIO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2016

	SPECIAL REVENUE																	
	AIRPORT FUND	ASSET SHARED	ATTORNEY ADMIN- STRATION	COUNTY CLERK RECORD MANAGEMENT	COURT- HOUSE SECURITY	COURT TECH- NOLOGY	DISTRICT CLERK RECORD MANAGEMENT	ELDERLY SERVICES FUND	ELECTION ADMIN- STRATION	EMPLOY- MENT CONTIN- GENCY	ESTRAY FUND	GRANT FUND	JAIL COMMA- ISSARY	JUSTICE COURT TECH	JUVENILE SERVICES	LAW LIBRARY	LEOSE TRAINING FIRE	
ASSETS																		
Cash and Cash Equivalents	\$70,641	\$143,064	\$8,143	\$171,994	\$50,626	\$8,689	\$15,967	\$83,271	\$12,496	\$57,507	\$592	\$1,366	\$126,669	\$18,974	\$47,626	\$47,374	\$8,318	\$8,187
Receivables (net of allowance for uncollectibles)	7,978		15	2,841	1,049	100	112	10	350			698	450	752		140		
Prepaid Expenses							616											
Total Assets	\$78,619	\$143,064	\$8,158	\$174,835	\$51,675	\$8,789	\$16,079	\$83,897	\$12,846	\$57,507	\$592	\$1,366	\$127,367	\$18,974	\$48,378	\$47,374	\$8,458	\$8,187
LIABILITIES AND FUND BALANCES																		
Liabilities																		
Accounts Payable	\$827							\$2,962						\$322				
Bank Overdraft								148										
Accrued Wages Payable																		
Total Liabilities	\$827	0	0	0	0	0	0	3,110	0	0	0	0	0	322	0	0	0	0
Fund Balances																		
Non-Spendable																		
Prepaid Items								616										
Restricted																		
Economic Development									12,846									
General Administration				174,835										18,974	48,056		8,458	
General Administration - Records			8,158			6,789	16,079											
Judicial								80,171										
Health and Welfare																		
Permanent Improvement																		
Public Safety					51,675						592	1,366	127,367		47,374		8,187	
Committed																		
Culture and Recreation	77,792																	
General Administration		143,064								57,507								
Public Facilities																		
Unassigned																		
Total Fund Balances	77,792	143,064	8,158	174,835	51,675	6,789	16,079	80,787	12,846	57,507	592	1,366	127,367	18,974	48,378	47,374	8,458	8,187
TOTAL LIABILITIES AND FUND BALANCES	\$78,619	\$143,064	\$8,158	\$174,835	\$51,675	\$8,789	\$16,079	\$83,897	\$12,846	\$57,507	\$592	\$1,366	\$127,367	\$18,974	\$48,378	\$47,374	\$8,458	\$8,187

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

SPECIAL REVENUE										CAPITAL PROJECT			TOTAL
LEOSE TRAINING CONST. ABLE NO. 1	LEOSE TRAINING CONST. ABLE NO. 2	LIBRARY FUND	NARCOTICS FUND	PRE TRIAL DIVISION	RECORD MANAGEMENT AND PRESERVATION	SPECIAL FORFEITURE	TCLEOSE TRAINING	VEHICLE REPLACEMENT	CAPITAL IMPROVEMENT FUND	COASTAL IMPACT ASSISTANCE	COURTHOUSE RESTORATION	NON-MAJOR GOVERNMENTAL FUND	
\$4,703	\$2,223	\$40,313	\$66,061	\$124,570	\$76,482	\$57,379	\$5,834	\$137,567	\$1,155		\$103,932	\$1,499,273	
			2,000		243			720		4,176		21,634	
\$4,703	\$2,223	\$40,313	\$66,061	\$126,570	\$76,725	\$57,379	\$5,834	\$138,287	\$1,155	\$4,176	\$103,932	\$1,521,523	
0	0	0	0	0	0	0	0	0	0	4,176	0	8,435	
												616	
												0	
												12,846	
												251,500	
												233,084	
												148,232	
												1,155	
4,703	2,223		66,061	126,570	76,725	57,379	5,834		1,155			306,700	
		40,313						138,287				118,105	
											103,932	338,858	
												103,932	
												0	
4,703	2,223	40,313	66,061	126,570	76,725	57,379	5,834	138,287	1,155	0	103,932	1,513,088	
\$4,703	\$2,223	\$40,313	\$66,061	\$126,570	\$76,725	\$57,379	\$5,834	\$138,287	\$1,155	\$4,176	\$103,932	\$1,521,523	

