

**POTTER COUNTY, TEXAS**

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Comprehensive Annual Financial Report

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For the Year Ended  
September 30, 2016

Prepared by: Office of County Auditor  
Kerry Hood  
County Auditor

**POTTER COUNTY, TEXAS**  
**Comprehensive Annual Financial Report**  
**Year Ended September 30, 2016**

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## INTRODUCTORY SECTION

# **County of Potter**

**State of Texas**

**900 S. Polk, Suite 716  
Amarillo, Texas 79101-3412**



**Kerry Hood  
County Auditor  
aukeh@co.potter.tx.us**

**806-349-4800  
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March 20, 2017

Honorable District Judges of Potter County  
Honorable Members of the Potter County Commissioners' Court  
Citizens of Potter County and the Financial Community:

The Comprehensive Annual Financial Report of Potter County, Texas (the County) for the year ended September 30, 2016 is submitted herewith. This report is submitted in accordance with Section 114.025 of the Local Government Code.

This report consists of management's representations concerning the finances of Potter County, Texas. Management assumes full responsibility for both the accuracy of the data and the completeness and fairness of this report, including all disclosures. To provide a reasonable basis of making these representations, Potter County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. The internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with existing law and regulations. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

These financial statements and supplemental financial information have been audited by Davis Kinard & Co, PC, a firm of licensed certified public accountants engaged by the Potter County Commissioners' Court. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2016, are free of material misstatement. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2016 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Potter County was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Other Supplemental Information sections of the financial report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. Potter County's MD&A can be found immediately following the report of the independent auditors.

## ***Profile of the Government***

Potter County, created in 1876 from Bexar District, was organized in 1887 and named for a Republic of Texas leader, Robert Potter. The County's population experienced a slight growth and is currently estimated to be 122,082. This is up .52% over the 2010 census of 121,448 and 24.73% over the 1990 census of 97,874. The County consists of approximately 591,577 acres of mostly level plain, broken by the Canadian River and its tributaries.

Potter County, operating as specified under the Constitution and statutes, is governed by a Commissioners' Court, which consists of the County Judge and four Commissioners, one from each of the four geographical precincts and elected for staggered four year terms. Commissioners' Court duties include setting the County Ad Valorem tax rate, approval of the budget, calling certain elections, approval and awarding contracts, issuance of bonds, and appointing or participating in the appointment of certain county officials and boards.

The County, as a political subdivision of the State of Texas provides only those services allowed, or implied, by the State Constitution or statutes. These services include, but are not limited to, judicial, law enforcement, detention facilities, juvenile services, health and human services, county roads and recording functions of Potter County.

The annual budget serves as the foundation of Potter County's financial planning and control. All departments of the County are required to submit requests for appropriation to the County Judge, who serves as the Budget Officer. The County Judge uses these requests as the starting point for developing a proposed budget, with revenue estimates provided by the County Auditor. The appropriated budget is adopted by fund, then by department, then by the categories of salaries and benefits, travel, contract services, general operations, prisoner care, equipment/vehicle maintenance, building repairs/maintenance, special expense, juvenile services and other. The County's budgetary system is fully integrated with the accounting and financial system to allow for the matching of budget appropriations with actual expenditures, obligations, and encumbrances on a daily basis. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

All governmental funds are appropriated annually with the exception of the following funds: District Attorney Crime Victim and Sheriff's Commissary.

### ***Local Economy***

Potter County is located in the Texas Panhandle with the City of Amarillo as the county seat. Due to its strategic location, the County, along with Randall County to the south, has become a trade center for a five-state area. The County is traversed from east and west by four-lane Interstate 40 and from north and south by four-lane Interstate 27, U.S. Highway 287 and State Highway 136. Railroads and an international airport serve the County along with bus lines and other motor-freight carriers.

Although Potter County's economy has greatly diversified, historically, major industries in the Amarillo area include grains, cattle, beef processing, natural gas, oil, helium and other petroleum by-products, refining operations and nuclear weapons processing. A significant portion of its economy is still based upon this important economic activity. In addition to these industries, today, our economy also includes food processing, defense industry, manufacturing, distribution, traffic and transportation, general retail, banking, criminal justice, medical facilities and higher education.

### ***Long-term Financial Planning and Relevant Financial Policies***

As a sound financial management practice, members of the Commissioners' Court emphasize maintaining a sufficient unrestricted fund balance level to meet first quarter obligations, thus assisting in maintaining financial stability and retaining or enhancing the County's bond ratings. Potter County has achieved this goal since fiscal year 2004. At that time, the court evaluated the county's physical and financial condition and chose to begin an annual transfer of funds to capital project funds to reduce the amount that will need to be borrowed to finance future construction. The current Commissioners' Court has also made every effort to keep tax rate increases to a minimum. The rate remained at the 2015 rate of \$0.66402 for 2016.

### ***Major Initiatives***

Some of the major initiatives in fiscal year 2017 include the construction of new Sheriff facilities for the administrative, enforcement and fleet maintenance divisions of the department. Case management software for the County and District Clerks was approved in 2016 with implementation to be completed in 2017. The 2017 budget includes funds to purchase new voting equipment for Elections Administration and to remodel Fire Station #5.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Potter County for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the twenty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Potter County was awarded a 2015 Leadership Circle Platinum Award by the Texas Comptroller of Public Accounts. The Leadership Circle recognized local governments across Texas that are striving to meet a high standard for financial transparency online by opening their books to the public; providing clear, consistent pictures of spending; and sharing information in a user-friendly format. The Platinum designation highlights those entities that are setting the bar in their transparency efforts and is valid for one year.

The preparation of this report would not be possible without the efficient and dedicated services of the entire staff of the County Auditor's Office and the professional services provided by our independent auditors, Davis Kinard & Co, PC. I sincerely appreciate the loyalty and dedication of my staff for their extra efforts to produce timely and accurate records for Potter County. Credit also must be given to the District Judges, the Commissioners' Court and all the elected officials and department heads for their interest and support in planning and conducting the financial operations of Potter County in a responsible manner.

Respectfully submitted,



Kerry Hood  
Potter County Auditor



Government Finance Officers Association

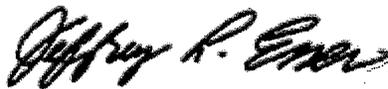
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Potter County  
Texas**

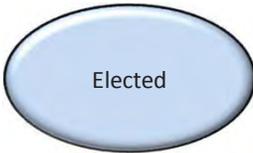
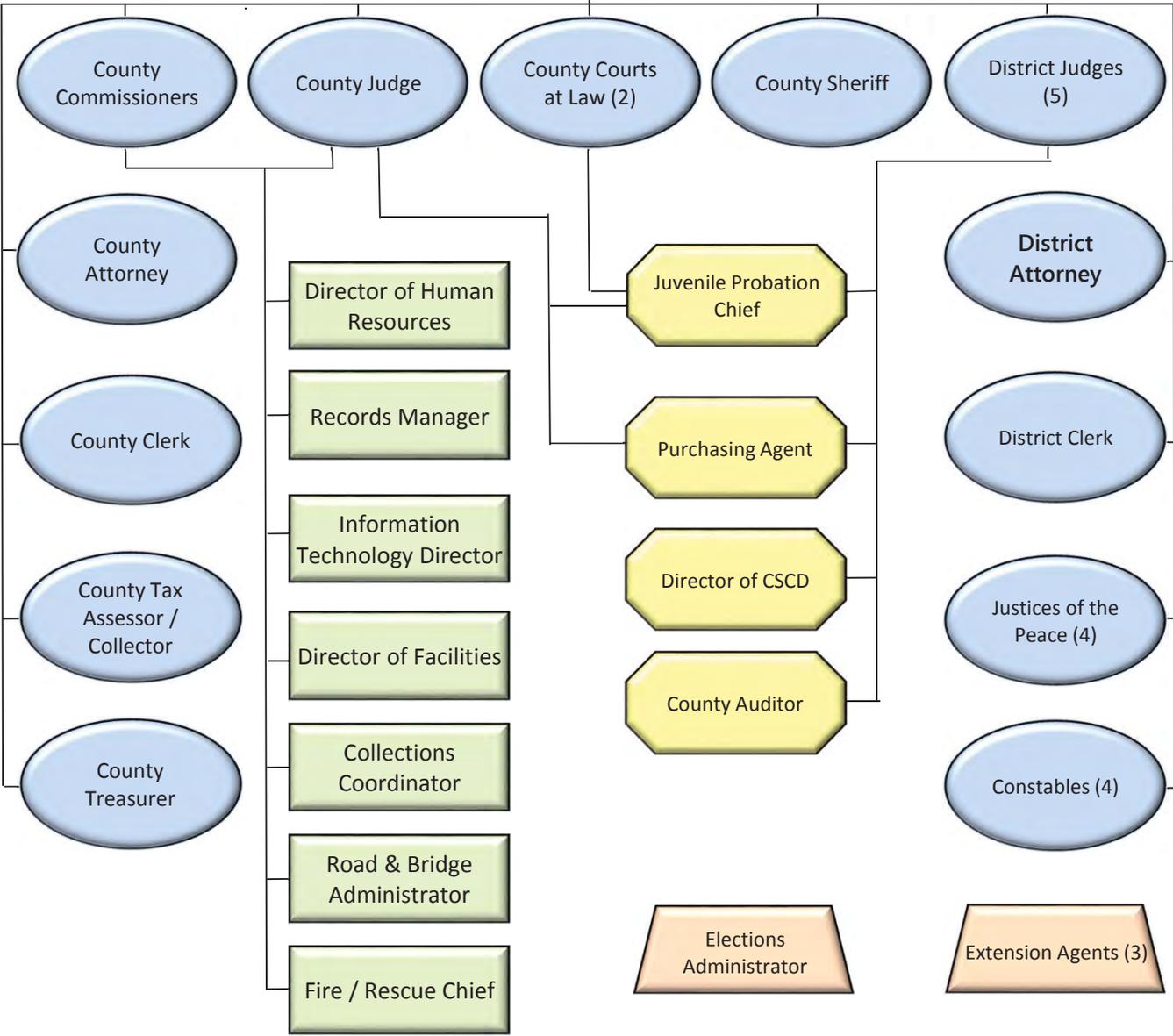
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**



Executive Director/CEO

# Potter County, Texas Organization Chart



**Potter County, Texas  
County Officials**

Nancy Tanner .....County Judge  
H. R. Kelly .....Commissioner, Precinct #1  
Mercy Murguia .....Commissioner, Precinct #2  
Leon Church .....Commissioner, Precinct #3  
Alphonso Vaughn .....Commissioner, Precinct #4  
Dan Schaap ..... Judge, 47th District Court  
Douglas Woodburn ..... Judge, 108th District Court  
John Board .....Judge, 181st District Court  
Ana Estevez .....Judge, 251st District Court  
Don R. Emerson .....Judge, 320th District Court  
Randall Sims .....District Attorney  
Caroline Woodburn .....District Clerk  
W. F. "Corky" Roberts ..... Judge, County Court at Law #1  
Pamela Sirmon ..... Judge, County Court at Law #2  
C. Scott Brumley .....County Attorney  
Julie Smith .....County Clerk  
Sherri Aylor .....Tax Assessor/Collector  
Leann Jennings .....County Treasurer  
Brian Thomas .....County Sheriff  
Debra Horn ..... Justice of the Peace, Precinct #1  
Richard Herman ..... Justice of the Peace, Precinct #2  
Gary Jackson ..... Justice of the Peace, Precinct #3  
Thomas Jones ..... Justice of the Peace, Precinct #4  
Darryl Wertz .....Constable, Precinct #1  
Georgia Estrada .....Constable, Precinct #2  
Mike Duval .....Constable, Precinct #3  
Idella Jackson .....Constable, Precinct #4  
Vickie Shelton .....Purchasing Agent  
Kerry Hood .....County Auditor

## FINANCIAL SECTION

## REPORT OF INDEPENDENT AUDITORS

To the Honorable Judge and  
Members of the Commissioners Court  
Potter 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 Potter County, Texas (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the County, 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, the General Fund Budgetary Comparison Schedule, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and the Schedule of Funding Progress (Other Postretirement Benefits) on pages 4 through 11 and 47 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements (including the budgetary comparison schedules for nonmajor funds) and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state 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 the State of Texas Single Audit Circular*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal and state awards and the combining and individual nonmajor fund financial statements (including the budgetary comparison schedules for nonmajor funds) 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 (including the budgetary comparison schedules for nonmajor funds) and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the County's internal control over financial reporting and compliance.

*Dennis Kinard & Co., PC*  
Certified Public Accountants

Abilene, Texas  
March 20, 2017

## Management's Discussion and Analysis

As management of Potter County, we offer readers of Potter County's financial statements this narrative overview and analysis of the financial activities of Potter County for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

### Financial Highlights

- The assets and deferred outflows of resources of Potter County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$91,716,303 (*net position*). Of this amount, \$19,493,902 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- Potter County's total net position increased \$1,976,587. Charges for services increased \$860,874, operating grants increased \$1,466,527 and property taxes increased \$2,507,521. Public safety and corrections/rehabilitation expenditures increased \$2,721,506 and \$1,296,490 respectively and road and bridge expenditures decreased by \$732,389.
- At the close of the current fiscal year, Potter County's governmental funds reported combined fund balances of \$53,183,398, an increase of \$21,254,032 in comparison with the prior year. Approximately 30% of the fund balance (\$16,190,517) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$18,495,260 or approximately 37% of total general fund expenditures.
- Potter County's total outstanding long-term debt increased by \$19,610,000 during the current fiscal year. The increase is due to issuing Certificates of Obligation in the amount of \$21,470,000 to construct a Law Enforcement Complex to house the administration, law enforcement, and fleet maintenance divisions of the Sheriff's office.

### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to Potter County's basic financial statements. Potter County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Potter County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of Potter County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Potter County is improving or deteriorating.

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

Both of the government-wide financial statements report functions of Potter County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of Potter County include general government, judicial, public safety and correctional, health and human services, roads and bridges, and facilities.

The government-wide financial statements can be found on pages 12-13 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. Potter County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Potter County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The basic governmental fund financial statements can be found on pages 14-17 of this report.

**Proprietary Funds.** Potter County maintains only one proprietary fund. An *internal service fund* is an accounting device used to accumulate and allocate costs internally among Potter County's various functions. Potter County uses an internal service fund to account for the management of its self-insured fund for employee health benefits.

The proprietary fund financial statements can be found on pages 18-20 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support Potter County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Potter County maintains one type of fiduciary funds. The *Agency funds* report resources held by Potter County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on page 21 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire 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 22-46 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 47-100 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Potter County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$91,716,303 at the close of the most recent fiscal year.

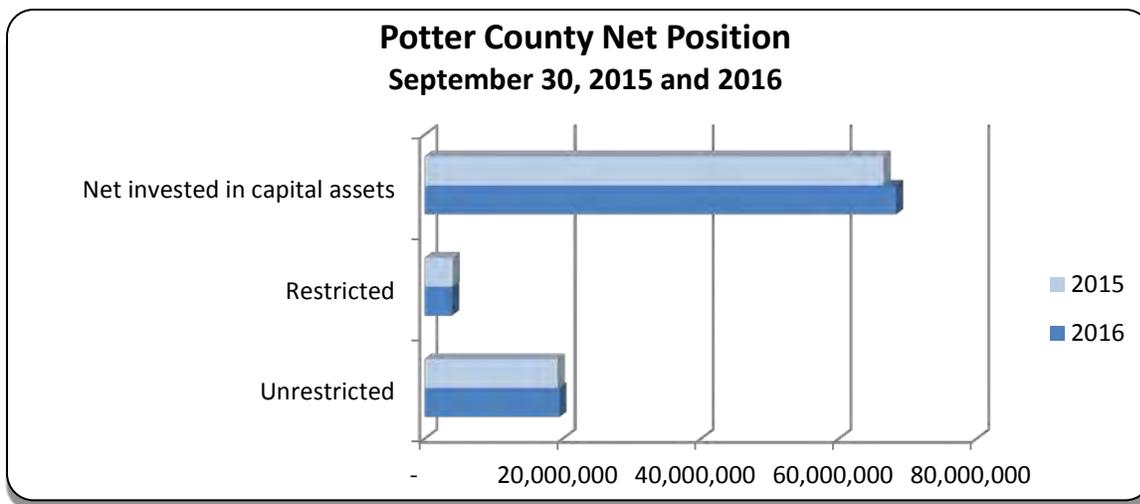
## Potter County's Net Position

	Governmental Activities	
	2016	2015
Current and other assets	\$ 58,663,123	\$ 36,528,277
Capital assets	73,681,454	71,443,483
Total assets	\$ 132,344,577	\$ 107,971,760
Deferred Outflows-Pension	\$ 15,142,753	\$ 4,376,019
Long-term liabilities outstanding	\$ 28,305,688	\$ 7,990,692
Net Pension Liability	22,773,420	12,445,795
Other liabilities	3,167,275	\$ 1,956,491
Total liabilities	\$54,246,383	\$ 22,392,978
Deferred Inflows-Pension	\$ 1,524,644	\$ 215,085
Net position:		
Net investment in capital assets	\$68,306,983	\$ 66,473,229
Restricted	3,915,418	4,038,120
Unrestricted	19,493,902	19,228,367
Total net position	\$ 91,716,303	\$ 89,739,716

By far, the largest portion of Potter County's net position (74%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. Potter County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although Potter County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Potter County's net position (4.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$19,493,902 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

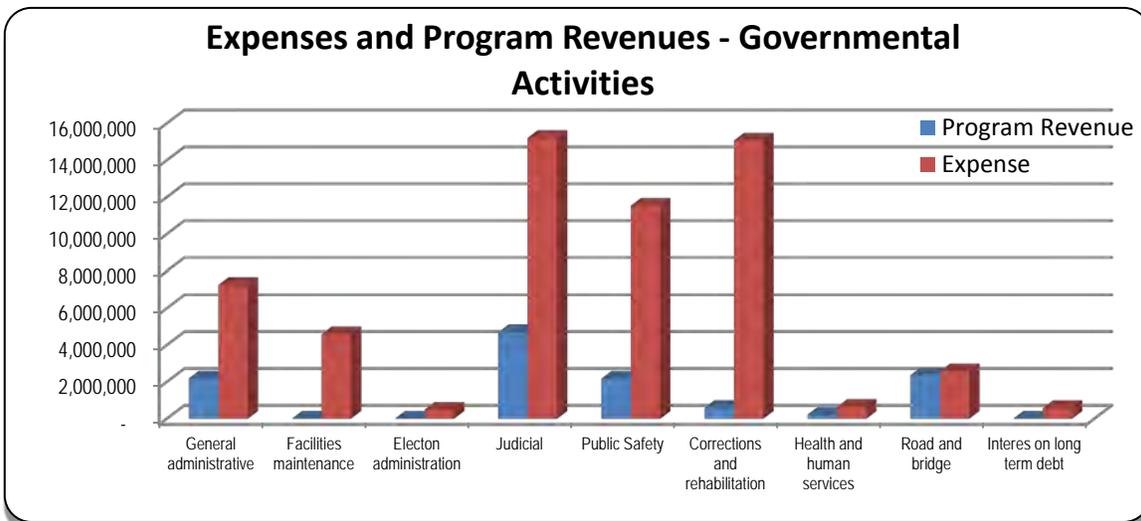


**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$1,976,587 from the prior fiscal year for an ending balance of \$91,716,303. Charges for services increased \$860,874, operating grants increased \$1,466,527 and property taxes increased \$2,507,521. Overall expenditures increased to provide a 2% cost of living adjustment to all employees as well as an increase of 6.9% on employer premiums for medical insurance. Public safety and corrections/rehabilitation expenditures increased \$2,721,506 and \$1,296,490 respectively and road and bridge expenditures decreased by \$732,389.