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	SPECIAL REVENUE																	
	AIRPORT FUND	ASSET SHARING	ATTORNEY ADMIN- STRATION	COUNTY CLERK RECORD MANAGEMENT	COURT- HOUSE SECURITY	COURT TECH- NOLOGY	DISTRICT CLERK RECORD MANAGEMENT	ELDERLY SERVICES FUND	ELECTION ADMIN- STRATION	EMPLOY- MENT CONTRA- GENY	ESTRAY FUND	GRANT FUND	JAIL COMMA- ISSARY	JUSTICE COURT TECH	JUVENILE SERVICES	LAW LIBRARY	LEOSE TRAINING FIRE	
REVENUES																		
Intergovernmental							\$131,996				\$2,555		\$3,174		\$78,299		\$665	
Charges for Services	111,295		380	30,798	18,465	1,374	1,993	16,083	3,016			14,400	1,130	13,271		2,540		
Interest	127	685		789	130		53	585	17	204		576	10	265	367			
Miscellaneous			526				129,025				14,400							
Total Revenues	111,422	685	906	31,587	18,595	1,374	2,046	277,689	3,033	204	0	18,955	14,976	4,314	13,538	78,666	2,540	665
EXPENDITURES																		
Current																		
General Administration																		
County Clerk				46,314														
Elections								1,351										
Judicial													7,307	25,160				
Legal			526															
Law Library																	9,598	
Public Safety																		
Courthouse Security																210,595		
Juvenile Probation																		
Sheriff												3,646						
Culture and Recreation																		
Airport	130,757																	
Library																		
Health and Welfare																		
Elderly Services							279,015											
Capital Projects -																		
Capital Outlay and Other												26,189						
Total Expenditures	130,757	0	526	46,314	0	0	0	279,015	1,351	0	0	26,189	3,646	7,307	25,160	210,595	9,598	0
Excess (Deficiency) of Revenues Over (Under)																		
Expenditures	(19,335)	685	380	(14,727)	18,595	1,374	2,046	(1,326)	1,682	204	0	(9,234)	11,330	(2,993)	(11,624)	(131,929)	(7,058)	665
OTHER FINANCING SOURCES (USES):																		
Operating Transfers In	55,000									7,200		10,600				125,912	5,000	
Operating Transfers Out			(500)															
Total Other Financing Sources (Uses)	55,000	0	(500)	0	0	0	0	0	0	7,200	0	10,600	0	0	0	125,912	5,000	0
Net Changes in Fund Balances	35,665	685	(120)	(14,727)	18,595	1,374	2,046	(1,326)	1,682	7,404	0	1,368	11,330	(2,993)	(11,624)	(6,017)	(2,058)	665
Fund Balances - Beginning	42,127	142,379	8,278	189,962	33,080	5,415	14,033	82,113	11,164	50,103	592	0	118,037	21,967	59,680	53,391	10,516	7,522
Fund Balances - Ending	\$77,792	\$143,064	\$8,158	\$174,835	\$51,675	\$6,789	\$16,079	\$80,787	\$12,846	\$57,507	\$592	\$1,368	\$127,367	\$18,974	\$48,056	\$47,374	\$8,458	\$8,187

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

SPECIAL REVENUE										CAPITAL PROJECT			TOTAL
LEOSE TRAINING	LEOSE TRAINING	LIBRARY	NARCOTICS	PRE TRIAL DIVISION	RECORD MANAGEMENT AND PRESERVATION	SPECIAL FORFEITURE	VEHICLE TCLEOSE TRAINING	VEHICLE REPLACEMENT	CAPITAL IMPROVEMENT FUND	COASTAL IMPACT ASSISTANCE	COURT HOUSE RESTORATION	NON-MAJOR GOVERNMENTAL FUND	
ABLE NO 1	ABLE NO 2	FUND	FUND						FUND	TANCE	ATION	FUND	
665				39,094	3,741		\$2,930		\$38,313			\$256,597	
		366	436	446	313			541				257,580	
		40,000	9,371					22,129		490		5,910	
665	0	40,368	9,807	39,540	4,054	0	2,930	22,870	0	38,803	0	216,141	
												48,314	
												1,351	
												32,993	
												9,598	
												0	
				93,221		25,918	3,628					210,595	
												126,413	
		274										130,757	
												274	
												279,015	
								33,255		36,803		96,247	
0	0	274	93,221	0	0	25,918	3,628	33,255	0	36,803	0	933,557	
665	0	40,092	(83,414)	39,540	4,054	(25,918)	(698)	(10,385)	0	0	0	(197,329)	
		(40,000)		(3,500)							100,000	303,712	
		(40,000)		(3,500)								(44,000)	
0	0	(40,000)	0	(3,500)	0	0	0	0	0	0	100,000	259,712	
665	0	92	(83,414)	38,040	4,054	(25,918)	(698)	(10,385)	0	0	100,000	62,383	
4,038	2,223	40,221	149,475	90,530	72,671	83,297	6,532	148,672	1,155	0	3,932	1,450,705	
\$4,703	\$2,223	\$40,313	\$66,061	\$126,570	\$76,725	\$57,379	\$5,834	\$138,287	\$1,155	\$0	\$103,932	\$1,513,068	