**Potter County’s Changes in Net Position**

	Governmental activities	
	2016	2015
Charges for services	\$ 8,885,517	\$ 8,024,643
Operating grants and contributions	3,093,621	1,627,094
Capital grants and contributions	231,116	10,000
Property taxes	46,540,767	44,033,246
Other taxes	847,226	822,348
Other	282,658	150,963
Total revenues	\$59,882,9215	\$ 54,668,294
General administrative	7,264,224	6,665,962
Facilities maintenance	4,579,935	3,743,189
Election administration	485,788	445,008
Judicial	15,209,074	14,606,765
Public safety	11,527,462	8,805,956
Corrections and rehabilitation	15,061,379	13,764,889
Health and human services	636,165	757,696
Road and bridge	2,570,451	3,302,840
Interest on long term debt	569,840	58,330
Total expenses	\$ 57,904,318	\$ 52,150,635
Increase (decrease) in net position	1,976,587	2,517,659
Net position – beginning (restated)	89,739,716	96,119,912
Prior period adjustment – GASB No. 68 adoption	-	(8,897,855)
Net position – ending	\$ 91,716,303	\$ 89,739,716

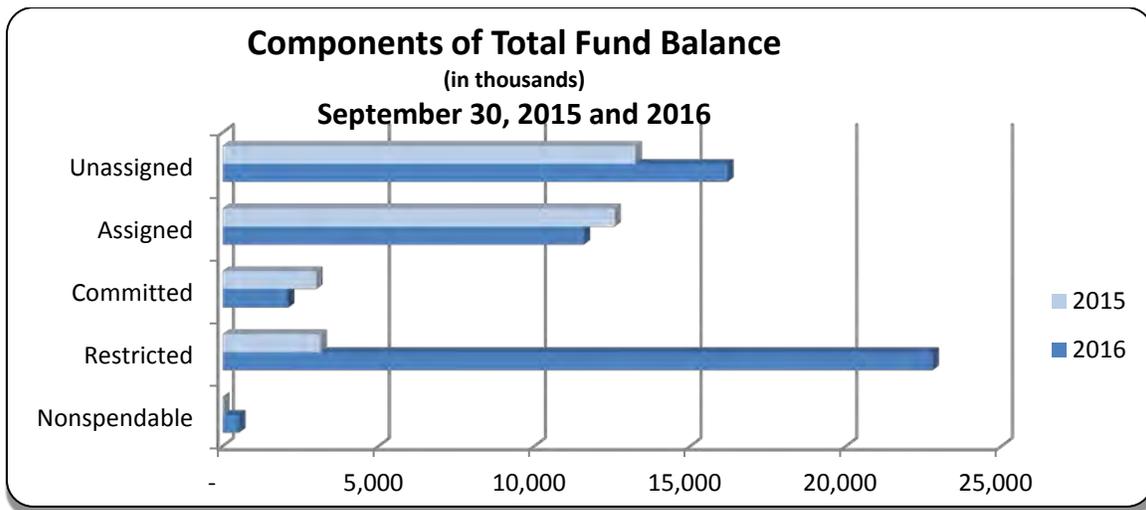
**Financial Analysis of Governmental Funds**



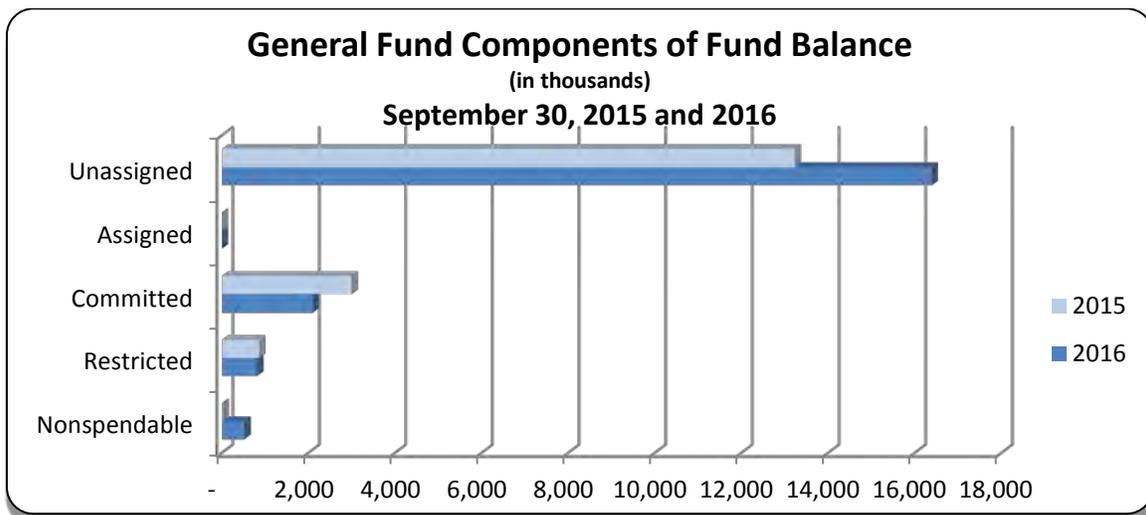
As noted earlier, Potter County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

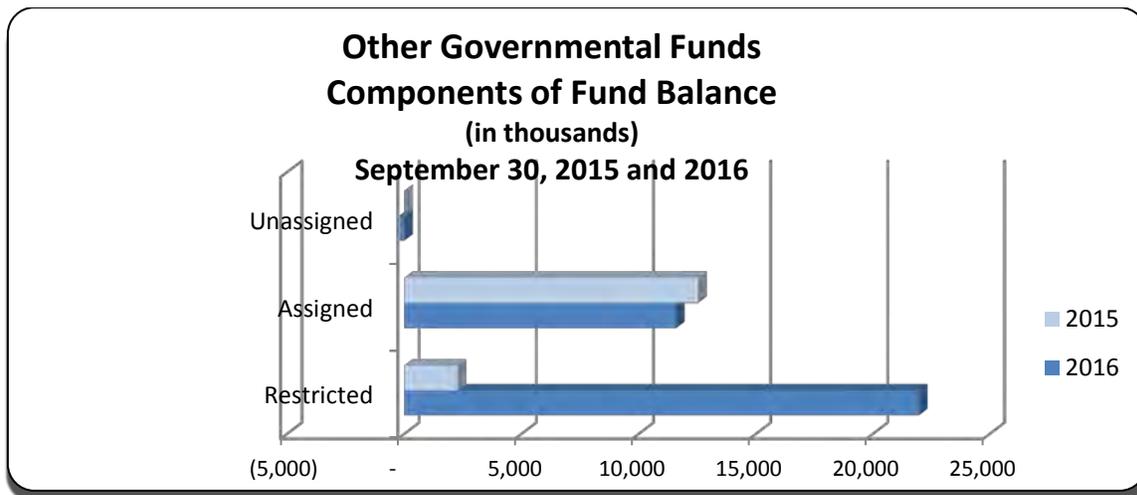
**Governmental Funds.** The focus of Potter County’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Potter County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, Potter County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by Potter County’s Commissioners’ Court.

At September 30, 2016, Potter County’s governmental funds reported combined fund balances of \$53,183,398, an increase of \$21,254,032 in comparison with the prior year. Approximately 30% of this amount (\$16,190,517) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$520,165), 2) restricted for particular purposes (\$22,785,838), 3) committed for particular purposes (\$2,098,100), or 4) assigned for particular purposes (\$11,588,778).



The general fund is the chief operating fund of Potter County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$16,397,160, while total fund balance increased to \$19,828,697. 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 general fund expenditures. Unassigned fund balance represents approximately 32.6% of total general fund expenditures, while total fund balance represents approximately 39.4% of that same amount.





Potter County’s fund balance of the general fund increased by \$2,710,476 during the fiscal year.

The Sheriff Admin Construction fund, a major governmental fund, was established during the fiscal year to account for proceeds from the sale of certificates of obligation issued to construct new facilities for the administration, law enforcement and fleet maintenance divisions of the Sheriff’s office. The \$21,470,000 debt issue provided for expenditures of \$2.4M during the fiscal year leaving a fund balance of \$19,543,532. Another major governmental fund is the Capital Projects fund. The majority of this fund comes from transfers from the general fund. The current year expenditures of \$3,384,082 provided \$945,000 towards case management software for our Justice Courts and County and District Clerk’s offices, \$510,000 for elevator modernization in the Santa Fe building and \$1,928,000 for the construction of Fire Station #3 on Soncy Road.

**Proprietary Funds.** Potter County’s proprietary fund for employee health insurance provides the same type of information found in the government-wide financial statements, but in more detail.

Restricted net position of the fund at the end of the year was \$1,205,648. The increase in net position was \$303,423.

### General Fund Budgetary Highlights

**Original budget compared to final budget.** During the year, significant amendments to increase the original budgeted revenue resulted from insurance recoveries (\$986,093) unanticipated grant proceeds (\$245,037), and reinstated State funding for law enforcement education (\$16,909). Corresponding appropriations were added to the budget along with carryover for encumbrances from the prior year (\$146,031) and budgeting for records preservation expenditures from restricted fund balance (\$100,000). Generally, the movement of the appropriations between departments was not significant.

**Final budget compared to actual results.** The most significant differences between estimated revenues and actual revenues were as follows:

Estimated Revenue source	Budgeted revenues	Actual revenues	Difference
Taxes	\$ 45,374,974	\$ 45,009,345	\$ (365,629)
Intergovernmental	2,138,846	2,596,198	457,352
Rents and recoveries	1,705,793	1,965,508	259,715

Although total tax collections were slightly lower than anticipated, the overall current collection rate remains strong at 98.77% compared to 98.88% in the prior fiscal year. The increase in intergovernmental revenue is largely due to grant proceeds and reimbursements from other governmental entities (Federal Child Support reimbursements, State prisoner travel reimbursements, etc.) Rents and recoveries exceeded budget due to multiple insurance reimbursements for damage to buildings (fire and hail) and repairs and replacements of equipment due to accidents.

A review of actual expenditures compared to the appropriations in the final budget yields significant variances in the following categories: salaries and fringe benefits are below budget by \$1,515,307 as a result of employee turnover, services in the judicial section (court appointed attorneys, investigators, court reporters, capital cases and visiting judges) were \$494,579 under budget, county-wide general operating expenditures were expensed \$441,499 less than budget, and building operation costs had a remaining budget of \$848,339.

**Capital Assets and Debt Administration**

**Capital assets.** Potter County’s investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounts to \$73,681,454 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, roads, and bridges. The total increase in capital assets for the current fiscal year was approximately 2.9%.

**Potter County’s Capital Assets (net of depreciation)**

	Governmental activities	
	2016	2015
Land	\$ 5,050,536	\$ 5,050,536
Buildings and improvements	48,326,602	50,053,226
Streets and bridges	9,536,678	9,630,296
Furniture and equipment	6,256,465	5,061,594
Construction in progress	4,511,173	1,647,831
Total	\$73,681,454	\$71,443,483

Major capital asset events during the current fiscal year included the following:

- Fire Station #3 construction had construction services of \$1,916,806
- Site work, including demolition of existing buildings and fiber optic infrastructure, began for the Law Enforcement Complex (\$2,407,716).
- New software was implemented for Prosecutors and Justices of the Peace (\$1,385,145).

Additional information on Potter County’s capital assets can be found in Note 5 on pages 32-33 of this report.

**Long-term Debt.** Potter County issued 20 year certificates of obligation in the amount of \$21,470,000 for the construction of a new Sheriff’s administration building, maintenance garage and storage building at the Law Enforcement Complex. This issue, added to the \$2,975,000 outstanding from the 2012 General Obligation Refunding Bonds gives Potter County a total outstanding bonded debt of \$24,445,000 at the end of fiscal year 2016. This amount is paid from ad valorem taxes.

**Potter County’s Outstanding Debt**

	Governmental activities	
	2016	2015
2012 Advanced General Obligation Refunding Bonds	\$2,975,000	\$4,835,000
2016 Certificates of Obligation	\$21,470,000	----
Total	\$24,445,000	\$4,835,000

Potter County’s total debt increased by \$19,610,000 during the current fiscal year. Potter County maintains an “AA” rating from Standard & Poor’s and an “Aa2” rating from Moody’s Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of the assessed valuation of real property. The current debt limitation for Potter County is \$350,204,733 which is significantly in excess of Potter County’s outstanding general obligation debt.

Additional information on Potter County's long-term debt can be found in Note 8 on pages 34-35 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following economic factors currently affect Potter County and were considered in developing the 2016-2017 fiscal year budget.

The unemployment rate for Potter County is currently 3.19%, which is a slight decrease from a rate of 3.2% a year ago. Potter County continues to remain below the National average of 4.7% and the State average of 4.6%

Growth in the taxable assessed value used to budget for fiscal year 2017 was \$276,192,321 or 3.94% compared to fiscal year 2016.

Interest rates are expected to increase slightly throughout fiscal year 2017.

On the expenditure side, increases are expected in health insurance premiums, as well as pension and other employee benefit costs. Major capital projects anticipated include the purchase and implementation of new software for the County and District Clerks (\$1.2M), construction of the Sheriff's administration and enforcement division facility, maintenance garage and storage building (\$21.5M), and remodeling of Fire Station #5 (\$368K). Potter County continues to purchase a catastrophic liability insurance policy to protect itself from unforeseen losses in excess of \$1 million.

At the end of the current fiscal year, the unassigned fund balance in the general fund was \$16,397,160.

### **Requests for Information**

This financial report is designed to provide a general overview of Potter County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Potter County Auditor's Office, 900 S. Polk, Suite 716, Amarillo, Texas 79101-3412.

## BASIC FINANCIAL STATEMENTS

POTTER COUNTY, TEXAS

Exhibit A-1

Statement of Net Position

September 30, 2016

	Governmental Activities
<b>ASSETS:</b>	
Pooled cash and cash equivalents	\$ 17,084,468
Investments	36,481,674
Receivables (net of allowance for uncollectibles)	
Taxes	875,598
Other	1,197,604
Fines, fees, and court costs	1,079,219
Prepaid expenses	520,165
Restricted assets:	
Pooled cash and cash equivalents	639,376
Investments	783,197
Accounts receivable	1,822
Capital assets not being depreciated	9,561,709
Capital assets (net of accumulated depreciation)	<u>64,119,745</u>
Total assets	132,344,577
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pension	15,142,753
<b>LIABILITIES:</b>	
Accounts payable and other current liabilities	2,366,021
Unearned revenues	13,078
Accrued interest payable	566,882
Claims payable from restricted assets	221,294
Noncurrent liabilities	
Net other postemployment benefit liability	1,816,471
Due within one year	2,289,623
Due in more than one year	24,199,594
Net pension liability	<u>22,773,420</u>
Total liabilities	54,246,383
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pension	1,524,644
<b>NET POSITION:</b>	
Net investment in capital assets	68,306,983
Restricted for:	
Debt service	1,481,419
Insurance claims	1,205,648
Restricted for drug court programs	59,956
Restricted for preservation and restoration of County records	654,368
Restricted for continuing education of local law enforcement	23,271
Restricted for bail bond board	37,568
Restricted for victim assistance contributions	16,249
Restricted for state criminal alien assistance program	44,976
Restricted for other purposes	391,963
Unrestricted	<u>19,493,902</u>
Total net position	<u>\$ 91,716,303</u>

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

**POTTER COUNTY, TEXAS**  
Statement of Activities  
For the Year Ended September 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>				
Governmental activities				
General administrative	\$ 7,264,224	\$ 2,091,454	\$ 94,876	\$ -
Facilities maintenance	4,579,935	-	-	-
Election administration	485,788	318	4,558	-
Judicial	15,209,074	3,585,073	1,102,242	-
Public safety	11,527,462	721,002	1,448,625	-
Corrections and rehabilitation	15,061,379	355,587	229,744	-
Health and human services	636,165	21,364	194,694	-
Road and bridge	2,570,451	2,110,719	18,882	231,116
Interest on long term debt	569,840	-	-	-
Total governmental activities	<u>57,904,318</u>	<u>8,885,517</u>	<u>3,093,621</u>	<u>231,116</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 57,904,318</u>	<u>\$ 8,885,517</u>	<u>\$ 3,093,621</u>	<u>\$ 231,116</u>

General Revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for debt purposes
- Mixed drink tax
- Vehicle inventory tax
- Bingo tax proceeds
- Unrestricted investment earnings
- Total general revenues

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

PRIOR PERIOD ADJUSTMENT

NET POSITION AT END OF YEAR

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

Net (Expense) Revenue and Changes in Net Position	
Primary Government	
Governmental Activities	Total
\$ (5,077,894)	\$ (5,077,894)
(4,579,935)	(4,579,935)
(480,912)	(480,912)
(10,521,759)	(10,521,759)
(9,357,835)	(9,357,835)
(14,476,048)	(14,476,048)
(420,107)	(420,107)
(209,734)	(209,734)
<u>(569,840)</u>	<u>(569,840)</u>
<u>(45,694,064)</u>	<u>(45,694,064)</u>
<u>(45,694,064)</u>	<u>(45,694,064)</u>
44,377,950	44,377,950
2,162,817	2,162,817
611,365	611,365
14,651	14,651
221,210	221,210
282,658	282,658
<u>47,670,651</u>	<u>47,670,651</u>
1,976,587	1,976,587
89,781,652	89,781,652
<u>(41,936)</u>	<u>(41,936)</u>
<u>\$ 91,716,303</u>	<u>\$ 91,716,303</u>

POTTER COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2016

	General Fund	Capital Projects Fund
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$ 10,344,364	\$ 1,374,051
Investments	9,491,974	6,556,265
Receivables (net of allowances for uncollectibles)		
Taxes	834,773	
Other	1,017,959	
Fines, fees, and court costs	1,079,219	
Due from other funds	119,237	
Prepaid items	520,165	
Total assets	<u>\$ 23,407,691</u>	<u>\$ 7,930,316</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and other current liabilities	\$ 1,924,031	\$ 76,578
Due to other funds	2,547	
Unearned revenues	13,078	
Total liabilities	1,939,656	76,578
Deferred inflows of resources:		
Unavailable revenue - property taxes	702,287	
Unavailable revenue - fines, fees and court costs	937,051	
Total deferred inflows of resources	1,639,338	-
Fund balances:		
Nonspendable fund balances:		
Prepaid items	520,165	
Restricted fund balances:		
Restricted for debt service		
Restricted for drug court programs	59,956	
Restricted for preservation and restoration of County records	294,492	
Restricted for continuing education of local law enforcement	23,271	
Restricted for bail bond board	37,568	
Restricted for victim assistance contributions	16,249	
Restricted for state criminal alien assistance program	44,976	
Restricted for capital projects		
Restricted for other purposes	336,760	
Committed fund balances:		
Committed for capital replacement expenditures	2,098,100	
Assigned fund balances:		
Capital project funds assigned for specific purposes		7,853,738
Special revenue funds assigned for specific purposes		
Unassigned fund balance	16,397,160	
Total fund balances	<u>19,828,697</u>	<u>7,853,738</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 23,407,691</u>	<u>\$ 7,930,316</u>

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

Sheriff Admin Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 29,681	\$ 5,336,372	\$ 17,084,468
19,574,109	859,326	36,481,674
	40,825	875,598
	179,645	1,197,604
		1,079,219
		119,237
		520,165
<u>\$ 19,603,790</u>	<u>\$ 6,416,168</u>	<u>\$ 57,357,965</u>
\$ 60,258	\$ 305,154	\$ 2,366,021
	119,237	121,784
		13,078
<u>60,258</u>	<u>424,391</u>	<u>2,500,883</u>
	34,346	736,633
		937,051
-	34,346	1,673,684
		520,165
	2,013,955	2,013,955
		59,956
	359,876	654,368
		23,271
		37,568
		16,249
		44,976
19,543,532		19,543,532
	55,203	391,963
		2,098,100
		7,853,738
	3,735,040	3,735,040
	(206,643)	16,190,517
<u>19,543,532</u>	<u>5,957,431</u>	<u>53,183,398</u>
<u>\$ 19,603,790</u>	<u>\$ 6,416,168</u>	<u>\$ 57,357,965</u>

**POTTER COUNTY, TEXAS**  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To The Statement of Net Position  
 September 30, 2016

Exhibit A-4

Total Fund Balances - Governmental Fund Balance Sheet	\$	53,183,398
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.</p>		73,681,454
<p>The due to/from amounts on the governmental funds balance sheet are eliminated on the statement of net position in the amount of \$121,784. This causes no change to the net position.</p>		-
<p>Internal service funds are used by management to account for the self-insurance fund of the government. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect is an increase to net position.</p>		1,205,648
<p>Certain assets, such as property taxes receivable and imposed fines receivable, are not available to pay for current-period expenditures and, therefore, are deferred inflows in the governmental funds. Unavailable revenue recognized in the government-wide financial statements results in a net increase to net position.</p>		1,673,684
<p>Long-term liabilities, including bonds payable, compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.</p>		(28,305,688)
<p>Payables for bond interest which are not due in the current period are not reported in the funds.</p>		(566,882)
<p>Included in the items related to debt is the recognition of the County's net pension liability in the amount of \$22,773,420, a deferred outflow of resources of \$15,142,753 and a deferred inflow of resources of \$1,524,644. The net effect is a decrease to net position.</p>		(9,155,311)
Net Position of Governmental Activities - Statement of Net Position	\$	91,716,303

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

**POTTER COUNTY, TEXAS**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2016

	General Fund	Capital Projects Fund
<b>REVENUES:</b>		
Taxes	\$ 45,009,345	\$
License and fees	4,384,066	
Intergovernmental	2,596,198	
Fines and forfeitures	1,141,708	
Charges for services	1,965,508	
Investment earnings	138,985	28,510
Miscellaneous	184,986	14,970
<b>Total revenues</b>	<b>55,420,796</b>	<b>43,480</b>
<b>EXPENDITURES:</b>		
Current:		
General administrative	6,519,616	
Facilities maintenance	3,240,600	
Election administration	450,135	
Judicial	13,478,901	
Public safety	8,654,663	
Corrections and rehabilitation	14,313,011	
Health and human services	620,897	
Road and bridge	2,019,637	
Debt service:		
Principal		
Interest and fiscal charges		
Capital outlay	991,862	3,384,082
<b>Total expenditures</b>	<b>50,289,322</b>	<b>3,384,082</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>5,131,474</b>	<b>(3,340,602)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from issuance of bonds		
Premiums on bonds		
Issuance costs on bonds		
Transfers in	36,502	2,007,500
Transfers out	(2,457,500)	(36,502)
<b>Total other financing sources (uses)</b>	<b>(2,420,998)</b>	<b>1,970,998</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,710,476</b>	<b>(1,369,604)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR, RESTATED</b>	<b>17,118,221</b>	<b>9,223,342</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 19,828,697</b>	<b>\$ 7,853,738</b>

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

Sheriff Admin Construction Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$
	2,163,083	47,172,428
	709,882	5,093,948
	718,633	3,314,831
		1,141,708
	5,614	1,971,122
76,059	33,758	277,312
	677,165	877,121
<u>76,059</u>	<u>4,308,135</u>	<u>59,848,470</u>
	55,689	6,575,305
		3,240,600
	24,080	474,215
	1,166,347	14,645,248
1,317,497	392,610	10,364,770
	307,344	14,620,355
		620,897
		2,019,637
	1,860,000	1,860,000
	78,101	78,101
715,030	504,336	5,595,310
<u>2,032,527</u>	<u>4,388,507</u>	<u>60,094,438</u>
<u>(1,956,468)</u>	<u>(80,372)</u>	<u>(245,968)</u>
21,470,000		21,470,000
405,189		405,189
(375,189)		(375,189)
	450,000	2,494,002
		<u>(2,494,002)</u>
<u>21,500,000</u>	<u>450,000</u>	<u>21,500,000</u>
19,543,532	369,628	21,254,032
-	5,587,803	31,929,366
<u>\$ 19,543,532</u>	<u>\$ 5,957,431</u>	<u>\$ 53,183,398</u>

**POTTER COUNTY, TEXAS**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended September 30, 2016

Net Change in Fund Balances - Total Government Funds	\$ 21,254,032
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>Current year capital outlay of \$5,595,310 are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. Non-capital equipment purchases of \$141,660 included in capital outlay is not capitalized. The net effect of including capital outlays subject to capitalization is to increase net position.</p>	5,453,650
<p>Assets donated to governmental entities by private parties are not recorded in the governmental fund financial statements, whereas in the government-wide financial statements are recorded as capital contributions.</p>	231,116
<p>Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of recording current year depreciation expense is to decrease net position.</p>	(3,247,658)
<p>The proceeds received from the current year dispositions of capital assets are revenues in the fund financial statements, but are shown as decreases in capital assets in the government-wide financial statements. The net effect of excluding sales proceeds from revenue and recording the current year loss on disposition of capital assets is to decrease net position.</p>	(199,137)
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. The current year decrease in revenue recognized in the government-wide financial statements results in a decrease in net position.</p>	(74,214)
<p>Current year long-term debt principal payments on long-term debt are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. This results in an increase in net position.</p>	1,860,000
<p>The net increase in compensated absences payable is a decrease to net position.</p>	(112,387)
<p>Internal service funds are used by management to charge the costs of self-insurance in individual funds. The change in net position of the internal service funds are included in governmental activities in the statement of activities. This results in an increase to net position.</p>	303,423
<p>Bond premiums are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.</p>	67,440
<p>The net increase in the obligation for other postemployment benefits is a decrease to net position.</p>	(254,860)
<p>Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. This is a net increase in accrual.</p>	(559,179)

POTTER COUNTY, TEXAS

Exhibit A-6

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2016

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Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$3,046,627. The County's share of the unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's pension expense must be recognized. These cause the change in net position to decrease in the amount of \$3,917,077. The net effect is a decrease in net position.

(870,450)

Issuance of bonds payable and related premium is reported as other financing sources in the fund financial statements but are shown as long-term liabilities in the government-wide financial statements.

(21,875,189)

Change in Net Position of Governmental Activities - Statement of Activities

\$ 1,976,587

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

POTTER COUNTY, TEXAS

Exhibit A-7

Statement of Net Position

Proprietary Funds

September 30, 2016

	Governmental Activities
	Internal Service Fund
<b>ASSETS</b>	
Current assets:	
Restricted assets:	
Pooled cash and cash equivalents	\$ 639,376
Investments	783,197
Accounts receivable:	
Other	1,822
Due from other funds	2,547
Total current assets	1,426,942
Total assets	1,426,942
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable from restricted assets	221,294
Total current liabilities	221,294
Total liabilities	221,294
<b>NET POSITION</b>	
Restricted for insurance claims	1,205,648
Total net position	\$ 1,205,648

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

POTTER COUNTY, TEXAS

Exhibit A-8

Statement of Revenues,  
Expenses and Changes in Fund Net Position - Proprietary Funds  
For the Year Ended September 30, 2016

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
OPERATING REVENUES	
Insurance premiums	\$ 5,611,593
Charges for services	<u>145,326</u>
Total operating revenues	5,756,919
OPERATING EXPENSES	
Claims	4,106,617
Premiums	587,222
Administrative expenses	<u>765,003</u>
Total operating expenses	<u>5,458,842</u>
OPERATING INCOME	298,077
NONOPERATING REVENUES	
Investment earnings	<u>5,346</u>
Total non-operating revenues	<u>5,346</u>
CHANGE IN NET POSITION	303,423
NET POSITION AT BEGINNING OF YEAR	<u>902,225</u>
NET POSITION AT END OF YEAR	<u>\$ 1,205,648</u>

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

**POTTER COUNTY, TEXAS**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2016

Exhibit A-9

	<u>Governmental Activities Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from participants	\$ 5,609,109
Cash received from recoveries and other	145,326
Cash payments for claims	(4,114,903)
Cash payments for administrative fees	(765,003)
Cash payments for insurance premiums	<u>(587,222)</u>
Net cash provided by operating activities	<u>287,307</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and dividends	5,346
Purchases of investments	<u>(752,450)</u>
Net cash used in investing activities	<u>(747,104)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(459,797)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,099,173</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 639,376</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 298,077
Net change in:	
Accounts receivable	(627)
Due from other funds	(1,857)
Claims payable	<u>(8,286)</u>
Total adjustments	<u>(10,770)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 287,307</u>

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

**POTTER COUNTY, TEXAS**  
Statement of Fiduciary Net Position - Fiduciary Funds  
September 30, 2016

Exhibit A-10

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Pooled cash and cash equivalents	\$ 6,149,810
Accounts receivable:	
Other	<u>89,684</u>
Total assets	<u>\$ 6,239,494</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	\$ 666,240
Due to other governments	2,300,301
Due to trust beneficiaries	3,061,166
Due to other entities	<u>211,787</u>
Total liabilities	<u>\$ 6,239,494</u>

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

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 1: Summary of Significant Accounting Policies**

The financial statements of Potter County, Texas (the County) included in the accompanying basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's Basic Financial Statements.

**A. Reporting Entity**

Potter County, Texas is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, tax and recording (e.g. tax collection), judicial (courts, juries, etc), legal (district attorney, county attorney, etc) public safety (sheriff, jail, etc), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

1. the organization is legally separate (can sue and be sued in its name)
2. the County holds the corporate powers of the organization
3. the County appoints a voting majority of the organization's board
4. the County is able to impose its will on the organization
5. the organization has the potential to impose a financial benefit/burden on the County
6. there is fiscal dependency by the organization on the County
7. the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; 2) the County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Basis of Presentation

*Government-wide financial statements.* The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities; however, inter-fund services provided and used are not eliminated in the process of consolidation. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 1: Summary of Significant Accounting Policies (continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

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

*Fund financial statements.* The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

**Governmental Fund Types:**

The County reports the following major governmental funds:

*General Fund.* This is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

*Capital Projects Fund.* This fund accounts for financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital facilities.

*Sheriff Admin Construction Fund.* This fund accounts for financial resources to be used to provide funds to construct sheriff administrative, enforcement and maintenance facilities.

In addition, the County reports the following fund types:

*Special Revenue Funds.* These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

*Debt Service Funds.* These funds are used to account for the accumulation of resources that are legally restricted, committed or assigned to expenditures for the specified purpose of the retirement of long-term debt, including debt principal, interest and related costs.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 1: Summary of Significant Accounting Policies (continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Proprietary Fund Types:

*Internal Service Funds:* These funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. The internal service fund is used to account for the provision of health insurance to employees of the County. The general fund is contingently liable for liabilities of this fund. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Fiduciary Fund Types:

*Agency Funds:* These funds are used to report funds of the County's fee offices and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

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

Measurement Focus and Basis of Accounting

**Government-wide and Proprietary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Revenues from local sources consist primarily of property taxes. Property taxes revenue and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expenses for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 1: Summary of Significant Accounting Policies (continued)**

C. Assets, Liabilities, Deferred Inflows/Outflows of Revenues, and Net Position or Equity

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available 1) when they become due or past due and receivable within the current period and 2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The County bills and collects its own property taxes and those of the Amarillo College District, the City of Amarillo, Amarillo Independent School District (AISD), River Road Independent School District, Highland Park Independent School District, the Village of Bishop Hills, and Underground Water Conversation District which fall within the boundaries of Potter County. The County is the only entity controlled by the Commissioners' Court; the County acts only as an intermediary in the collection and distribution of property taxes to the other entities.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of nonspendable fund balance which indicates they do not represent "available spendable resources".

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

In the case of the initial capitalization of general infrastructure assets (i.e., streets and bridges), the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the County constructs or acquires additional capital assets each year, including infrastructure assets, they are capitalized and reported at historical cost.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 1: Summary of Significant Accounting Policies (continued)**

C. Assets, Liabilities, Deferred Inflows and Outflows of Revenues, and Net Position or Equity (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	40 years
Furniture and Fixtures	5 years
General Equipment	5 years
Trucks	15 years
Cars	5 years
Computer Hardware	5 years
Streets	15-25 years
Bridges	50 years

Receivables and Payable Balances

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

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

The County expects to collect the following amounts net of deferral in one year:

1. Taxes receivable of \$123,707
2. Fines receivable of \$138,458

Compensated Absences

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

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

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued as long-term debt in the government-wide statements.

Upon termination from the County employment, an employee shall be entitled to payment for total accrued but unused days of vacation not accumulated beyond two years. Comp time earned, but not taken, is paid at termination, but cannot accumulate beyond 100 hours per eligible employee. Sick leave accrues at one day per month with no maximum limit, but compensation is paid only for an illness-related absence. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp time are the only accrued compensation liabilities recorded.

Use of Estimates

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

Assets limited as to use or restricted

Resources are set aside for the terms of bond agreements or self insurance arrangements.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 1: Summary of Significant Accounting Policies (continued)**

C. Assets, Liabilities, Deferred Inflows and Outflows of Revenues and Net Position or Equity (continued)

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Deferred Outflows/Inflows of Resources

The County reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in current period. Deferred inflows of resources also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

In addition to assets, the statement of net position will 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 County has deferred outflows of resources for the difference between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will 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 County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned Revenue

The County reports unearned revenue when potential revenue is received before it has legally been earned according to revenue recognition principles.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 1: Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities, Deferred Inflows and Outflows of Revenues and Net Position or Equity (continued)

Legally adopted budgets

All governmental funds have legally adopted budgets except for the following:

1. District Attorney Crime Victim
2. Sheriff Office Commissary
3. Series 2016 Certificate of Obligation

Pensions

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

Fair Value Measurements

The County adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Implementation of GASB Statement No. 72 did not have a significant impact on the County's financial statements for the year ended September 30, 2016.

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

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 1: Summary of Significant Accounting Policies (continued)**

Cash Deposits

At September 30, 2016, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$23,873,654 and the bank balance was \$21,853,094. The County's cash deposits at September 30, 2016, were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name.

**Note 2: Deposits and Investments**

Investments

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, include a list of the types of authorized investments in which the investing entity's funds may be invested and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports an establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchasing agreements, bankers acceptance, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

The County's investments at September 30, 2016 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>	<u>Rating</u>
TexPool	44	\$ 7,846,104	AAAm
TexPool Prime	48	51,426	AAAm
Texas Class	72	24,367,341	AAAm
CDARs	N/A	5,000,000	Non-rated
Total investments		<u>\$ 37,264,871</u>	

Various certificates of deposit were purchased under the Certificate of Deposit Account Registry Service through a commercial banking institution. All certificates of deposit purchased under this program were entirely covered by FDIC insurance.

The County has investments with the following public funds investment pools as of September 30, 2016:

*Texas Local Government Investment Pool (TexPool & TexPool Prime)* – Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of TexPool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 2: Deposits and Investments (continued)**

*Texas CLASS* was created as an investment pool for its participants pursuant to Section 2256 of the Public Funds Investment Act, Texas Government Code. The fund is administered by MBIA Municipal Investors Service Corporation and Wells Fargo Bank Texas, NA is the Custodian.

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end:

A. Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days. The maximum allowable stated maturity of any individual investment owned by the County shall not exceed three years.

B. Credit Risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

C. Concentration of Credit Risk

The County's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

D. Investment Accounting Policy

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 2: Deposits and Investments (continued)**

E. Public Funds Investment Pools:

Public funds investment pools in Texas (the pool) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, to maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service and to maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule of 195 2a7 of the Investment Company Act of 1940.

**Note 3: Receivables**

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental</u>		<u>Proprietary</u>	<u>Fiduciary</u>
	General Fund	Other Governmental Funds	Internal Service	Agency
Receivables				
Taxes	\$ 1,792,087	\$ 87,643	\$	\$
Fines, fees, and court costs	36,763,242			
Other	1,017,959	179,645	1,822	89,684
Total gross receivables	<u>39,573,288</u>	<u>267,288</u>	<u>1,822</u>	<u>89,684</u>
Less: Allowance for uncollectibles				
Taxes	(957,314)	(46,818)		
Fines, fees, and court costs	<u>(35,684,023)</u>			
Net total receivables	<u>\$ 2,931,951</u>	<u>\$ 220,470</u>	<u>\$ 1,822</u>	<u>\$ 89,684</u>

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 4: Commitments Under Noncapitalized Leases**

The County leases copiers from Tascosa Office Machines, Inc. for a term of five years beginning April 25, 2015 and ending April 25, 2020. The minimum lease amount is \$89,550. In 2016, the County entered into a 25 year lease agreement with Amarillo Local Government Corporation, to utilize a parking garage. The County has prepaid one-half of the cost of the lease, which is reflected in prepaid expenses. The remaining lease payments will be due in two installments of \$272,281. The total cost of the prepaid parking agreement will be amortized over the life of the lease.

Future minimum rental payments applicable to these operating leases are as follows:

<u>Year Ending September 30,</u>	
2017	\$ 634,112
2018	89,550
2019	89,550
2020	<u>52,238</u>
Total minimum rental	<u>\$ 865,450</u>
Rental expenditures in 2016	<u>\$ 544,562</u>

**Note 5: Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 5,050,536	\$ -	\$ -	\$ 5,050,536
Construction in progress	<u>1,647,831</u>	<u>4,049,320</u>	<u>(1,185,978)</u>	<u>4,511,173</u>
Total capital assets not being depreciated	6,698,367	4,049,320	(1,185,978)	9,561,709
Capital assets being depreciated				
Streets and bridges	36,066,105	231,116	(346,360)	35,950,861
Buildings and improvements	77,929,377	-	-	77,929,377
Furniture and equipment	<u>14,740,624</u>	<u>2,590,308</u>	<u>(736,012)</u>	<u>16,594,920</u>
Total capital assets being depreciated	128,736,106	2,821,424	(1,082,372)	130,475,158
Less accumulated depreciation for:				
Streets and bridges	(26,435,809)	(255,462)	277,088	(26,414,183)
Buildings and improvements	(27,876,151)	(1,726,624)	-	(29,602,775)
Furniture and equipment	<u>(9,679,030)</u>	<u>(1,265,572)</u>	<u>606,147</u>	<u>(10,338,455)</u>
Total accumulated depreciation	(63,990,990)	(3,247,658)	883,235	(66,355,413)
Total capital assets being depreciated, net	<u>64,745,116</u>	<u>(426,234)</u>	<u>(199,137)</u>	<u>64,119,745</u>
Governmental activities capital assets, net	<u>\$ 71,443,483</u>	<u>\$ 3,623,086</u>	<u>\$ (1,385,115)</u>	<u>\$ 73,681,454</u>

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
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**Note 5: Capital Assets (continued)**

Depreciation was charged to functions as follows:

General administrative	\$ 539,032
Road and bridge	449,128
Facilities maintenance	1,302,167
Judicial	231,732
Public safety	516,024
Correctional	209,575
Total depreciation expense	<u>\$ 3,247,658</u>

**Note 6: Interfund Balances and Activity**

Due to and from Other Funds

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances due to and due from other funds at September 30, 2016, consisted of the following:

<u>Due to fund</u>	<u>Due from fund</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Other governmental funds	\$ 119,237	Short-term loans
Internal service fund	General fund	2,547	Short-term loans
	Total	<u>\$ 121,784</u>	

Transfers to and from Other Funds

Transfers to and from other funds at September 30, 2016, consisted of the following:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Capital projects fund	\$ 2,007,500	Capital acquisition projects
General fund	Other governmental funds	450,000	Supplemental other fund sources
Capital projects fund	General fund	36,502	Supplemental other fund sources
	Total	<u>\$ 2,494,002</u>	

The General Fund transferred \$2,007,500 to the Capital Projects Fund to provide funding for the new fire station and elevator renovations in the Santa Fe building. The General Fund transferred \$450,000 to Courthouse Security Fund for operational expenditures. The Capital Projects Fund transferred \$36,502 to do landscaping and tile replacements for the Extensions office.

**Note 7: Risk Management**

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers compensation. The County carries commercial insurance in order to manage the above listed risks. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
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**Note 8: Long-Term Obligations**

The County has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the County.

Bonds

The County issued Certificates of Obligation, Series 2003 to provide funds for the acquisition and construction of major capital facilities.

The County issued General Obligation Refunding bonds, Series 2012 to refund the Certificates of Obligation, Series 2003 in order to restructure the County's debt service and to pay costs related to the issuance of the bonds. The proceeds were used to refund \$7,770,000 of the outstanding bonds. The refunding bonds were issued with a premium of \$306,365 which is being amortized over the life of the Series 2012 bonds.

The County issued Certificates of Obligation, Series 2016 to provide funds to construct sheriff administrative, enforcement and maintenance facilities. The Certificates were issued with a premium of \$405,189, which is being amortized over the life of the Certificates.

Debt service is primarily paid from ad valorem taxes and is recorded in the debt service funds.

The following are general obligation bond issues outstanding at September 30, 2016:

	<u>Interest rates</u>	<u>Date of issue</u>	<u>Date of Maturity</u>	<u>Bonds Outstanding</u>
General obligation, Series 2012 refunding bonds	2.00 - 3.00	2012	2018	\$ 2,975,000
Certificates of obligation, Series 2016	1.25 - 3.00	2016	2036	<u>21,470,000</u>
Total general obligations debt				<u>\$ 24,445,000</u>

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,900,000	\$ 908,327	\$ 2,808,327
2018	1,975,000	599,075	2,574,075
2019	910,000	577,013	1,487,013
2020	920,000	564,425	1,484,425
2021	935,000	545,838	1,480,838
2022 - 2026	5,080,000	2,299,050	7,379,050
2027 - 2031	5,895,000	1,477,124	7,372,124
2032 - 2036	<u>6,830,000</u>	<u>524,550</u>	<u>7,354,550</u>
Totals	<u>\$ 24,445,000</u>	<u>\$ 7,495,402</u>	<u>\$ 31,940,402</u>

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 8: Long-Term Obligations (continued)**

Compensated Absences

The cost of the County's liability for compensated absences is calculated at the end of the fiscal year based on the employee's pay rate and the accumulated vacation hours earned but not taken. Typically, the General Fund has been used to liquidate the liability for compensated absences.