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



REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Juvenile Fee Funds	State Fees	Cash Bond Fund	TDRA Grant Fund	County Officer Accounts	Total
ASSETS						
Cash and Cash Equivalents	\$15,354	\$98,637	\$62,913	\$0	\$689,926	\$866,830
Accounts Receivable	0	30,436	0			30,436
Total Assets	\$15,354	\$129,073	\$62,913	\$0	\$689,926	\$897,266
LIABILITIES:						
Accounts Payable	\$0	\$113,631	\$0	\$0	\$0	\$113,631
Due to Others	15,354	15,442	62,913	0	689,926	783,635
Total Liabilities	\$15,354	\$129,073	\$62,913	\$0	\$689,926	\$897,266

REFUGIO COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>JUVENILE FEE FUND</u>	BALANCE 10/1/2015	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2016
ASSETS				
Cash and Cash Equivalents	\$15,340	\$1,482	\$1,468	\$15,354
Accounts Receivable	0			0
Total Assets	<u>\$15,340</u>	<u>\$1,482</u>	<u>\$1,468</u>	<u>\$15,354</u>

LIABILITIES:				
Accounts Payable				\$0
Due to Others	15,340	1,482	1,468	15,354
Total Liabilities	<u>\$15,340</u>	<u>\$1,482</u>	<u>\$1,468</u>	<u>\$15,354</u>

<u>STATE FEES</u>	BALANCE 10/1/2015	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2016
ASSETS				
Cash and Cash Equivalents	\$115,606	\$536,773	\$553,742	\$98,637
Accounts Receivable	50,113	30,436	50,113	30,436
Total Assets	<u>\$165,719</u>	<u>\$567,209</u>	<u>\$603,855</u>	<u>\$129,073</u>

LIABILITIES:				
Accounts Payable	148,282	113,631	148,282	113,631
Due to Others	17,437	453,578	455,573	15,442
Total Liabilities	<u>\$165,719</u>	<u>\$567,209</u>	<u>\$603,855</u>	<u>\$129,073</u>

<u>CASH BOND FUND</u>	BALANCE 10/1/2015	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2016
ASSETS				
Cash and Cash Equivalents	\$62,600	\$313	\$0	\$62,913
Accounts Receivable	0			0
Total Assets	<u>\$62,600</u>	<u>\$313</u>	<u>\$0</u>	<u>\$62,913</u>

LIABILITIES:				
Accounts Payable				\$0
Due to Others	62,600	313	0	62,913
Total Liabilities	<u>\$62,600</u>	<u>\$313</u>	<u>\$0</u>	<u>\$62,913</u>

<u>TDRA FUND</u>	BALANCE 10/1/2015	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2016
ASSETS				
Cash and Cash Equivalents	\$0	\$308,002	\$308,002	\$0
Accounts Receivable				0
Total Assets	<u>\$0</u>	<u>\$308,002</u>	<u>\$308,002</u>	<u>\$0</u>

LIABILITIES:				
Accounts Payable				
Due to Others	0	308,002	308,002	0
Total Liabilities	<u>\$0</u>	<u>\$308,002</u>	<u>\$308,002</u>	<u>\$0</u>

<u>COUNTY OFFICER ACCOUNTS</u>	10/1/2015	ADDITIONS	DEDUCTIONS	9/30/2016
ASSETS				
Cash and Cash Equivalents	\$1,411,019		\$721,093	\$689,926
Accounts Receivable				0
Total Assets	<u>\$1,411,019</u>	<u>\$0</u>	<u>\$721,093</u>	<u>\$689,926</u>