OPEB Liability

The OPEB liability is estimated using the actuarial methods and assumptions as further described in Note 14. Typically, the General Fund has been used to liquidate the OPEB liability.

Long-Term Obligation Activity

Long-Term Obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended September 30, 2016, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligations bonds	\$ 4,835,000	\$ -	\$ 1,860,000	\$ 2,975,000	\$ 1,900,000
Certificate of obligation	-	21,470,000	-	21,470,000	-
Total bonds payable	<u>4,835,000</u>	<u>21,470,000</u>	<u>1,860,000</u>	<u>24,445,000</u>	<u>1,900,000</u>
Compensated absences	1,458,827	1,305,216	1,192,829	1,571,214	314,243
Net pension liability	12,445,795	10,327,625	-	22,773,420	-
OPEB liability	1,561,611	375,760	120,900	1,816,471	-
Unamortized bond premium	<u>135,254</u>	<u>405,189</u>	<u>67,440</u>	<u>473,003</u>	<u>75,380</u>
Total Governmental Activities	<u>\$ 20,436,487</u>	<u>\$ 33,883,790</u>	<u>\$ 3,241,169</u>	<u>\$ 51,079,108</u>	<u>\$ 2,289,623</u>

**Note 9: Pension Plan**

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The Board of Trustees of the TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 701 nontraditional defined benefit plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Benefits Provided

The plan provisions are adopted by the governing body of the County (employer), within the options available in the Texas state statutes governing the TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 20 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
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**Note 9: Pension Plan (continued)**

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Benefits Provided (continued)

Employees covered by benefit terms: At December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	335
Inactive employees entitled to but not yet receiving benefits	232
Active employees	<u>596</u>
	1,163

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

	<u>Contribution Rates</u>	
	<u>2015</u>	<u>2016</u>
Member	7.0%	7.0%
Employers	13.74%	13.79%
Employer Contributions		\$ 3,944,278
Member Contributions		\$ 2,009,470

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.7 years
Asset Valuation Method	5 year smoothed market
Discount Rate	8.10%
Long-term expected Investment Rate of Return*	8.10%
Salary Increases*	4.90%, average
Payroll Growth Rate	3.50%

\*Includes Inflation of 3%

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 9: Pension Plan (continued)**

Except for the mortality assumptions, the actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2009 - 2012. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2013 and first used in the December 31, 2013 actuarial valuation. The mortality assumptions were developed by Milliman, Inc. and adopted by the TCDRS Board of Trustees in 2015, and first used in the December 31, 2015 actuarial valuation.

There were changes in assumptions and methods reflected in the December 31, 2015 actuarial valuation. Mortality assumptions have been changed to reflect projected improvements. All other assumptions and methods are the same as used in the prior valuation. Refer to the most recent CAFR issued by TCDRS for a complete discussion of all assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

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

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, 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 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2016 information for a 7 – 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is based on a 30-year time horizon; the most recent analysis was performed in 2013 based on the period January 1, 2009 – December 31, 2013.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
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**Note 9: Pension Plan (continued)**

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Benchmark	Target Allocation [1]	Geometric Real Rate of Return (Expected minus Inflation) [2]
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index [3]	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities - Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Lending	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index [4]	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

<sup>[1]</sup> Target asset allocation adopted at the April 2016 TCDRS Board meeting.

<sup>[2]</sup> Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions.

<sup>[3]</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

<sup>[4]</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 9: Pension Plan (continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the County reported a net pension liability of \$22,773,420 for its net pension liability measured at December 31, 2015. For the year ended September 30, 2016, the County recognized pension expense of \$4,934,476.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

Changes in the net pension liability for the year ended December 31, 2015 are as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2014	\$ 154,236,554	\$ 141,790,759	\$ 12,445,795
Changes for the year:			
Service Cost	4,127,523	-	4,127,523
Interest on total pension liability (1)	12,402,512	-	12,402,512
Effect of plan changes	(728,256)	-	(728,256)
Effect of economic/demographic gains or losses	(1,704,163)	-	(1,704,163)
Effect of assumptions changes or inputs	1,583,826	-	1,583,826
Refund of contributions	(470,296)	(470,296)	-
Benefit payments	(6,795,494)	(6,795,494)	-
Administrative expense	-	(101,332)	101,332
Member contributions	-	2,009,470	(2,009,470)
Net investment income	-	(641,794)	641,794
Employer contributions	-	3,944,278	(3,944,278)
Other (2)	-	143,195	(143,195)
Net changes	<u>8,415,652</u>	<u>(1,911,973)</u>	<u>10,327,625</u>
Balance at December 31, 2015	<u>\$ 162,652,206</u>	<u>\$ 139,878,786</u>	<u>\$ 22,773,420</u>

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

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

Discount Rate Sensitivity Analysis

The following presents the net pension liability / (asset) of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension asset 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 in Discount Rate (7.10%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 184,041,062	\$ 162,652,206	\$ 144,878,173
Fiduciary net position	139,878,787	139,878,786	139,878,787
Net pension liability / (asset)	<u>\$ 44,162,275</u>	<u>\$ 22,773,420</u>	<u>\$ 4,999,386</u>

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 9: Pension Plan (continued)**

At December 31, 2015 the County reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 1,524,644	\$ -
Changes in actuarial assumptions	-	1,267,145
Difference between projected and actual investment earnings	-	10,828,981
Contributions subsequent to the measurement date	-	3,046,627
<b>Total</b>	<b>\$ 1,524,644</b>	<b>\$ 15,142,753</b>

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

Year Ended September 30:	Pension Expense Amount
2017	\$ 2,719,973
2018	2,719,973
2019	2,719,973
2019	2,411,563
	<b>\$ 10,571,482</b>

**Note 10: Health Care Coverage**

The County has established the Health and Life Insurance Fund (an internal service fund) to account for its health and life program. The purpose of this fund is to finance and pay for the uninsured medical claims of the County employees and their covered dependents according to the plan document and minimize the total costs of insurance to the County and its employees. Dependent coverage is funded by charges to employees. The County contributed \$714 per month, per employee. The County's liability is limited to \$125,000 per covered person per year and an aggregate limit of \$5,258,209 per year under the present plan. The County has obtained stop loss insurance through a private insurance carrier for claims in excess of the above coverage. The County's third party administrator processes all the claims and bills the County weekly for processed claims that are within the coverage of the fund. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The premium amounts were based on calculations by the insurance carrier using experience factors to estimate what would be needed to cover claims and to establish a reserve for losses. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Changes in the County's claims liability amount were:

For the Year Ended	Beginning Balance	Claims and Changes In Estimates	Claims Payments	Ending Balance
September 30, 2014	\$ 145,710	\$ 3,589,604	\$ (3,296,850)	\$ 438,464
September 30, 2015	438,464	4,037,555	(4,246,439)	229,580
September 30, 2016	229,580	4,106,617	(4,114,903)	221,294

100% of claims and judgments are due within one year of September 30, 2016. The risk of loss on the life insurance program is completely carried by the insurance carrier and is included in this fund only for administrative purposes.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
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**Note 11: Contingencies**

Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Litigation

The County Attorney has indicated that there are various lawsuits filed and pending against the County but in his opinion none will result in a material effect on the County's financial position.

**Note 12: Fund Balance**

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. *Restricted* fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action, such as a resolution, of the Commissioners' Court (the County's highest level of decision-making authority).
4. *Assigned* fund balance classification includes amounts intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. *Unassigned* fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. The County's general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Nonspendable Fund Balance

At September 30, 2016, the nonspendable fund balance is composed of the following:

Prepaid items	\$ 520,165
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**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 12: Fund Balance (continued)**

Restricted Fund Balance

At September 30, 2016, the restricted fund balance is composed of the following:

Debt service	\$ 2,013,955
Sheriff Administration	19,543,532
Drug court programs	59,956
Preservation and restoration of County records	654,368
Continuing education of local law enforcement	23,271
Bail bond board	37,568
Victim assistance contributions	16,249
State criminal alien assistance program	44,976
Other purposes	391,963

Committed Fund Balance

The County's committed fund balance is the portion of the fund balance that may only be established and modified by a formal action of the Commissioners' Court. At September 30, 2016, the following amount of fund balance is committed by a formal action of the Commissioners' Court:

Capital replacement expenditures	\$ 2,098,100
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Assigned Fund Balance

Pursuant to the County's adopted fund balance policy in accordance with GASB 54, the Commissioners' Court has delegated the authority to assign fund balance for specific purposes to the County Auditor and County Judge when it has been determined to be appropriate for fund balance to be assigned. At September 30, 2016, the following amounts of fund balance have been assigned:

Other capital projects	\$7,853,738
Court security	29,219
Records management	172,232
Election administration	588,887
Technology	174,508
Forfeiture funds	1,682,489
Sheriff office commissary	559,973
Hot check funds	236,607
Other purposes	291,125

Order of Fund Balance Spending Policy

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) Restricted; 2) Committed; 3) Assigned; and 4) Unassigned.

Minimum Fund Balance Policy

The County's financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The County shall strive to maintain a yearly fund balance in the general operating fund in which the total unassigned fund balance is not less than 25% of the total operating expenditures.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 13: Joint Venture**

The Amarillo-Potter Events Venue District is a joint venture between Potter County and the City of Amarillo that was established as provided in Chapter 335 of the Texas Local Government Code. The seven member board of directors consists of three directors appointed by the County Judge and four directors appointed by the City Mayor. The amount of control exercised by each government is limited to its representation on the board.

The District operates certain facilities to be used for special events in the area. General operations are funded by user charges and typically require support for major improvements only.

The District has issued bonds under concurrent resolutions by the City Commission of the City of Amarillo and the Commissioners' Court of Potter County. These bonds were issued primarily for the construction of facilities. Debt service is secured by a 2% hotel occupancy tax and a 5% car rental tax. Additional security is provided by the City of Amarillo's pledge of its 7% hotel occupancy tax.

Due to the nature of the joint venture, none of the assets and liabilities have been reported by the County. The District is reported as a component unit by the City of Amarillo.

**Note 14: Other Postemployment Benefits**

Plan Description

The County provides postretirement benefits for employees who meet certain eligibility requirements through a single employer defined benefit plan. A separate audit report for the benefit plan is not available. For the year ended September 30, 2016, retirement eligibility criteria was the attainment of age 60 and 8 continuous years of service, 20 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Retirement benefits include eligibility to continue participation in the County's partially self-funded health insurance plan up to age 65.

Funding Policy

The contribution requirements of plan members and the County are established and may be amended by the Commissioners' Court. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the legislature. For fiscal year 2016, the County paid claims of \$66,632 for retirees receiving medical benefits under the plan. The County does not make a premium contribution for retirees, as the retirees are only eligible to continue participation in the plan, but must contribute 100% of the plan premium. Plan members receiving benefits contributed \$136,012 through their required contribution of \$780 per month for retiree-only coverage and \$962 for retiree and spouse coverage.

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 14: Other Postemployment Benefits (continued)**

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$	415,717
Interest on net OPEB obligation		62,464
Adjustment to annual required contribution		<u>(102,421)</u>
Annual OPEB cost (expense)		375,760
Contributions made		<u>(120,900)</u>
Increase in net OPEB obligation		254,860
Net OPEB obligation - beginning of year		1,561,611
Net OPEB obligation - end of year	\$	<u><u>1,816,471</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

For the Year Ended	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2014	\$ 332,973	19.2 %	\$ 1,257,910
September 30, 2015	383,530	20.8	1,561,611
September 30, 2016	375,760	32.2	1,816,471

Funded Status and Funding Progress

The funded status of the plan, under GASB Statement No. 45 as of October 1, 2015 (most recent actuarial valuation) is as follows:

Actuarial Valuation Date as of October 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
2013	\$ -	\$ 2,998,158	\$ 2,998,158	0.0%	\$ 28,018,224	10.7%
2014	-	3,522,945	3,522,945	0.0%	28,296,592	12.5%
2015	-	3,522,945	3,522,945	0.0%	28,706,709	12.3%

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 14: Other Postemployment Benefits (continued)**

Funded Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2014 actuarial valuation, the most recent actuarial valuation date, the following significant methods and assumptions were used:

Actuarial cost method	Entry age normal actuarial cost method
Amortization method	Level dollar, closed
Amortization period	24 years
Asset valuation method	N/A
Discount rate for valuing liabilities	4.0 %
Projected salary increases	N/A
Inflation rate	2.5 %
Health care cost trend rate	6.7 %
Ultimate health care cost trend rate	4.5 %
Year ultimate health care cost trend rate reached	2095

The projected future benefit payments are as follows:

<u>Year Ended September 30,</u>	<u>Projected Benefit Payments</u>
2017	\$ 110,657
2018	138,132
2019	157,898
2020	166,247
2021	180,100
2022 to 2026	967,534
2027 to 2031	1,417,423
2032 to 2034	1,061,150

**POTTER COUNTY, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2016

**Note 15: Unearned Revenues and Deferred Inflows of Resources**

Unearned revenues reported on the Balance Sheet-Governmental Funds consisted of the following at year-end:

Description	Fund	Deferred Amount
County Attorney Seizures	General	\$ 13,078

Deferred inflows of resources reported on the Balance Sheet-Governmental Funds consisted of the following at year-end:

Description	Fund	Deferred Amount
Property taxes	General	\$ 702,287
Property taxes	Series 2012 Refunding Bond	34,346
Fines, fees and court costs	General	937,051
		<u>\$ 1,673,684</u>

**Note 16: Prior Period Adjustment**

During fiscal year 2016, the County discovered that the Drug Court Fund was not included in the prior year financial statements as a non-major Special Revenue Fund. The amount of the prior period adjustment resulted in a decrease in fund balance and net position of \$34,503.

During fiscal year 2016, the County discovered that the beginning cost and accumulated depreciation of furniture and equipment was overstated. The amount of the prior period adjustment resulted in a decrease in capital assets and net position of \$7,433.

**Note 17: Subsequent Event**

On March 13, 2017, the County voted to issue Tax Notes, Series 2017 for \$5,625,000 to purchase a new radio system. The Tax Notes (the Notes) pursuant to the Constitution and laws of the State of Texas, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, and an order to be adopted by the Commissioners' Court. The Notes are expected to close on May 3, 2017.

**Note 18: Upcoming Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This Statement replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and required supplementary information (RSI) related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and RSI about their OPEB liabilities. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

The County will fully analyze the impact of these new Statements prior to the effective dates for the Statements listed above.

## REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**POTTER COUNTY, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

	2016			Variance from Final Budget
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Taxes	\$ 45,374,974	\$ 45,374,974	\$ 45,009,345	\$ (365,629)
License and fees	4,552,700	4,552,700	4,384,066	(168,634)
Intergovernmental	1,876,900	2,138,846	2,596,198	457,352
Fines and forfeitures	1,222,800	1,222,800	1,141,708	(81,092)
Rents and recoveries	719,700	1,705,793	1,965,508	259,715
Investment earnings	56,000	56,000	138,985	82,985
Miscellaneous	50,500	54,000	184,986	130,986
<b>Total revenues</b>	<b>53,853,574</b>	<b>55,105,113</b>	<b>55,420,796</b>	<b>315,683</b>
<b>EXPENDITURES</b>				
<b>General administrative</b>				
<b>Current:</b>				
<b>County judge</b>				
Salaries and fringe benefits	222,846	222,846	222,164	682
Travel	2,000	5,000	2,689	2,311
Contract services	1,000	-	-	-
General operations	3,800	3,800	3,344	456
Equipment/vehicle maintenance	800	800	586	214
	<u>230,446</u>	<u>232,446</u>	<u>228,783</u>	<u>3,663</u>
<b>County commissioners</b>				
Salaries and fringe benefits	220,280	220,280	201,582	18,698
Travel	12,000	12,000	5,115	6,885
General operations	4,200	4,200	3,352	848
	<u>236,480</u>	<u>236,480</u>	<u>210,049</u>	<u>26,431</u>
<b>Human resources</b>				
Salaries and fringe benefits	251,900	251,900	250,639	1,261
Travel	4,000	4,000	1,869	2,131
General operations	9,630	9,630	6,413	3,217
Equipment/vehicle maintenance	3,500	3,500	3,485	15
	<u>269,030</u>	<u>269,030</u>	<u>262,406</u>	<u>6,624</u>
<b>Information technology</b>				
Salaries and fringe benefits	755,184	755,184	736,760	18,424
Travel	20,000	20,000	19,685	315
Contract services	470,339	470,339	460,915	9,424
General operations	298,145	304,458	296,673	7,785
Equipment/vehicle maintenance	1,360	1,710	1,668	42
	<u>1,545,028</u>	<u>1,551,691</u>	<u>1,515,701</u>	<u>35,990</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued  
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Information and records management</b>				
Salaries and fringe benefits	\$ 463,432	\$ 463,432	\$ 460,840	\$ 2,592
Travel and uniforms	4,200	4,200	3,574	626
Contract services	6,000	6,000	3,863	2,137
General operations	30,860	30,860	21,121	9,739
Equipment/vehicle maintenance	2,000	2,000	393	1,607
	<u>506,492</u>	<u>506,492</u>	<u>489,791</u>	<u>16,701</u>
<b>General administrative</b>				
Salaries and fringe benefits	30,000	28,000	-	28,000
Contract services	510,000	512,000	511,866	134
General operations	35,500	35,315	28,999	6,316
Equipment/vehicle maintenance	175,000	152,291	29,877	122,414
Miscellaneous	1,175,000	714,942	692,024	22,918
	<u>1,925,500</u>	<u>1,442,548</u>	<u>1,262,766</u>	<u>179,782</u>
<b>County auditor</b>				
Salaries and fringe benefits	510,556	510,556	484,203	26,353
Travel	10,000	10,000	3,652	6,348
Contract services	61,500	61,500	59,010	2,490
General operations	9,300	9,300	7,725	1,575
Equipment/vehicle maintenance	1,200	1,200	945	255
	<u>592,556</u>	<u>592,556</u>	<u>555,535</u>	<u>37,021</u>
<b>County treasurer</b>				
Salaries and fringe benefits	212,330	212,330	209,176	3,154
Travel	6,800	6,800	5,204	1,596
General operations	13,050	13,050	12,060	990
Equipment/vehicle maintenance	1,000	1,000	580	420
	<u>233,180</u>	<u>233,180</u>	<u>227,020</u>	<u>6,160</u>
<b>Purchasing agent</b>				
Salaries and fringe benefits	411,040	411,040	377,471	33,569
Travel	10,000	10,000	10,159	(159)
General operations	11,800	11,800	5,729	6,071
Equipment/vehicle maintenance	6,000	6,000	3,171	2,829
	<u>438,840</u>	<u>438,840</u>	<u>396,530</u>	<u>42,310</u>
<b>Collections</b>				
Salaries and fringe benefits	182,394	184,394	183,088	1,306
Travel	3,000	3,000	825	2,175
General operations	17,150	17,210	17,209	1
Equipment/vehicle maintenance	1,500	1,440	1,102	338
	<u>204,044</u>	<u>206,044</u>	<u>202,224</u>	<u>3,820</u>

**POTTER COUNTY, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule - continued**  
**For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Tax assessor/collector</b>				
Salaries and fringe benefits	\$ 1,162,060	\$ 1,162,060	\$ 1,071,388	\$ 90,672
Travel	9,000	9,000	4,920	4,080
Contract services	23,000	23,000	15,155	7,845
General operations	121,000	121,000	73,680	47,320
Equipment/vehicle maintenance	4,200	4,200	3,668	532
	<u>1,319,260</u>	<u>1,319,260</u>	<u>1,168,811</u>	<u>150,449</u>
<b>Total general administrative</b>	<u>7,500,856</u>	<u>7,028,567</u>	<u>6,519,616</u>	<u>508,951</u>
<b>Facilities maintenance</b>				
<b>Facilities maintenance department</b>				
Salaries and fringe benefits	1,487,812	1,487,812	1,405,976	81,836
Travel	15,300	15,300	9,633	5,667
General operations	83,377	83,377	71,193	12,184
Equipment/vehicle maintenance	26,880	26,880	18,821	8,059
	<u>1,613,369</u>	<u>1,613,369</u>	<u>1,505,623</u>	<u>107,746</u>
<b>Courthouse</b>				
Building repair/maintenance	243,800	251,890	151,499	100,391
	<u>243,800</u>	<u>251,890</u>	<u>151,499</u>	<u>100,391</u>
<b>Courts building</b>				
General operations	2,650	2,650	-	2,650
Building repair/maintenance	281,455	309,008	198,743	110,265
	<u>284,105</u>	<u>311,658</u>	<u>198,743</u>	<u>112,915</u>
<b>Library building</b>				
Building repair/maintenance	10,100	10,100	6,619	3,481
	<u>10,100</u>	<u>10,100</u>	<u>6,619</u>	<u>3,481</u>
<b>Extension service building</b>				
Building repair/maintenance	16,950	53,452	19,197	34,255
	<u>16,950</u>	<u>53,452</u>	<u>19,197</u>	<u>34,255</u>
<b>Santa Fe building</b>				
Building repair/maintenance	908,499	988,285	580,065	408,220
	<u>908,499</u>	<u>988,285</u>	<u>580,065</u>	<u>408,220</u>
<b>Leased building</b>				
Building repair/maintenance	-	711,000	688,984	22,016
	<u>-</u>	<u>711,000</u>	<u>688,984</u>	<u>22,016</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued  
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance from Final Budget
Baseball Stadium				
Building repair/maintenance	\$ 101,000	\$ 101,000	\$ 47,446	\$ 53,554
	<u>101,000</u>	<u>101,000</u>	<u>47,446</u>	<u>53,554</u>
JP#3 Office				
Building repair/maintenance	14,750	18,107	17,381	726
	<u>14,750</u>	<u>18,107</u>	<u>17,381</u>	<u>726</u>
Bowie Annex				
Building repair/maintenance	30,000	28,500	18,324	10,176
	<u>30,000</u>	<u>28,500</u>	<u>18,324</u>	<u>10,176</u>
West 6th Street Annex				
Building repair/maintenance	10,850	10,850	6,719	4,131
	<u>10,850</u>	<u>10,850</u>	<u>6,719</u>	<u>4,131</u>
Total facilities maintenance	<u>3,233,423</u>	<u>4,098,211</u>	<u>3,240,600</u>	<u>857,611</u>
Election administration				
Elections				
Salaries and fringe benefits	366,652	366,652	339,245	27,407
Travel	5,600	5,600	5,600	-
Contract services	38,900	38,585	38,584	1
General operations	63,700	65,643	65,641	2
Equipment/vehicle maintenance	500	1,115	1,065	50
	<u>475,352</u>	<u>477,595</u>	<u>450,135</u>	<u>27,460</u>
Total election administration	<u>475,352</u>	<u>477,595</u>	<u>450,135</u>	<u>27,460</u>
Judicial				
County clerk				
Salaries and fringe benefits	966,648	966,648	895,872	70,776
Travel	6,000	6,000	4,231	1,769
Contract services	-	-	-	-
Contract services	-	100,000	100,000	-
General operations	52,850	52,850	22,814	30,036
Equipment/vehicle maintenance	13,500	13,500	7,212	6,288
	<u>1,038,998</u>	<u>1,138,998</u>	<u>1,030,129</u>	<u>108,869</u>

**POTTER COUNTY, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule - continued**  
**For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>District clerk</b>				
Salaries and fringe benefits	\$ 1,176,446	\$ 1,176,446	\$ 1,119,119	\$ 57,327
Travel	5,000	5,000	4,654	346
Contract services	500	500	217	283
General operations	67,200	67,200	48,315	18,885
Equipment/vehicle maintenance	17,500	17,500	13,664	3,836
Miscellaneous	4,000	4,000	2,403	1,597
	<u>1,270,646</u>	<u>1,270,646</u>	<u>1,188,372</u>	<u>82,274</u>
<b>Court of appeals</b>				
Salaries and fringe benefits	10,889	10,889	10,184	705
	<u>10,889</u>	<u>10,889</u>	<u>10,184</u>	<u>705</u>
<b>Bail bond board</b>				
Travel	1,500	1,500	503	997
General operations	500	500	47	453
	<u>2,000</u>	<u>2,000</u>	<u>550</u>	<u>1,450</u>
<b>Specialty court</b>				
Salaries and fringe benefits	53,340	53,340	51,988	1,352
Travel	1,000	1,000	-	1,000
General operations	20,700	20,700	819	19,881
Equipment/vehicle maintenance	720	720	347	373
	<u>75,760</u>	<u>75,760</u>	<u>53,154</u>	<u>22,606</u>
<b>47th district court</b>				
Salaries and fringe benefits	323,630	323,630	305,180	18,450
Travel	11,750	11,750	2,733	9,017
General operations	9,500	9,500	7,574	1,926
Equipment/vehicle maintenance	1,500	1,500	702	798
	<u>346,380</u>	<u>346,380</u>	<u>316,189</u>	<u>30,191</u>
<b>108th district court</b>				
Salaries and fringe benefits	323,630	323,630	310,423	13,207
Travel	11,750	11,410	2,318	9,092
General operations	9,500	14,353	14,352	1
Equipment/vehicle maintenance	1,500	1,500	1,244	256
	<u>346,380</u>	<u>350,893</u>	<u>328,337</u>	<u>22,556</u>
<b>181st district court</b>				
Salaries and fringe benefits	323,630	323,630	300,478	23,152
Travel	11,750	11,750	3,430	8,320
General operations	9,500	9,500	8,157	1,343
Equipment/vehicle maintenance	1,500	1,500	587	913
	<u>346,380</u>	<u>346,380</u>	<u>312,652</u>	<u>33,728</u>

**POTTER COUNTY, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule - continued**  
**For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>251st district court</b>				
Salaries and fringe benefits	\$ 323,630	\$ 323,630	\$ 318,801	\$ 4,829
Travel	11,750	11,750	3,992	7,758
General operations	9,500	9,500	7,378	2,122
Equipment/vehicle maintenance	1,500	1,500	653	847
	<u>346,380</u>	<u>346,380</u>	<u>330,824</u>	<u>15,556</u>
<b>320th district court</b>				
Salaries and fringe benefits	332,342	332,342	271,386	60,956
Travel	11,750	11,750	1,561	10,189
General operations	9,500	9,500	6,660	2,840
Equipment/vehicle maintenance	1,500	1,500	1,024	476
	<u>355,092</u>	<u>355,092</u>	<u>280,631</u>	<u>74,461</u>
<b>Associate judge child support</b>				
Salaries and fringe benefits	70,828	-	-	-
Travel	2,050	2,050	-	2,050
General operations	3,755	3,755	1,304	2,451
	<u>76,633</u>	<u>5,805</u>	<u>1,304</u>	<u>4,501</u>
<b>Associate judge child abuse</b>				
General operations	3,000	3,000	1,022	1,978
	<u>3,000</u>	<u>3,000</u>	<u>1,022</u>	<u>1,978</u>
<b>County court at law #1</b>				
Salaries and fringe benefits	545,166	545,166	538,480	6,686
Travel	8,150	8,150	5,911	2,239
General operations	5,200	7,395	5,661	1,734
Equipment/vehicle maintenance	400	605	601	4
	<u>558,916</u>	<u>561,316</u>	<u>550,653</u>	<u>10,663</u>
<b>County court at law #2</b>				
Salaries and fringe benefits	554,916	554,916	491,930	62,986
Travel	9,250	9,250	1,448	7,802
General operations	6,500	8,060	5,447	2,613
Equipment/vehicle maintenance	400	600	192	408
	<u>571,066</u>	<u>572,826</u>	<u>499,017</u>	<u>73,809</u>
<b>Justice of the Peace, precinct #1</b>				
Salaries and fringe benefits	251,370	251,370	247,059	4,311
Travel	4,000	4,000	100	3,900
General operations	13,240	13,240	8,997	4,243
Equipment/vehicle maintenance	1,656	1,656	1,042	614
	<u>270,266</u>	<u>270,266</u>	<u>257,198</u>	<u>13,068</u>

**POTTER COUNTY, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule - continued**  
**For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Justice of the Peace, precinct #2</b>				
Salaries and fringe benefits	\$ 202,820	\$ 206,320	\$ 205,125	\$ 1,195
Travel	4,000	3,900	3,810	90
General operations	8,620	8,495	8,438	57
Equipment/vehicle maintenance	800	1,025	1,024	1
	<u>216,240</u>	<u>219,740</u>	<u>218,397</u>	<u>1,343</u>
<b>Justice of the Peace, precinct #3</b>				
Salaries and fringe benefits	255,908	255,908	232,349	23,559
Travel	4,000	4,550	4,547	3
General operations	12,530	12,642	12,266	376
Equipment/vehicle maintenance	2,100	2,200	2,198	2
	<u>274,538</u>	<u>275,300</u>	<u>251,360</u>	<u>23,940</u>
<b>Justice of the Peace, precinct #4</b>				
Salaries and fringe benefits	202,820	206,320	196,674	9,646
Travel	4,000	4,000	3,501	499
General operations	8,660	8,660	7,926	734
Equipment/vehicle maintenance	1,200	1,200	1,174	26
	<u>216,680</u>	<u>220,180</u>	<u>209,275</u>	<u>10,905</u>
<b>Jury and jury related</b>				
Salaries and fringe benefits	171,524	171,524	148,938	22,586
Contract services	109,300	109,300	84,906	24,394
General operations	50,000	50,000	36,309	13,691
Equipment/vehicle maintenance	5,000	5,000	3,944	1,056
	<u>335,824</u>	<u>335,824</u>	<u>274,097</u>	<u>61,727</u>
<b>County attorney</b>				
Salaries and fringe benefits	2,135,164	2,135,164	2,106,148	29,016
Travel	29,000	32,295	29,368	2,927
Contract services	14,850	14,850	10,266	4,584
General operations	46,680	46,680	26,932	19,748
Equipment/vehicle maintenance	15,750	15,750	5,625	10,125
	<u>2,241,444</u>	<u>2,244,739</u>	<u>2,178,339</u>	<u>66,400</u>
<b>District attorney</b>				
Salaries and fringe benefits	2,934,156	2,934,156	2,765,534	168,622
Travel	25,800	27,746	23,332	4,414
Contract services	107,000	107,000	87,345	19,655
General operations	58,780	60,041	59,150	891
Equipment/vehicle maintenance	13,600	13,600	9,628	3,972
	<u>3,139,336</u>	<u>3,142,543</u>	<u>2,944,989</u>	<u>197,554</u>

**POTTER COUNTY, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule - continued**  
**For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>General judicial</b>				
Salaries and fringe benefits	\$ 23,894	\$ 33,894	\$ 32,846	\$ 1,048
Travel	3,000	3,000	250	2,750
Contract services	2,259,000	2,205,000	2,102,316	102,684
General operations	84,806	84,806	62,824	21,982
Miscellaneous	446,015	436,015	43,992	392,023
	<u>2,816,715</u>	<u>2,762,715</u>	<u>2,242,228</u>	<u>520,487</u>
<b>Total judicial</b>	<u>14,859,563</u>	<u>14,857,672</u>	<u>13,478,901</u>	<u>1,378,771</u>
<b>Public safety</b>				
<b>Forensic science lab</b>				
Contract services	425,000	479,000	478,165	835
	<u>425,000</u>	<u>479,000</u>	<u>478,165</u>	<u>835</u>
<b>Constable, precinct #1</b>				
Salaries and fringe benefits	70,944	70,944	70,460	484
Travel	2,000	2,958	1,891	1,067
General operations	3,580	3,580	2,629	951
Equipment/vehicle maintenance	5,000	5,000	3,710	1,290
	<u>81,524</u>	<u>82,482</u>	<u>78,690</u>	<u>3,792</u>
<b>Constable, precinct #2</b>				
Salaries and fringe benefits	70,944	70,944	70,220	724
Travel	2,000	4,482	4,064	418
General operations	3,580	3,680	3,321	359
Equipment/vehicle maintenance	5,000	5,000	4,171	829
	<u>81,524</u>	<u>84,106</u>	<u>81,776</u>	<u>2,330</u>
<b>Constable, precinct #3</b>				
Salaries and fringe benefits	70,944	70,944	70,439	505
Travel	2,000	3,305	2,077	1,228
General operations	3,630	3,630	3,021	609
Equipment/vehicle maintenance	7,000	7,000	2,587	4,413
	<u>83,574</u>	<u>84,879</u>	<u>78,124</u>	<u>6,755</u>
<b>Constable, precinct #4</b>				
Salaries and fringe benefits	70,944	70,944	70,392	552
Travel	2,000	2,971	2,631	340
General operations	3,440	3,440	3,190	250
Equipment/vehicle maintenance	4,000	4,000	1,116	2,884
	<u>80,384</u>	<u>81,355</u>	<u>77,329</u>	<u>4,026</u>

**POTTER COUNTY, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule - continued**  
**For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Sheriff</b>				
Salaries and fringe benefits	\$ 6,219,708	\$ 6,283,719	\$ 6,049,157	\$ 234,562
Travel	100,000	125,600	109,594	16,006
Contract services	18,000	18,000	13,763	4,237
General operations	128,090	139,074	116,455	22,619
Equipment/vehicle maintenance	323,500	323,500	154,711	168,789
	<u>6,789,298</u>	<u>6,889,893</u>	<u>6,443,680</u>	<u>446,213</u>
<b>Special crimes unit</b>				
General operations	750	750	-	750
	<u>750</u>	<u>750</u>	<u>-</u>	<u>750</u>
<b>Sheriff offices</b>				
Building repairs/maintenance	45,000	45,000	31,879	13,121
	<u>45,000</u>	<u>45,000</u>	<u>31,879</u>	<u>13,121</u>
<b>Public service</b>				
Building repair/maintenance	4,500	4,500	-	4,500
Miscellaneous	672,956	672,956	653,310	19,646
	<u>677,456</u>	<u>677,456</u>	<u>653,310</u>	<u>24,146</u>
<b>Fire / rescue department</b>				
Salaries and fringe benefits	318,996	318,996	313,521	5,475
Travel	55,000	55,000	54,365	635
General operations	135,620	145,970	135,853	10,117
Equipment/vehicle maintenance	225,500	226,600	186,533	40,067
Building repair/maintenance	50,000	50,000	41,438	8,562
	<u>785,116</u>	<u>796,566</u>	<u>731,710</u>	<u>64,856</u>
<b>Total public safety</b>	<u>9,049,626</u>	<u>9,221,487</u>	<u>8,654,663</u>	<u>566,824</u>
<b>Corrections and rehabilitation</b>				
<b>Detention center</b>				
Salaries and fringe benefits	8,847,312	8,783,301	8,574,038	209,263
Contract services	45,230	51,561	38,554	13,007
General operations	57,920	61,102	55,390	5,712
Prisoner care	1,283,000	1,683,000	1,344,499	338,501
Equipment/vehicle maintenance	37,500	37,500	25,281	12,219
Building repairs/maintenance	456,000	545,106	482,116	62,990
	<u>10,726,962</u>	<u>11,161,570</u>	<u>10,519,878</u>	<u>641,692</u>
<b>Community supervision and corrections</b>				
General operations	5,250	5,250	4,041	1,209
Equipment/vehicle maintenance	15,000	15,000	13,596	1,404
	<u>20,250</u>	<u>20,250</u>	<u>17,637</u>	<u>2,613</u>

**POTTER COUNTY, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule - continued**  
**For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual	Variance from Final Budget
Juvenile probation	\$ 3,775,496	\$ 3,775,496	\$ 3,775,496	\$ -
	<u>3,775,496</u>	<u>3,775,496</u>	<u>3,775,496</u>	<u>-</u>
Total corrections and rehabilitation	<u>14,522,708</u>	<u>14,957,316</u>	<u>14,313,011</u>	<u>644,305</u>
Health and human services				
Mental health - community service				
Salaries and fringe benefits	61,474	62,974	62,587	387
Travel	2,000	2,000	55	1,945
Contract services	15,000	16,000	15,598	402
General operations	200	200	164	36
	<u>78,674</u>	<u>81,174</u>	<u>78,404</u>	<u>2,770</u>
County extension services				
Salaries and fringe benefits	194,068	192,568	151,535	41,033
Travel	10,500	10,500	7,701	2,799
General operations	14,190	14,190	13,797	393
Equipment/vehicle maintenance	19,000	19,000	13,911	5,089
Miscellaneous	2,200	2,200	1,147	1,053
	<u>239,958</u>	<u>238,458</u>	<u>188,091</u>	<u>50,367</u>
Family crime unit				
Salaries and fringe benefits	174,902	174,902	158,308	16,594
Travel	1,200	1,200	-	1,200
General operations	6,000	6,000	2,624	3,376
Equipment/vehicle maintenance	3,000	3,000	1,782	1,218
	<u>185,102</u>	<u>185,102</u>	<u>162,714</u>	<u>22,388</u>
Victim assistance - VOCA				
Salaries and fringe benefits	193,884	193,884	188,936	4,948
Travel	4,000	4,000	1,535	2,465
General operations	1,440	1,440	1,217	223
	<u>199,324</u>	<u>199,324</u>	<u>191,688</u>	<u>7,636</u>
Total health and human services	<u>703,058</u>	<u>704,058</u>	<u>620,897</u>	<u>83,161</u>
Road and bridge expenditures				
Salaries and fringe benefits	1,298,640	1,298,640	1,212,230	86,410
Travel and uniforms	11,275	11,275	9,857	1,418
Contract services	30,432	30,432	21,993	8,439
General operations	616,920	625,769	461,643	164,126
Equipment/vehicle maintenance	319,180	320,678	241,472	79,206
Building repairs/maintenance	65,605	84,387	72,442	11,945
Total road and bridge expenditures	<u>2,342,052</u>	<u>2,371,181</u>	<u>2,019,637</u>	<u>351,544</u>

**POTTER COUNTY, TEXAS**  
**General Fund**  
**Budgetary Comparison Schedule - continued**  
**For the Year Ended September 30, 2016**

	Original Budget	Final Budget	Actual	Variance from Final Budget
Capital outlay	\$ 787,988	\$ 1,045,392	\$ 991,862	\$ 53,530
Total expenditures	<u>53,474,626</u>	<u>54,761,479</u>	<u>50,289,322</u>	<u>4,472,157</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	378,948	343,634	5,131,474	4,787,840
OTHER FINANCING USES				
Transfers in	-	-	36,502	36,502
Transfers out	<u>-</u>	<u>-</u>	<u>(2,457,500)</u>	<u>(2,457,500)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(2,420,998)</u>	<u>(2,420,998)</u>
NET CHANGE IN FUND BALANCE	378,948	343,634	2,710,476	2,366,842
FUND BALANCE AT BEGINNING OF YEAR	<u>17,118,221</u>	<u>17,118,221</u>	<u>17,118,221</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 17,497,169</u>	<u>\$ 17,461,855</u>	<u>\$ 19,828,697</u>	<u>\$ 2,366,842</u>

**POTTER COUNTY, TEXAS**  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Texas County & District Retirement System  
 For The Year Ended September 30, 2016

	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>Total Pension Liability</b>		
Service cost	\$ 4,127,523	\$ 4,108,621
Interest on total pension liability	12,402,512	11,669,923
Effect of plan changes	(728,256)	-
Effect of economic / demographic (gains) or losses	(1,704,163)	(268,856)
Effect of assumptions changes or inputs	1,583,826	-
Benefit payments/refunds of contributions	(7,265,790)	(6,536,622)
Net change in total pension liability	<u>8,415,652</u>	<u>8,973,066</u>
Total pension liability, beginning	154,236,554	145,263,488
Total pension liability, ending (a)	<u>\$ 162,652,206</u>	<u>\$ 154,236,554</u>
<b>Fiduciary Net Position</b>		
Contributions - Employer	\$ 3,944,278	\$ 3,899,238
Contributions - Employee	2,009,470	1,984,119
Net investment income	(641,794)	9,074,869
Benefit payments/refunds of contributions	(7,265,790)	(6,536,622)
Administrative expenses	(101,332)	(106,048)
Other	143,195	29,017
Net change in fiduciary net position	<u>(1,911,973)</u>	<u>8,344,573</u>
Fiduciary net position, beginning	141,790,759	133,446,186
Fiduciary net position, ending (b)	<u>\$ 139,878,786</u>	<u>\$ 141,790,759</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 22,773,420</u>	<u>\$ 12,445,795</u>
Fiduciary net position as a percentage of total pension liability	86.00%	91.93%
Pensionable covered payroll	\$ 28,706,709	\$ 28,296,592
Net pension liability as a percentage of covered payroll	79.33%	43.98%

The Schedule of Changes in Net Pension Liability and Related Ratios is intended to present information for ten years. Additional years' information will be presented as it becomes available.