LIABILITIES:				
Accounts Payable				\$0
Due to Others	1,411,019	0	721,093	689,926
Total Liabilities	<u>\$1,411,019</u>	<u>\$0</u>	<u>\$721,093</u>	<u>\$689,926</u>

<u>TOTAL</u>	BALANCE 10/1/2015	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2016
ASSETS				
Cash and Cash Equivalents	\$1,604,565	\$846,570	\$1,584,305	\$866,830
Accounts Receivable	50,113	30,436	50,113	30,436
Total Assets	<u>\$1,654,678</u>	<u>\$877,006</u>	<u>\$1,634,418</u>	<u>\$897,266</u>

LIABILITIES:				
Accounts Payable	148,282	\$113,631	\$148,282	\$113,631
Due to Others	1,506,396	763,375	1,634,418	783,635
Total Liabilities	<u>\$1,654,678</u>	<u>\$877,006</u>	<u>\$1,782,700</u>	<u>\$897,266</u>



SINGLE AUDIT SECTION

REFUGIO COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

SOURCE AND TITLE OF GRANT	FEDERAL CFDA NUMBER	GRANTOR'S/ PASS-THROUGH GRANTOR'S NUMBER	PROGRAM EXPEN- DITURES
FEDERAL ASSISTANCE			
NON-STIMULUS PROGRAMS			
U.S. Department of Health and Human Services			
Passed Through			
Office of the Attorney General			
Child Support Enforcement-Title IV-D (NM)	93.563	NONE	\$7,921
Passed Through			
Coastal Bend Area Agency on Aging			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers TITLE III-B (NM)	93.044	AAA-1048-11B	10,816
Special Programs for the Aging - Title III, Part C - Nutrition Services TITLE III-C (NM)	93.045	AAA-1048-11	28,777
Total U.S. Department of Health and Human Services			<u>47,514</u>
U.S. Department of the Interior			
Fish and Wildlife Service			
Direct			
Coastal Impact Assistance Program (NM)	15.668		36,313
Total U.S. Department of the Interior			<u>36,313</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/States Program (M)	14.228		
Passed Through			
Texas Department of Agriculture			
Water and Sewer Improvements (See Budget Attached)		713401	105,736
Water and Sewer Improvements (See Budget Attached)		713095	193,918
Total U.S. Department of Housing and Urban Development			<u>299,654</u>
U.S. Department of Homeland Security			
Passed Through			
Texas Division of Emergency Management			
Operation Stonegarden Grant Program (NM)	97.067		353,712
Year 2014			35,551
Year 2015			<u>389,263</u>
Passed Through			
Texas Department of Public Safety			
Pre-Disaster Mitigation (NM)	97.047		<u>26,189</u>
Total U.S. Department of Homeland Security			<u>415,452</u>
TOTAL NON-STIMULUS PROGRAMS			<u>798,933</u>
Total Federal Assistance			<u>\$798,933</u>

CFDA=CATALOGUE OF FEDERAL DOMESTIC ASSISTANCE NUMBER

M=MAJOR PROGRAM

NM=NONMAJOR PROGRAM

See Accompanying Notes to Schedule of Federal Financial Assistance

REFUGIO COUNTY, TEXAS
 BUDGET COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas Department of Agriculture
 CFDA Number: 14.228
 Project Number: 713401
 Contract Period: 11/12/2013 to 11/11/2015

	FEDERAL			VARIANCE
	BUDGET	PRIOR YEAR	CURRENT YEAR	
REVENUE				
Federal	\$300,000	\$194,264	\$105,736	\$0
TOTAL REVENUE:	300,000	194,264	105,736	0
EXPENSES				
Federal				
Water Improvements - Construction	171,650	74,123	97,527	0
Water Improvements - Engineering	27,720	23,839	3,881	0
Sewer Improvements - Construction	57,350	57,350	0	0
Sewer Improvements - Engineering	13,280	11,952	1,328	0
General Administration	30,000	27,000	3,000	0
TOTAL EXPENSES	300,000	194,264	105,736	0
Excess Revenue over Expenditures	\$0	\$0	\$0	\$0

Note: Total matching funds expended - \$21,630; including \$8,348 in the current year.