**POTTER COUNTY, TEXAS**  
**Schedule of Employer Contributions**  
**Texas County & District Retirement System**  
**For Fiscal Year 2015**

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<u>Year Ending</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Pensionable</u> <u>Covered</u> <u>Payroll</u>	<u>Actual Contribution</u> <u>as a Percentage of</u> <u>Covered Payroll</u>
2006	\$ 2,073,195	\$ 2,073,195	\$ -	\$ 22,510,260	\$ 9.2%
2007	2,358,076	2,358,076	-	23,580,763	10.0%
2008	2,445,105	2,445,105	-	24,698,031	9.9%
2009	2,526,779	2,526,779	-	25,394,759	9.9%
2010	2,811,788	2,811,788	-	25,492,185	11.0%
2011	2,949,729	2,949,729	-	26,196,785	11.3%
2012	3,267,656	3,267,656	-	27,005,912	12.1%
2013	3,633,934	3,633,934	-	28,018,224	13.0%
2014	3,899,238	3,899,238	-	28,296,592	13.8%
2015	3,944,278	3,944,278	-	28,706,709	13.7%

POTTER COUNTY, TEXAS

Exhibit B-4

Required Supplementary Information  
 Schedule of Funding Progress, Other Postretirement Benefits (1)  
 For the Year Ended September 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2008	\$ -	\$ 2,303,355	\$ 2,303,355	0.00%	\$ 21,128,711	10.90%
10/1/2010	-	2,400,350	2,400,350	0.00%	25,492,185	9.42%
10/1/2012	-	2,998,158	2,998,158	0.00%	27,005,912	11.10%
10/1/2013	-	2,998,158	2,998,158	0.00%	28,018,224	10.70%
10/1/2014	-	3,522,945	3,522,945	0.00%	28,296,592	12.45%
10/1/2015	-	3,522,945	3,522,945	0.00%	28,706,709	12.27%

(1) 2009 was the first year of GASB 45 implementation. The plan has more than 200 members; therefore, the County has elected to obtain an actuarial valuation on a biennial basis.

**POTTER COUNTY, TEXAS**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2016

**BUDGETARY INFORMATION**

The budget is prepared in accordance with accounting principles generally accepted in the United States of America by the County Judge with the assistance of the County Auditor’s Office and approved by the Commissioners’ Court following a public hearing. The County maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County’s governing body and as such is a good management control device.

The budget law of the State of Texas provides that “the amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in said funds plus the anticipated revenues for the current year for which the budget is made as estimated by the County Auditor”. In addition, the law provides that the Commissioners’ Court “may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund but no such transfer shall increase the total budget”.

Each year, all departments submit to the County Judge requests for appropriation. These requests are reviewed, compiled and presented to the Commissioners’ Court for approval. The Commissioners’ Court conducts departmental budget reviews, adjusts budget requests to final form and conducts a public hearing in the Commissioners’ Courtroom. One copy of the proposed budget must be filed with the County Clerk and one with the County Auditor. A copy must be available to the public. The Commissioners’ Court must provide for the public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 1<sup>st</sup> of the current fiscal year.

The County’s legal level of control for appropriations is at the category level (i.e., salaries and fringe benefits, contract services, general operating, etc.) for each department/project within the General Fund. Administrative control is maintained through the establishment of more detailed accounts within each category. Appropriation transfers and budget increases may be made between categories or departments only with the approval of the Commissioners’ Court. The original budgets presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers and increases processed during the fiscal year.

The following summarizes the excess of General Fund expenditures over appropriations at the legal level of control:

Department	Category	Amount
Purchasing agent	Travel	\$ 159

**POTTER COUNTY, TEXAS**  
Notes to Required Supplementary Information  
For The Year Ended September 30, 2016

**Note A: Net Pension Liability – Texas County & District Retirement System**

Assumptions

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

<b>Valuation date</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
<b>Actuarial cost method</b>	Entry age normal
<b>Amortization method</b>	Level percentage of payroll, closed
<b>Remaining amortization period</b>	13.7 years
<b>Asset valuation method</b>	5-year smoothed market
<b>Inflation</b>	3.0%
<b>Salary increases</b>	4.9%, average, including inflation. Varies by age and service.
<b>Investment rate of return</b>	8.10%, including inflation
<b>Cost-of-living adjustments</b>	Cost-of-living adjustments for the County are not considered to be substantively automatic. Therefore, no assumption for cost-of-living adjustments is included in the calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Mortality</b>	Assumed life expectancies are based on the RP-2000 Active Employee Mortality Table for depositing members, the RP-2000 Combined Mortality Table for service retirees and the RP-2000 Disabled Mortality Table for disabled retirees.

Changes of Benefit Terms

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

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

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

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

COMBINING STATEMENTS AND BUDGETARY COMPARISON SCHEDULES AS SUPPLEMENTARY  
INFORMATION

The supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**POTTER COUNTY, TEXAS**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

Exhibit C-1

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Funds
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 3,333,325	\$ 2,003,047	\$ 5,336,372
Investments	859,326		859,326
Accounts receivable			
Taxes		40,825	40,825
Other	175,216	4,429	179,645
<b>Total assets</b>	<b>\$ 4,367,867</b>	<b>\$ 2,048,301</b>	<b>\$ 6,416,168</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and other current liabilities	\$ 305,154	\$	\$ 305,154
Due to other funds	119,237		119,237
<b>Total liabilities</b>	<b>424,391</b>	<b>-</b>	<b>424,391</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes		34,346	34,346
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>34,346</b>	<b>34,346</b>
<b>Fund balances</b>			
<b>Restricted fund balances:</b>			
Restricted for records management	359,876		359,876
Restricted for other purposes	55,203		55,203
Restricted for debt service		2,013,955	2,013,955
<b>Assigned:</b>			
Special revenue funds	3,735,040		3,735,040
Unassigned	(206,643)		(206,643)
<b>Total fund balance</b>	<b>3,943,476</b>	<b>2,013,955</b>	<b>5,957,431</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,367,867</b>	<b>\$ 2,048,301</b>	<b>\$ 6,416,168</b>

POTTER COUNTY, TEXAS

Exhibit C-2

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended September 30, 2016

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Funds
REVENUES			
Taxes	\$	\$ 2,163,083	\$ 2,163,083
License and fees	709,882		709,882
Intergovernmental	718,633		718,633
Charges for services	5,614		5,614
Investment earnings	12,287	21,471	33,758
Miscellaneous	662,652	14,513	677,165
Total revenues	<u>2,109,068</u>	<u>2,199,067</u>	<u>4,308,135</u>
EXPENDITURES			
Current:			
General administrative	55,189	500	55,689
Election administration	24,080		24,080
Judicial	1,166,347		1,166,347
Public safety	392,610		392,610
Corrections and rehabilitation	307,344		307,344
Debt service			
Principal		1,860,000	1,860,000
Interest and fiscal charges		78,101	78,101
Capital outlay	<u>504,336</u>		<u>504,336</u>
Total expenditures	<u>2,449,906</u>	<u>1,938,601</u>	<u>4,388,507</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(340,838)	260,466	(80,372)
OTHER FINANCING SOURCES			
Transfers in	<u>450,000</u>	-	<u>450,000</u>
Total other financing sources (uses)	<u>450,000</u>	-	<u>450,000</u>
NET CHANGE IN FUND BALANCES	109,162	260,466	369,628
FUND BALANCES AT BEGINNING OF YEAR, RESTATED	<u>3,834,314</u>	<u>1,753,489</u>	<u>5,587,803</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,943,476</u>	<u>\$ 2,013,955</u>	<u>\$ 5,957,431</u>

**SPECIAL REVENUE FUNDS**

**POTTER COUNTY, TEXAS**  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2016

	210 Vehicle Inventory Tax Interest	215 Law Library	220 Courthouse Security	221 Justice Courts Building Security
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$	\$ 43,697	\$ -	\$ 36,668
Investments	165,960			
Accounts receivable (net)				
Other		5,804	13,469	45
<b>Total assets</b>	<b>\$ 165,960</b>	<b>\$ 49,501</b>	<b>\$ 13,469</b>	<b>\$ 36,713</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$	\$ 5,100	\$ 32,601	\$
Due to other funds			9,167	
<b>Total liabilities</b>	<b>-</b>	<b>5,100</b>	<b>41,768</b>	<b>-</b>
<b>Fund balance</b>				
Restricted				7,494
Assigned	165,960	44,401		29,219
Unassigned			(28,299)	
<b>Total fund balance</b>	<b>165,960</b>	<b>44,401</b>	<b>(28,299)</b>	<b>36,713</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 165,960</b>	<b>\$ 49,501</b>	<b>\$ 13,469</b>	<b>\$ 36,713</b>

225 Graffiti Eradication	226 Child Abuse Prevention	235 County Clerk Records Management	236 Election	237 Voter Registration	240 Court Records Management	245 District Clerk Records Management	250 Justice Court Technology
\$ 2,414	\$ 4,377	\$ 254,886	\$ 588,976	\$ 34,363	\$ 43,739	\$ 214,630	\$ 185,197
<u>22</u>	<u>197</u>	<u>11,794</u>		<u>52</u>	<u>4,235</u>	<u>2,824</u>	<u>1,115</u>
<u>\$ 2,436</u>	<u>\$ 4,574</u>	<u>\$ 266,680</u>	<u>\$ 588,976</u>	<u>\$ 34,415</u>	<u>\$ 47,974</u>	<u>\$ 217,454</u>	<u>\$ 186,312</u>
\$	\$	\$ -	\$ 89	\$	\$ -	\$	\$ 90
-	-	-	89	-	-	-	90
2,436	4,574	266,680	588,887	34,415	14,184 33,790	79,012 138,442	23,584 162,638
<u>2,436</u>	<u>4,574</u>	<u>266,680</u>	<u>588,887</u>	<u>34,415</u>	<u>47,974</u>	<u>217,454</u>	<u>186,222</u>
<u>\$ 2,436</u>	<u>\$ 4,574</u>	<u>\$ 266,680</u>	<u>\$ 588,976</u>	<u>\$ 34,415</u>	<u>\$ 47,974</u>	<u>\$ 217,454</u>	<u>\$ 186,312</u>

**POTTER COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

	251 County Clerk / District Clerk Technology	255 County Attorney Hot Check	256 County Attorney Forfeiture	257 County Attorney Federal Forfeiture
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 34,266	\$ 111,937	\$ 78,155	\$ 357,220
Investments				
Accounts receivable (net)				
Other	<u>454</u>	<u>1,278</u>	<u>37,560</u>	<u>60,557</u>
Total assets	<u>\$ 34,720</u>	<u>\$ 113,215</u>	<u>\$ 115,715</u>	<u>\$ 417,777</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$	\$ 1,278	\$ 975	\$ 2,785
Due to other funds	<u></u>	<u>1,315</u>	<u>57,773</u>	<u>40,344</u>
Total liabilities	-	2,593	58,748	43,129
<b>Fund balance</b>				
Restricted	22,850			
Assigned	11,870	110,622	56,967	374,648
Unassigned	<u></u>	<u></u>	<u></u>	<u></u>
Total fund balance	<u>34,720</u>	<u>110,622</u>	<u>56,967</u>	<u>374,648</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 34,720</u>	<u>\$ 113,215</u>	<u>\$ 115,715</u>	<u>\$ 417,777</u>

260 District Attorney Hot Check	261 District Attorney Payroll	262 DA Forfeiture Release	265 District Attorney Crime Victim	266 DA Federal Forfeiture	268 Auto Burglary and Theft Prevention	271 Sheriff Federal Forfeiture
\$ 126,025	\$ 3,074	\$ 221,351 693,366	\$ 35,426	\$ 11,927	\$	\$ 325,438
	1,753	2,145			4,855	
<u>\$ 126,025</u>	<u>\$ 4,827</u>	<u>\$ 916,862</u>	<u>\$ 35,426</u>	<u>\$ 11,927</u>	<u>\$ 4,855</u>	<u>\$ 325,438</u>
\$ 40	\$ 457	\$ 53,552 2,145	\$	\$	\$ 169,285 5,289	\$ 224 2,707
40	914	55,697	-	-	174,574	2,931
125,985	3,913	861,165	35,426	11,927	(169,719)	322,507
<u>125,985</u>	<u>3,913</u>	<u>861,165</u>	<u>35,426</u>	<u>11,927</u>	<u>(169,719)</u>	<u>322,507</u>
<u>\$ 126,025</u>	<u>\$ 4,827</u>	<u>\$ 916,862</u>	<u>\$ 35,426</u>	<u>\$ 11,927</u>	<u>\$ 4,855</u>	<u>\$ 325,438</u>

**POTTER COUNTY, TEXAS**  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2016

	272 Law Enforcement Grants	273 Sheriff Office Forfeiture	274 Sheriff Office Commissary	279 Drug Court	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 1,275	\$ 55,275	\$ 563,009	\$	\$ 3,333,325
Investments					859,326
Accounts receivable (net)					
Other				27,057	175,216
<b>Total assets</b>	<b>\$ 1,275</b>	<b>\$ 55,275</b>	<b>\$ 563,009</b>	<b>\$ 27,057</b>	<b>\$ 4,367,867</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and other current liabilities	\$	\$	\$ 3,036	\$ 35,682	\$ 305,154
Due to other funds					119,237
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>3,036</b>	<b>35,682</b>	<b>424,391</b>
<b>Fund balance</b>					
Restricted	1,275				415,079
Assigned		55,275	559,973		3,735,040
Unassigned				(8,625)	(206,643)
<b>Total fund balance</b>	<b>1,275</b>	<b>55,275</b>	<b>559,973</b>	<b>(8,625)</b>	<b>3,943,476</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,275</b>	<b>\$ 55,275</b>	<b>\$ 563,009</b>	<b>\$ 27,057</b>	<b>\$ 4,367,867</b>

**POTTER COUNTY, TEXAS**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended September 30, 2016**

	210 Vehicle Inventory Tax Interest	215 Law Library	220 Courthouse Security	221 Justice Court Building Security
<b>REVENUES</b>				
Licenses and fees	\$	\$ 77,664	\$ 53,611	\$ 3,136
Intergovernmental				
Charges for services				
Investment earnings	1,680		271	
Miscellaneous				
Total revenues	<u>1,680</u>	<u>77,664</u>	<u>53,882</u>	<u>3,136</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General administrative	12,774			
Election administration				
Judicial		74,731	544,815	
Public safety				
Corrections				
Capital outlay				
Total expenditures	<u>12,774</u>	<u>74,731</u>	<u>544,815</u>	<u>-</u>
<b>EXCESS (DEFICIT) OF</b>				
<b>REVENUES OVER EXPENDITURES</b>	<u>(11,094)</u>	<u>2,933</u>	<u>(490,933)</u>	<u>3,136</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			450,000	
Total other financing sources (uses)	<u>-</u>		<u>450,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(11,094)	2,933	(40,933)	3,136
<b>FUND BALANCES AT</b>				
<b>BEGINNING OF YEAR, RESTATED</b>	<u>177,054</u>	<u>41,468</u>	<u>12,634</u>	<u>33,577</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 165,960</u>	<u>\$ 44,401</u>	<u>\$ (28,299)</u>	<u>\$ 36,713</u>

225 Graffiti Eradication	226 Child Abuse Prevention	235 County Clerk Records Management	236 Election	237 Voter Registration	240 Court Records Management	245 District Clerk Records Management	250 Justice Court Technology
\$ 279	\$ 1,966	\$ 107,902	\$ 4,157	\$ 1,864	\$ 55,003	\$ 38,829	\$ 16,669
		760	1,951	126		749	
		22,069	74,559				
<u>279</u>	<u>1,966</u>	<u>130,731</u>	<u>83,361</u>	<u>1,990</u>	<u>55,003</u>	<u>39,578</u>	<u>16,669</u>
			20,484	3,596	42,415		
	13,959	91,176				36,903	7,663
		29,553		2,018	29,553	57,463	
<u>-</u>	<u>13,959</u>	<u>120,729</u>	<u>20,484</u>	<u>5,614</u>	<u>71,968</u>	<u>94,366</u>	<u>7,663</u>
<u>279</u>	<u>(11,993)</u>	<u>10,002</u>	<u>62,877</u>	<u>(3,624)</u>	<u>(16,965)</u>	<u>(54,788)</u>	<u>9,006</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>279</u>	<u>(11,993)</u>	<u>10,002</u>	<u>62,877</u>	<u>(3,624)</u>	<u>(16,965)</u>	<u>(54,788)</u>	<u>9,006</u>
<u>2,157</u>	<u>16,567</u>	<u>256,678</u>	<u>526,010</u>	<u>38,039</u>	<u>64,939</u>	<u>272,242</u>	<u>177,216</u>
<u>\$ 2,436</u>	<u>\$ 4,574</u>	<u>\$ 266,680</u>	<u>\$ 588,887</u>	<u>\$ 34,415</u>	<u>\$ 47,974</u>	<u>\$ 217,454</u>	<u>\$ 186,222</u>

**POTTER COUNTY, TEXAS**  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Year Ended September 30, 2016

	251 County Clerk / District Clerk Technology	255 County Attorney Hot Check	256 County Attorney Forfeiture	257 County Attorney Federal Forfeiture
<b>REVENUES</b>				
Licenses and fees	\$	\$ 33,137	\$	\$
Intergovernmental				
Charges for services	5,614			
Investment earnings				1,223
Miscellaneous			79,499	300,865
<b>Total revenues</b>	<u>5,614</u>	<u>33,137</u>	<u>79,499</u>	<u>302,088</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General administrative				
Election administration				
Judicial		59,762	145,916	52,887
Public safety				
Corrections				
<b>Capital outlay</b>				
<b>Total expenditures</b>	<u>-</u>	<u>59,762</u>	<u>145,916</u>	<u>52,887</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<u>5,614</u>	<u>(26,625)</u>	<u>(66,417)</u>	<u>249,201</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	5,614	(26,625)	(66,417)	249,201
<b>FUND BALANCES AT BEGINNING OF YEAR, RESTATED</b>	<u>29,106</u>	<u>137,247</u>	<u>123,384</u>	<u>125,447</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 34,720</u>	<u>\$ 110,622</u>	<u>\$ 56,967</u>	<u>\$ 374,648</u>

260 District Attorney Hot Check	261 District Attorney Payroll	262 DA Forfeiture Release	265 District Attorney Crime Victim	266 DA Federal Forfeiture	268 Auto Burglary and Theft Prevention	271 Sheriff Federal Forfeiture
\$ 765	\$ 22,500	\$	\$	\$	\$ 481,409	\$
		2,559	51	23		1,053
		145,388	2,475	5,176		14,223
<u>765</u>	<u>22,500</u>	<u>147,947</u>	<u>2,526</u>	<u>5,199</u>	<u>481,409</u>	<u>15,276</u>
3,246	22,500	126,748			373,545	3,106
		1,597			328,423	
<u>3,246</u>	<u>22,500</u>	<u>128,345</u>	<u>-</u>	<u>-</u>	<u>701,968</u>	<u>3,106</u>
<u>(2,481)</u>	<u>-</u>	<u>19,602</u>	<u>2,526</u>	<u>5,199</u>	<u>(220,559)</u>	<u>12,170</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(2,481)</u>	<u>-</u>	<u>19,602</u>	<u>2,526</u>	<u>5,199</u>	<u>(220,559)</u>	<u>12,170</u>
<u>128,466</u>	<u>3,913</u>	<u>841,563</u>	<u>32,900</u>	<u>6,728</u>	<u>50,840</u>	<u>310,337</u>
<u>\$ 125,985</u>	<u>\$ 3,913</u>	<u>\$ 861,165</u>	<u>\$ 35,426</u>	<u>\$ 11,927</u>	<u>\$ (169,719)</u>	<u>\$ 322,507</u>