Federal Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas Department of Agriculture
 CFDA Number: 14.228
 Project Number: 713095
 Contract Period: 01/23/2014 to 01/22/2016

	FEDERAL			VARIANCE
	BUDGET	PRIOR YEAR	CURRENT YEAR	
REVENUE				
Federal	\$500,000	\$305,535	\$193,918	\$547
TOTAL REVENUE:	500,000	305,535	193,918	547
EXPENSES				
Federal				
Water Improvements - Construction	408,000	231,948	175,505	547
Water Improvements - Engineering	50,000	41,587	8,413	0
Rehab Single - Unit - Water	2,000	0	2,000	0
General Administration	40,000	32,000	8,000	0
TOTAL EXPENSES	500,000	305,535	193,918	547
Excess Revenue over Expenditures	\$0	\$0	\$0	\$0

Note: Total matching funds expended - \$24,973

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Judge and Commissioner's Court
Refugio County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Refugio County, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Refugio County, Texas' basic financial statements and have issued our report thereon dated April 9, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
April 9, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the County Judge and Commissioner's Court
Refugio County, Texas

Report on Compliance for Each Major Federal Program

We have audited Refugio County, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Refugio County, Texas' major federal programs for the year ended September 30, 2016. Refugio County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Refugio County, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Refugio County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Refugio County, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, Refugio County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of Refugio County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Refugio County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Refugio County, Texas' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
April 9, 2017

REFUGIO COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

General

The accompanying Schedule of Expenditure of Federal Awards presents the activity of all Refugio County, Texas's Federal grants for the year ended September 30, 2016. This report is intended for the information of Refugio County, Texas, and Federal awarding agencies, and is not intended to be used and should not be used by anyone other than these specified parties.

Basis of Accounting

The Schedule of Expenditure of Federal Awards is presented using the modified accrual basis of accounting.

Non Cash Grants

Refugio County received no non-cash grants for the year ended September 30, 2016.

REFUGIO COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal

There were no prior audit findings for Federal Awards.

REFUGIO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Refugio County, Texas.
2. There were no significant deficiencies disclosed during the audit. There were no material weaknesses disclosed during the audit.
3. There were no instances of noncompliance material to the financial statements of the Refugio County, Texas, which would be required to be reported in accordance with Government Auditing Standards.
4. There were no significant deficiencies over major Federal award programs disclosed during the audit. There were no material weaknesses over major Federal award programs disclosed during the audit.
5. The auditor's report on compliance for the major Federal award programs for Refugio County, Texas expresses an unmodified opinion on all major Federal programs.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs: Community Development Block Grants/States Program – CFDA 14.228.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Refugio County did qualify as a low-risk auditee.





REFUGIO COUNTY AUDITOR'S OFFICE

April 21, 2017

To Whom It May Concern:

The Refugio County audit for the year ended September 30, 2016 was completed and presented to Commissioners' Court on April 11, 2017, noting one immaterial matter. The Chief Juvenile Probation officer occasionally incurred late fee penalties on the departments credit card. Refugio County already has a policy in our Employee Manuel addressing this issue. A total of late fees was submitted to the Chief which was paid back to the Juvenile Department bank account immediately.

Credit card companies expect a quick turnaround for payment. The bills were being submitted to the auditors' office a day or two before the due date. To stop this, we have changed the address for the credit card statement to the auditors' office. This is an agreeable solution to the Chief Juvenile Probation officer and to the County.

If there are any questions, please do not hesitate to ask. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Margie Moeller".

Margie Moeller
Refugio County Auditor

Margie Moeller
County Auditor

Linda Holder
First Assistant

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Honorable Judge and Commissioner's Court
Refugio County
Refugio, Texas 78377

As a result of our observations concerning the accounting and financial aspects of the records of Refugio County, Texas during our audit for the year ended September 30, 2016, we noted certain immaterial matters and these matters are summarized below for your consideration. The following management points will be reviewed as part of next year's audit.

Invoice Exam

Finding:

1. We noted that the Juvenile Probation Department occasionally incurs late fee penalties and/or finance charges due to invoices not being paid timely.

Recommendation:

We recommend that the Juvenile Probation Department pay all invoices prior to the respective due dates to avoid paying unnecessary late fee penalties and/or finance charges.

These comments and recommendations are made in a constructive spirit and in the best interest of Refugio County, Texas. We will be glad to review and discuss them in more detail with the County personnel at your request.

Sincerely,

Wayne R. Beyer

BEYER & CO.
Certified Public Accountants
April 9, 2017