POTTER COUNTY, TEXAS

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended September 30, 2016

Exhibit C-4

Page 3 of 3

	272 Law Enforcement Grants	273 Sheriff Office Forfeiture	274 Sheriff Office Commissary	279 Drug Court	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>					
Licenses and fees	\$	\$	\$ 316,764	\$	\$ 709,882
Intergovernmental	47,403			162,763	718,633
Charges for services					5,614
Investment earnings	63	64	1,714		12,287
Miscellaneous		17,948	450		662,652
<b>Total revenues</b>	<u>47,466</u>	<u>18,012</u>	<u>318,928</u>	<u>162,763</u>	<u>2,109,068</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General administrative					55,189
Election administration					24,080
Judicial					1,166,347
Public safety		2,000			392,610
Corrections			170,459	136,885	307,344
Capital outlay	55,729				504,336
<b>Total expenditures</b>	<u>55,729</u>	<u>2,000</u>	<u>170,459</u>	<u>136,885</u>	<u>2,449,906</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<u>(8,263)</u>	<u>16,012</u>	<u>148,469</u>	<u>25,878</u>	<u>(340,838)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					450,000
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(8,263)	16,012	148,469	25,878	109,162
<b>FUND BALANCES AT BEGINNING OF YEAR, RESTATED</b>					
	<u>9,538</u>	<u>39,263</u>	<u>411,504</u>	<u>(34,503)</u>	<u>3,834,314</u>
<b>FUND BALANCES AT END OF YEAR \$</b>	<u><u>1,275</u></u>	<u><u>55,275</u></u>	<u><u>559,973</u></u>	<u><u>(8,625)</u></u>	<u><u>3,943,476</u></u>

**POTTER COUNTY, TEXAS**  
**Vehicle Inventory Tax Interest Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-5

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,680	\$ 680
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,680</u>	<u>680</u>
<b>EXPENDITURES</b>				
Current				
General administrative				
General operations	<u>1,000</u>	<u>1,000</u>	<u>12,774</u>	<u>(11,774)</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>12,774</u>	<u>(11,774)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(11,094)</u>	<u>(11,094)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(11,094)	(11,094)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>177,054</u>	<u>177,054</u>	<u>177,054</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 177,054</u>	<u>\$ 177,054</u>	<u>\$ 165,960</u>	<u>\$ (11,094)</u>

**POTTER COUNTY, TEXAS**  
**Law Library Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-6

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES</b>				
Licenses and fees	\$ 108,000	\$ 108,000	\$ 77,664	\$ (30,336)
Charges for services	2,200	2,200	-	(2,200)
<b>Total revenues</b>	<u>110,200</u>	<u>110,200</u>	<u>77,664</u>	<u>(32,536)</u>
<b>EXPENDITURES</b>				
Current				
Judicial				
Salaries and fringe benefits	-	-	-	-
General operations	110,000	110,000	74,731	35,269
<b>Total expenditures</b>	<u>110,000</u>	<u>110,000</u>	<u>74,731</u>	<u>35,269</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	200	200	2,933	2,733
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	200	200	2,933	2,733
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>41,468</u>	<u>41,468</u>	<u>41,468</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 41,668</u>	<u>\$ 41,668</u>	<u>\$ 44,401</u>	<u>\$ 2,733</u>

**POTTER COUNTY, TEXAS**  
**Courthouse Security Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-7

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Licenses and fees	\$ 57,000	\$ 57,000	\$ 53,611	\$ (3,389)
Investment earnings	600	600	271	(329)
<b>Total revenue</b>	<u>57,600</u>	<u>57,600</u>	<u>53,882</u>	<u>(3,718)</u>
<b>EXPENDITURES</b>				
Current				
Judicial				
Salaries and fringe benefits	475,428	546,256	540,440	5,816
General operations	5,840	5,840	4,375	1,465
Building repairs and maintenance	2,000	2,000	-	2,000
Capital outlay	6,000	6,000	-	6,000
<b>Total expenditures</b>	<u>489,268</u>	<u>560,096</u>	<u>544,815</u>	<u>15,281</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(431,668)	(502,496)	(490,933)	11,563
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	450,000	450,000
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>450,000</u>	<u>450,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(431,668)	(502,496)	(40,933)	461,563
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>12,634</u>	<u>12,634</u>	<u>12,634</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ (419,034)</u>	<u>\$ (489,862)</u>	<u>\$ (28,299)</u>	<u>\$ 461,563</u>

**POTTER COUNTY, TEXAS**  
**Justice Court Building Security Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-8

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Licenses and fees	\$ 4,500	\$ 4,500	\$ 3,136	\$ (1,364)
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>3,136</u>	<u>(1,364)</u>
<b>EXPENDITURES</b>				
Current				
Judicial				
Salaries and fringe benefits	3,000	3,000	-	3,000
General operations	5,000	5,000	-	5,000
Building repairs and maintenance	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(8,500)</u>	<u>(8,500)</u>	<u>3,136</u>	<u>11,636</u>
<b>NET CHANGE IN FUND BALANCE</b>	(8,500)	(8,500)	3,136	11,636
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>33,577</u>	<u>33,577</u>	<u>33,577</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 25,077</u>	<u>\$ 25,077</u>	<u>\$ 36,713</u>	<u>\$ 11,636</u>

**POTTER COUNTY, TEXAS**  
**Graffiti Eradication Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-9

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Graffiti eradication fee	\$ 200	\$ 200	\$ 279	\$ 79
Total revenues	<u>200</u>	<u>200</u>	<u>279</u>	<u>79</u>
EXPENDITURES				
Current:				
General administrative				
General operations	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(300)</u>	<u>(300)</u>	<u>279</u>	<u>579</u>
NET CHANGE IN FUND BALANCE	(300)	(300)	279	579
FUND BALANCE AT BEGINNING OF YEAR	<u>2,157</u>	<u>2,157</u>	<u>2,157</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,857</u>	<u>\$ 1,857</u>	<u>\$ 2,436</u>	<u>\$ 579</u>

**POTTER COUNTY, TEXAS**  
**Child Abuse Prevention Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-10

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES</b>				
Child abuse prevention fee	\$ 2,000	\$ 2,000	\$ 1,966	\$ (34)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>1,966</u>	<u>(34)</u>
<b>EXPENDITURES</b>				
Public Safety				
General operations	-	5,200	5,164	36
Building repairs and maintenance	-	8,800	8,795	5
Total expenditures	<u>-</u>	<u>14,000</u>	<u>13,959</u>	<u>41</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>(12,000)</u>	<u>(11,993)</u>	<u>7</u>
NET CHANGE IN FUND BALANCE	2,000	(12,000)	(11,993)	7
FUND BALANCE AT BEGINNING OF YEAR	<u>16,567</u>	<u>16,567</u>	<u>16,567</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 18,567</u>	<u>\$ 4,567</u>	<u>\$ 4,574</u>	<u>\$ 7</u>

**POTTER COUNTY, TEXAS**  
 County Clerk Records Management Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2016

Exhibit C-11

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Licenses and fees	\$ 112,000	\$ 112,000	\$ 107,902	\$ (4,098)
Investment earnings	400	400	760	360
Miscellaneous	2,000	2,000	22,069	20,069
<b>Total revenues</b>	<u>114,400</u>	<u>114,400</u>	<u>130,731</u>	<u>16,331</u>
<b>EXPENDITURES</b>				
Current:				
Judicial				
Travel	2,200	2,200	-	2,200
Contract services	45,000	90,000	84,131	5,869
General operations	10,000	10,000	4,215	5,785
Equipment/vehicle maintenance	3,500	3,500	2,830	670
Capital outlay	41,500	41,500	29,553	11,947
<b>Total expenditures</b>	<u>102,200</u>	<u>147,200</u>	<u>120,729</u>	<u>26,471</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>12,200</u>	<u>(32,800)</u>	<u>10,002</u>	<u>42,802</u>
<b>NET CHANGE IN FUND BALANCE</b>	12,200	(32,800)	10,002	42,802
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>256,678</u>	<u>256,678</u>	<u>256,678</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 268,878</u>	<u>\$ 223,878</u>	<u>\$ 266,680</u>	<u>\$ 42,802</u>

**POTTER COUNTY, TEXAS**  
**Election Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-12

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Licenses and fees	\$ 500	\$ 500	\$ 4,157	\$ 3,657
Intergovernmental	-	2,640	2,694	54
Investment earnings	500	500	1,951	1,451
Miscellaneous	<u>40,000</u>	<u>40,000</u>	<u>74,559</u>	<u>34,559</u>
Total revenues	<u>41,000</u>	<u>43,640</u>	<u>83,361</u>	<u>39,721</u>
<b>EXPENDITURES</b>				
Current:				
Election administration				
Travel	3,000	3,000	1,010	1,990
Contract services	35,000	36,400	8,885	27,515
General operations	10,000	10,240	9,462	778
Equipment/vehicle maintenance	-	1,000	799	201
Building repairs and maintenance	<u>14,000</u>	<u>14,000</u>	<u>328</u>	<u>13,672</u>
Total expenditures	<u>62,000</u>	<u>64,640</u>	<u>20,484</u>	<u>44,156</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,000)</u>	<u>(21,000)</u>	<u>62,877</u>	<u>83,877</u>
NET CHANGE IN FUND BALANCE	(21,000)	(21,000)	62,877	83,877
FUND BALANCE AT BEGINNING OF YEAR	<u>526,010</u>	<u>526,010</u>	<u>526,010</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 505,010</u>	<u>\$ 505,010</u>	<u>\$ 588,887</u>	<u>\$ 83,877</u>

**POTTER COUNTY, TEXAS**  
Voter Registration Fund  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2016

Exhibit C-13

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,864	\$ 1,864
Investment earnings	50	50	126	76
Total revenues	<u>50</u>	<u>50</u>	<u>1,990</u>	<u>1,940</u>
EXPENDITURES				
Current:				
Election administration				
General operations	7,660	7,660	3,596	4,064
Capital outlay	2,500	2,500	2,018	482
Total expenditures	<u>10,160</u>	<u>10,160</u>	<u>5,614</u>	<u>4,546</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,110)</u>	<u>(10,110)</u>	<u>(3,624)</u>	<u>6,486</u>
NET CHANGE IN FUND BALANCE	(10,110)	(10,110)	(3,624)	6,486
FUND BALANCE AT BEGINNING OF YEAR	<u>38,039</u>	<u>38,039</u>	<u>38,039</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 27,929</u>	<u>\$ 27,929</u>	<u>\$ 34,415</u>	<u>\$ 6,486</u>

**POTTER COUNTY, TEXAS**  
**Court Records Management Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-14

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
License and fees	\$ 61,000	\$ 61,000	\$ 55,003	\$ (5,997)
Total revenues	<u>61,000</u>	<u>61,000</u>	<u>55,003</u>	<u>(5,997)</u>
<b>EXPENDITURES</b>				
Current:				
General administrative				
Salaries and fringe benefits	46,444	46,444	42,415	4,029
Travel	2,000	2,000	-	2,000
Capital outlay	<u>34,500</u>	<u>34,500</u>	<u>29,553</u>	<u>4,947</u>
Total expenditures	<u>82,944</u>	<u>82,944</u>	<u>71,968</u>	<u>10,976</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,944)</u>	<u>(21,944)</u>	<u>(16,965)</u>	<u>4,979</u>
NET CHANGE IN FUND BALANCE	(21,944)	(21,944)	(16,965)	4,979
FUND BALANCE AT BEGINNING OF YEAR	<u>64,939</u>	<u>64,939</u>	<u>64,939</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 42,995</u>	<u>\$ 42,995</u>	<u>\$ 47,974</u>	<u>\$ 4,979</u>

**POTTER COUNTY, TEXAS**  
 District Clerk Records Management Fund  
 Budgetary Comparison Fund  
 For the Year Ended September 30, 2016

Exhibit C-15

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
License and fees	\$ 55,000	\$ 55,000	\$ 38,829	\$ (16,171)
Investment earnings	550	550	749	199
Total revenues	<u>55,550</u>	<u>55,550</u>	<u>39,578</u>	<u>(15,972)</u>
<b>EXPENDITURES</b>				
Current:				
Judicial				
Salaries and fringe benefits	46,004	46,004	36,903	9,101
General operations	50,000	50,000	-	50,000
Capital outlay	<u>50,000</u>	<u>164,925</u>	<u>57,463</u>	<u>107,462</u>
Total expenditures	<u>146,004</u>	<u>260,929</u>	<u>94,366</u>	<u>166,563</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENCITURES	<u>(90,454)</u>	<u>(205,379)</u>	<u>(54,788)</u>	<u>150,591</u>
NET CHANGE IN FUND BALANCE	(90,454)	(205,379)	(54,788)	150,591
FUND BALANCE AT BEGINNING OF YEAR	<u>272,242</u>	<u>272,242</u>	<u>272,242</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 181,788</u>	<u>\$ 66,863</u>	<u>\$ 217,454</u>	<u>\$ 150,591</u>

**POTTER COUNTY, TEXAS**  
**Justice Court Technology Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-16

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES</b>				
Licenses and fees	\$ 19,000	\$ 19,000	\$ 16,669	\$ (2,331)
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>16,669</u>	<u>(2,331)</u>
<b>EXPENDITURES</b>				
Current:				
Judicial				
General operations	20,980	20,980	3,754	17,226
Travel	<u>10,000</u>	<u>10,000</u>	<u>3,909</u>	<u>6,091</u>
Total expenditures	<u>30,980</u>	<u>30,980</u>	<u>7,663</u>	<u>23,317</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(11,980)</u>	<u>(11,980)</u>	<u>9,006</u>	<u>20,986</u>
<b>NET CHANGE IN FUND BALANCE</b>	(11,980)	(11,980)	9,006	20,986
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>177,216</u>	<u>177,216</u>	<u>177,216</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 165,236</u>	<u>\$ 165,236</u>	<u>\$ 186,222</u>	<u>\$ 20,986</u>

**POTTER COUNTY, TEXAS**  
 County Clerk / District Clerk Technology Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2016

Exhibit C-17

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Charges for services	\$ 5,600	\$ 5,600	\$ 5,614	\$ 14
Total revenues	<u>5,600</u>	<u>5,600</u>	<u>5,614</u>	<u>14</u>
<b>EXPENDITURES</b>				
Judicial				
General operations	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,400)</u>	<u>(4,400)</u>	<u>5,614</u>	<u>10,014</u>
NET CHANGE IN FUND BALANCE	(4,400)	(4,400)	5,614	10,014
FUND BALANCE AT BEGINNING OF YEAR	<u>29,106</u>	<u>29,106</u>	<u>29,106</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 24,706</u>	<u>\$ 24,706</u>	<u>\$ 34,720</u>	<u>\$ 10,014</u>

**POTTER COUNTY, TEXAS**  
 County Attorney Hot Check Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2016

Exhibit C-18

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES</b>				
Licenses and fees	\$ 55,000	\$ 55,000	\$ 33,137	\$ (21,863)
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>33,137</u>	<u>(21,863)</u>
<b>EXPENDITURES</b>				
Current:				
Judicial				
Salaries and fringe benefits	62,757	62,757	59,415	3,342
Travel expenses	1,100	1,100	-	1,100
General operations	1,000	1,000	347	653
Equipment/vehicle maintenance	10,000	10,000	-	10,000
Total expenditures	<u>74,857</u>	<u>74,857</u>	<u>59,762</u>	<u>15,095</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,857)</u>	<u>(19,857)</u>	<u>(26,625)</u>	<u>(6,768)</u>
NET CHANGE IN FUND BALANCE	(19,857)	(19,857)	(26,625)	(6,768)
FUND BALANCE AT BEGINNING OF YEAR	<u>137,247</u>	<u>137,247</u>	<u>137,247</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 117,390</u>	<u>\$ 117,390</u>	<u>\$ 110,622</u>	<u>\$ (6,768)</u>

**POTTER COUNTY, TEXAS**  
 County Attorney Forfeiture Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2016

Exhibit C-19

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Miscellaneous	\$ 130,000	\$ 130,000	\$ 79,499	\$ (50,501)
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>79,499</u>	<u>(50,501)</u>
EXPENDITURES				
Current:				
Judicial				
Salaries and fringe benefits	207,372	199,622	145,916	53,706
Travel expenses	4,500	9,250	-	9,250
General operations	15,390	15,390	-	15,390
Equipment/vehicle maintenance	13,000	16,000	-	16,000
Total expenditures	<u>240,262</u>	<u>240,262</u>	<u>145,916</u>	<u>94,346</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(110,262)</u>	<u>(110,262)</u>	<u>(66,417)</u>	<u>43,845</u>
NET CHANGE IN FUND BALANCE	(110,262)	(110,262)	(66,417)	43,845
FUND BALANCE AT BEGINNING OF YEAR	<u>123,384</u>	<u>123,384</u>	<u>123,384</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 13,122</u>	<u>\$ 13,122</u>	<u>\$ 56,967</u>	<u>\$ 43,845</u>

**POTTER COUNTY, TEXAS**  
 County Attorney Federal Forfeiture Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2016

Exhibit C-20

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Miscellaneous	\$ 50,000	\$ 300,000	\$ 300,865	\$ 865
Investment earnings	-	-	1,223	1,223
Total revenues	<u>50,000</u>	<u>300,000</u>	<u>302,088</u>	<u>2,088</u>
<b>EXPENDITURES</b>				
Current:				
Judicial				
Salaries and fringe benefits	-	37,350	-	37,350
Travel expenses	10,000	10,000	9,444	556
General operations	25,000	26,650	26,640	10
Equipment/vehicle maintenance	-	17,000	16,803	197
Total expenditures	<u>35,000</u>	<u>91,000</u>	<u>52,887</u>	<u>38,113</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>15,000</u>	<u>209,000</u>	<u>249,201</u>	<u>40,201</u>
<b>NET CHANGE IN FUND BALANCE</b>	15,000	209,000	249,201	40,201
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>125,447</u>	<u>125,447</u>	<u>125,447</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 140,447</u>	<u>\$ 334,447</u>	<u>\$ 374,648</u>	<u>\$ 40,201</u>

**POTTER COUNTY, TEXAS**  
 District Attorney Hot Check Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2016

Exhibit C-21

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 2,000	\$ 2,000	\$ 765	\$ (1,235)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>765</u>	<u>(1,235)</u>
EXPENDITURES				
Current:				
Judicial				
Travel expenses	800	-	-	
General operations	<u>2,500</u>	<u>3,300</u>	<u>3,246</u>	<u>54</u>
Total expenditures	<u>3,300</u>	<u>3,300</u>	<u>3,246</u>	<u>54</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,300)</u>	<u>(1,300)</u>	<u>(2,481)</u>	<u>(1,181)</u>
NET CHANGE IN FUND BALANCE	(1,300)	(1,300)	(2,481)	(1,181)
FUND BALANCE AT BEGINNING OF YEAR	<u>128,466</u>	<u>128,466</u>	<u>128,466</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 127,166</u>	<u>\$ 127,166</u>	<u>\$ 125,985</u>	<u>\$ (1,181)</u>

**POTTER COUNTY, TEXAS**  
 District Attorney Payroll Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2016

Exhibit C-22

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ 22,500	\$ 22,500	\$ -
Total revenues	<u>-</u>	<u>22,500</u>	<u>22,500</u>	<u>-</u>
EXPENDITURES				
Current:				
Judicial				
Salaries and fringe benefits	-	22,500	22,500	-
Total expenditures	<u>-</u>	<u>22,500</u>	<u>22,500</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	<u>3,913</u>	<u>3,913</u>	<u>3,913</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 3,913</u></u>	<u><u>\$ 3,913</u></u>	<u><u>\$ 3,913</u></u>	<u><u>\$ -</u></u>

**POTTER COUNTY, TEXAS**  
 District Attorney Forfeiture Release Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2016

Exhibit C-23

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Investment earnings	\$ 2,000	\$ 2,000	\$ 2,559	\$ 559
Miscellaneous	12,000	12,000	145,388	133,388
Total revenues	<u>14,000</u>	<u>14,000</u>	<u>147,947</u>	<u>133,947</u>
<b>EXPENDITURES</b>				
Current:				
Judicial				
Salaries and fringe benefits	49,104	49,104	44,842	4,262
Travel	8,000	15,500	11,158	4,342
Contract services	10,000	10,000	-	10,000
General operations	50,000	59,000	50,748	8,252
Equipment/vehicle maintenance	5,000	5,000	-	5,000
Miscellaneous	10,000	20,000	20,000	
Capital outlay	30,000	3,500	1,597	1,903
Total expenditures	<u>162,104</u>	<u>162,104</u>	<u>128,345</u>	<u>33,759</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(148,104)</u>	<u>(148,104)</u>	<u>19,602</u>	<u>167,706</u>
<b>NET CHANGE IN FUND BALANCE</b>	(148,104)	(148,104)	19,602	167,706
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>841,563</u>	<u>841,563</u>	<u>841,563</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 693,459</u>	<u>\$ 693,459</u>	<u>\$ 861,165</u>	<u>\$ 167,706</u>

**POTTER COUNTY, TEXAS**  
 District Attorney Federal Forfeiture Fund  
 Budgetary Comparison Schedule  
 For the Year Ended September 30, 2016

Exhibit C-24

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 23	\$ 23
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>5,176</u>	<u>3,176</u>
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>5,199</u>	<u>3,199</u>
<b>EXPENDITURES</b>				
Current:				
Judicial				
Travel	500	500	-	500
General operations	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,000)</u>	<u>(1,000)</u>	<u>5,199</u>	<u>6,199</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,000)	(1,000)	5,199	6,199
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>6,728</u>	<u>6,728</u>	<u>6,728</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 5,728</u>	<u>\$ 5,728</u>	<u>\$ 11,927</u>	<u>\$ 6,199</u>

**POTTER COUNTY, TEXAS**  
Auto Burglary and Theft Prevention Authority Grants Fund  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2016

Exhibit C-25

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Intergovernmental	\$ 396,823	\$ 667,073	\$ 481,409	\$ (185,664)
Total revenues	<u>396,823</u>	<u>667,073</u>	<u>481,409</u>	<u>(185,664)</u>
EXPENDITURES				
Current:				
Public safety				
Salaries and fringe benefits	332,305	345,393	344,990	403
Travel	10,000	10,000	7,845	2,155
General operations	11,275	14,148	11,710	2,438
Equipment/vehicle maintenance	15,000	15,247	9,000	6,247
Capital outlay	<u>28,243</u>	<u>333,126</u>	<u>328,423</u>	<u>4,703</u>
Total expenditures	<u>396,823</u>	<u>717,914</u>	<u>701,968</u>	<u>15,946</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(50,841)</u>	<u>(220,559)</u>	<u>(169,718)</u>
NET CHANGE IN FUND BALANCE	-	(50,841)	(220,559)	(169,718)
FUND BALANCE AT BEGINNING OF YEAR	<u>50,840</u>	<u>50,840</u>	<u>50,840</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 50,840</u>	<u>\$ (1)</u>	<u>\$ (169,719)</u>	<u>\$ (169,718)</u>

**POTTER COUNTY, TEXAS**  
**Sheriff Federal Forfeiture Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-26

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES</b>				
Investment earnings	\$ 500	\$ 500	\$ 1,053	\$ 553
Miscellaneous	75,000	75,000	14,223	(60,777)
Total revenues	<u>75,500</u>	<u>75,500</u>	<u>15,276</u>	<u>(60,224)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety				
Travel	30,000	30,000	-	30,000
General operations	52,500	52,500	3,106	49,394
Equipment/vehicle maintenance	5,000	5,000	-	5,000
Capital outlay	50,000	50,000	-	50,000
Total expenditures	<u>137,500</u>	<u>137,500</u>	<u>3,106</u>	<u>134,394</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(62,000)</u>	<u>(62,000)</u>	<u>12,170</u>	<u>74,170</u>
<b>NET CHANGE IN FUND BALANCE</b>	(62,000)	(62,000)	12,170	74,170
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>310,337</u>	<u>310,337</u>	<u>310,337</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 248,337</u>	<u>\$ 248,337</u>	<u>\$ 322,507</u>	<u>\$ 74,170</u>

**POTTER COUNTY, TEXAS**  
**Law Enforcement Grants Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-27

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 47,402	\$ 47,403	\$ 1
Investment earnings	-	-	63	63
Total revenues	<u>47,402</u>	<u>47,402</u>	<u>47,466</u>	<u>64</u>
<b>EXPENDITURES</b>				
Current:				
Public safety				
Travel	14,433	1,213	-	1,213
Capital outlay	32,969	55,729	55,729	-
Total expenditures	<u>47,402</u>	<u>56,942</u>	<u>55,729</u>	<u>1,213</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(47,402)</u>	<u>(9,540)</u>	<u>(8,263)</u>	<u>1,277</u>
NET CHANGE IN FUND BALANCE	(47,402)	(9,540)	(8,263)	1,277
FUND BALANCE AT BEGINNING OF YEAR	<u>9,538</u>	<u>9,538</u>	<u>9,538</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (37,864)</u>	<u>\$ (2)</u>	<u>\$ 1,275</u>	<u>\$ 1,277</u>

**POTTER COUNTY, TEXAS**  
**Sheriff Office Forfeiture Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-28

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>REVENUES</b>				
Interest on investments	\$ -	\$ -	\$ 64	\$ 64
Miscellaneous	2,000	2,000	17,948	15,948
<b>Total revenues</b>	<u>2,000</u>	<u>2,000</u>	<u>18,012</u>	<u>16,012</u>
<b>EXPENDITURES</b>				
Current:				
Public safety				
Travel	1,000	1,000	-	1,000
General operations	4,500	4,500	2,000	2,500
Equipment/vehicle maintenance	1,000	1,000	-	1,000
<b>Total expenditures</b>	<u>6,500</u>	<u>6,500</u>	<u>2,000</u>	<u>4,500</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,500)</u>	<u>(4,500)</u>	<u>16,012</u>	<u>20,512</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,500)	(4,500)	16,012	20,512
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>39,263</u>	<u>39,263</u>	<u>39,263</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 34,763</u>	<u>\$ 34,763</u>	<u>\$ 55,275</u>	<u>\$ 20,512</u>

**POTTER COUNTY, TEXAS**  
Drug Court Fund  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2016

Exhibit C-29

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 150,477	\$ 150,477	\$ 162,763	\$ 12,286
Total revenues	<u>150,477</u>	<u>150,477</u>	<u>162,763</u>	<u>12,286</u>
EXPENDITURES				
Current:				
Corrections				
Salaries and fringe benefits	62,887	62,887	62,819	68
Contract services	74,540	74,540	61,696	12,844
General operations	13,050	13,050	12,370	680
Total expenditures	<u>150,477</u>	<u>150,477</u>	<u>136,885</u>	<u>13,592</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>25,878</u>	<u>25,878</u>
NET CHANGE IN FUND BALANCE			25,878	25,878
FUND BALANCE AT BEGINNING OF YEAR, RESTATED	<u>(34,503)</u>	<u>(34,503)</u>	<u>(34,503)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (34,503)</u>	<u>\$ (34,503)</u>	<u>\$ (8,625)</u>	<u>\$ 25,878</u>

DEBT SERVICE FUNDS

**POTTER COUNTY, TEXAS**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
**September 30, 2016**

Exhibit C-30

	345 Series 2012 Refunding Bond	350 Series 2016 Certificate of Obligation	Total Nonmajor Debt Service Funds
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 1,973,685	\$ 29,362	\$ 2,003,047
Receivables (net)			
Taxes	40,825		40,825
Other	4,429		4,429
<b>Total assets</b>	<b><u>\$ 2,018,939</u></b>	<b><u>\$ 29,362</u></b>	<b><u>\$ 2,048,301</u></b>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
Unavailable revenue			
Property Taxes	\$ 34,346	\$	\$ 34,346
<b>Total deferred inflows of resources</b>	<b>34,346</b>		<b>34,346</b>
<b>Fund Balances:</b>			
Restricted:			
Restricted for debt service	<u>1,984,593</u>	<u>29,362</u>	<u>2,013,955</u>
<b>Total fund balances</b>	<b><u>1,984,593</u></b>	<b><u>29,362</u></b>	<b><u>2,013,955</u></b>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b><u>\$ 2,018,939</u></b>	<b><u>\$ 29,362</u></b>	<b><u>\$ 2,048,301</u></b>

POTTER COUNTY, TEXAS

Exhibit C-31

Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended September 30, 2016

	345 Series 2012 Refunding Bond	350 Series 2016 Certificate of Obligation	Total Nonmajor Debt Service Funds
<b>REVENUES</b>			
Taxes	\$ 2,163,083	\$ -	\$ 2,163,083
Investment earnings	6,622	14,849	21,471
Miscellaneous	-	14,513	14,513
Total revenues	<u>2,169,705</u>	<u>29,362</u>	<u>2,199,067</u>
<b>EXPENDITURES</b>			
General administrative			
General operations	500		500
Debt service:			
Principal	1,860,000		1,860,000
Interest and fiscal charges	78,101		78,101
Total expenditures	<u>1,938,601</u>	<u>-</u>	<u>1,938,601</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<u>231,104</u>	<u>29,362</u>	<u>260,466</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	231,104	29,362	260,466
<b>FUND BALANCES</b>			
AT BEGINNING OF YEAR	<u>1,753,489</u>	<u>-</u>	<u>1,753,489</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 1,984,593</u>	<u>\$ 29,362</u>	<u>\$ 2,013,955</u>

**POTTER COUNTY, TEXAS**  
Series 2012 Refunding Bond  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2016

Exhibit C-32

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 1,938,100	\$ 1,938,100	\$ 2,163,083	\$ 224,983
Investment earnings	1,000	1,000	6,622	5,622
Total revenues	<u>1,939,100</u>	<u>1,939,100</u>	<u>2,169,705</u>	<u>230,605</u>
<b>EXPENDITURES</b>				
General administrative				
General operations	1,000	1,000	500	500
Debt service:				
Principal	1,860,000	1,860,000	1,860,000	-
Interest and fiscal charges	78,100	78,100	78,101	(1)
Total expenditures	<u>1,939,100</u>	<u>1,939,100</u>	<u>1,938,601</u>	<u>499</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>231,104</u>	<u>231,104</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	231,104	231,104
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>1,753,489</u>	<u>1,753,489</u>	<u>1,753,489</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 1,753,489</u>	<u>\$ 1,753,489</u>	<u>\$ 1,984,593</u>	<u>\$ 231,104</u>

**CAPITAL PROJECTS FUNDS**

**POTTER COUNTY, TEXAS**  
**Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-33

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Investment earnings	\$ 4,000	\$ 4,000	\$ 28,510	\$ 24,510
Miscellaneous	-	-	14,970	14,970
<b>Total revenues</b>	<u>4,000</u>	<u>4,000</u>	<u>43,480</u>	<u>39,480</u>
<b>EXPENDITURES</b>				
Current:				
Building repairs and maintenance	500,000	500,000	-	500,000
Capital outlay	4,728,000	6,300,290	3,384,082	2,916,208
<b>Total expenditures</b>	<u>5,228,000</u>	<u>6,800,290</u>	<u>3,384,082</u>	<u>3,416,208</u>
<b>EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,224,000)</u>	<u>(6,796,290)</u>	<u>(3,340,602)</u>	<u>3,455,688</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	2,007,500	2,007,500
Transfers out	-	-	(36,502)	(36,502)
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>1,970,998</u>	<u>1,970,998</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,224,000)	(6,796,290)	(1,369,604)	5,426,686
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>9,223,342</u>	<u>9,223,342</u>	<u>9,223,342</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 3,999,342</u>	<u>\$ 2,427,052</u>	<u>\$ 7,853,738</u>	<u>\$ 5,426,686</u>

**POTTER COUNTY, TEXAS**  
**Sheriff Admin Construction Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2016**

Exhibit C-34

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Investment earnings	\$ 2,000	\$ 2,000	\$ 76,059	\$ 74,059
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>76,059</u>	<u>74,059</u>
<b>EXPENDITURES</b>				
Current:				
Contract services	500,000	1,451,000	1,317,497	133,503
Capital outlay	<u>500,000</u>	<u>19,874,500</u>	<u>715,030</u>	<u>19,159,470</u>
Total expenditures	<u>1,000,000</u>	<u>21,325,500</u>	<u>2,032,527</u>	<u>19,292,973</u>
<b>EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(998,000)</u>	<u>(21,323,500)</u>	<u>(1,956,468)</u>	<u>19,367,032</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from issuance of bonds	-	21,500,000	21,470,000	(30,000)
Premiums on bonds	-	-	405,189	405,189
Issuance costs on bonds	<u>-</u>	<u>(375,500)</u>	<u>(375,189)</u>	<u>311</u>
Total other financing sources	<u>-</u>	<u>21,124,500</u>	<u>21,500,000</u>	<u>375,500</u>
<b>NET CHANGE IN FUND BALANCE</b>	(998,000)	(199,000)	19,543,532	19,742,532
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ (998,000)</u>	<u>\$ (199,000)</u>	<u>\$ 19,543,532</u>	<u>\$ 19,742,532</u>

## AGENCY FUNDS

**POTTER COUNTY, TEXAS**  
Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
September 30, 2016

	700 State and County Collections	701 Tax Collector	704 Bail Security Fund	710 State Court Costs	716 District Registry Fund	717 County Registry Fund
<b>ASSETS:</b>						
Pooled cash and cash equivalents	\$ 536,012	\$ 1,853,996	\$ 32,500	\$ 170,215	\$ 2,658,784	\$ 352,744
Accounts receivable Other	<u>8,566</u>	<u>225</u>	<u>          </u>	<u>78,571</u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 544,578</u>	<u>\$ 1,854,221</u>	<u>\$ 32,500</u>	<u>\$ 248,786</u>	<u>\$ 2,658,784</u>	<u>\$ 352,744</u>
<b>LIABILITIES:</b>						
Accounts payable and other current liabilities	\$ 121,816	\$	\$ 32,500	\$ 225,468	\$	\$
Due to other governments	422,762	1,854,221		23,318		
Due to trust beneficiaries					2,658,784	352,744
Due to other entities	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<u>\$ 544,578</u>	<u>\$ 1,854,221</u>	<u>\$ 32,500</u>	<u>\$ 248,786</u>	<u>\$ 2,658,784</u>	<u>\$ 352,744</u>

<u>740</u> <u>County</u> <u>Attorney</u> <u>Restitution</u>	<u>750</u> <u>District</u> <u>Attorney</u> <u>Restitution</u>	<u>760</u> <u>District</u> <u>Attorney</u> <u>Seizure</u>	<u>771</u> <u>Detention</u> <u>Center</u> <u>Trust Fund</u>	<u>772</u> <u>Detention</u> <u>Center Bond</u> <u>Fund</u>	<u>200</u> <u>Unclaimed</u> <u>Property</u>	<u>Total</u> <u>Agency</u> <u>Funds</u>
\$ 47,295	\$ 21	\$ 146,203	\$ 88,253	\$ 52,000	\$ 211,787	\$ 6,149,810
<u>2,322</u>						<u>89,684</u>
<u>\$ 49,617</u>	<u>\$ 21</u>	<u>\$ 146,203</u>	<u>\$ 88,253</u>	<u>\$ 52,000</u>	<u>\$ 211,787</u>	<u>\$ 6,239,494</u>
\$	\$	\$ 146,203	\$ 88,253	\$ 52,000	\$	\$ 666,240
49,617	21					2,300,301
					211,787	3,061,166
						<u>211,787</u>
<u>\$ 49,617</u>	<u>\$ 21</u>	<u>\$ 146,203</u>	<u>\$ 88,253</u>	<u>\$ 52,000</u>	<u>\$ 211,787</u>	<u>\$ 6,239,494</u>

**POTTER COUNTY, TEXAS**  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2016

	Balance 10/1/2015	Additions	Deductions	Balance 9/30/2016
<b>STATE &amp; COUNTY COLLECTIONS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 491,040	\$ 5,008,108	\$ 4,963,136	\$ 536,012
Accounts receivable	<u>3,996</u>	<u>11,133</u>	<u>6,563</u>	<u>8,566</u>
Total assets	<u>\$ 495,036</u>	<u>\$ 5,019,241</u>	<u>\$ 4,969,699</u>	<u>\$ 544,578</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 117,007	\$ 463,581	\$ 458,772	\$ 121,816
Due to other governments	<u>378,029</u>	<u>422,761</u>	<u>378,028</u>	<u>422,762</u>
Total liabilities	<u>\$ 495,036</u>	<u>\$ 886,342</u>	<u>\$ 836,800</u>	<u>\$ 544,578</u>
<b>TAX ASSESSOR/COLLECTOR</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,927,034	\$ 185,145,283	\$ 185,218,321	\$ 1,853,996
Accounts receivable	<u>225</u>	<u>-</u>	<u>-</u>	<u>225</u>
Total assets	<u>\$ 1,927,259</u>	<u>\$ 185,145,283</u>	<u>\$ 185,218,321</u>	<u>\$ 1,854,221</u>
<b>LIABILITIES</b>				
Due to other governments	<u>\$ 1,927,259</u>	<u>\$ 185,145,283</u>	<u>\$ 185,218,321</u>	<u>\$ 1,854,221</u>
Total liabilities	<u>\$ 1,927,259</u>	<u>\$ 185,145,283</u>	<u>\$ 185,218,321</u>	<u>\$ 1,854,221</u>
<b>BAIL SECURITY FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 67,500	\$ 15,000	\$ 50,000	\$ 32,500
Total assets	<u>\$ 67,500</u>	<u>\$ 15,000</u>	<u>\$ 50,000</u>	<u>\$ 32,500</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 67,500	\$ 216,653	\$ 251,653	\$ 32,500
Total liabilities	<u>\$ 67,500</u>	<u>\$ 216,653</u>	<u>\$ 251,653</u>	<u>\$ 32,500</u>

**POTTER COUNTY, TEXAS**  
Combining Statement of Changes in Assets and Liabilities - continued  
All Agency Funds  
For the Year Ended September 30, 2016

	Balance 10/1/2015	Additions	Deductions	Balance 9/30/2016
<b>STATE COURT COSTS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 213,241	\$ 1,132,965	\$ 1,175,991	\$ 170,215
Accounts receivable	94,216	78,571	94,216	78,571
Total assets	<u>\$ 307,457</u>	<u>\$ 1,211,536</u>	<u>\$ 1,270,207</u>	<u>\$ 248,786</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 274,396	\$ 1,031,968	\$ 1,080,896	\$ 225,468
Due to other governments	33,061	23,318	33,061	23,318
Total liabilities	<u>\$ 307,457</u>	<u>\$ 1,055,286</u>	<u>\$ 1,113,957</u>	<u>\$ 248,786</u>
<b>DISTRICT CLERK REGISTRY FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,588,242	\$ 1,271,057	\$ 1,200,515	\$ 2,658,784
Total assets	<u>\$ 2,588,242</u>	<u>\$ 1,271,057</u>	<u>\$ 1,200,515</u>	<u>\$ 2,658,784</u>
<b>LIABILITIES</b>				
Due to trust beneficiaries	\$ 2,588,242	\$ 1,271,058	\$ 1,200,516	\$ 2,658,784
Total liabilities	<u>\$ 2,588,242</u>	<u>\$ 1,271,058</u>	<u>\$ 1,200,516</u>	<u>\$ 2,658,784</u>
<b>COUNTY CLERK REGISTRY FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 302,070	\$ 557,196	\$ 506,522	\$ 352,744
Total assets	<u>\$ 302,070</u>	<u>\$ 557,196</u>	<u>\$ 506,522</u>	<u>\$ 352,744</u>
<b>LIABILITIES</b>				
Due to trust beneficiaries	\$ 302,070	\$ 557,196	\$ 506,522	\$ 352,744
Total liabilities	<u>\$ 302,070</u>	<u>\$ 557,196</u>	<u>\$ 506,522</u>	<u>\$ 352,744</u>

**POTTER COUNTY, TEXAS**  
Combining Statement of Changes in Assets and Liabilities - continued  
All Agency Funds  
For the Year Ended September 30, 2016

	Balance 10/1/2015	Additions	Deductions	Balance 9/30/2016
<b>COUNTY ATTORNEY RESTITUTION</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 29,394	\$ 333,905	\$ 316,004	\$ 47,295
Accounts receivable	1,615	2,322	1,615	2,322
Total assets	<u>\$ 31,009</u>	<u>\$ 336,227</u>	<u>\$ 317,619</u>	<u>\$ 49,617</u>
<b>LIABILITIES</b>				
Due to trust beneficiaries	\$ 31,009	\$ 334,612	\$ 316,004	\$ 49,617
Total liabilities	<u>\$ 31,009</u>	<u>\$ 334,612</u>	<u>\$ 316,004</u>	<u>\$ 49,617</u>
<b>DISTRICT ATTORNEY RESTITUTION</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21	\$ -	\$ -	\$ 21
Total assets	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>
<b>LIABILITIES</b>				
Due to beneficiaries	\$ 21	\$ -	\$ -	\$ 21
Total liabilities	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>
<b>DISTRICT ATTORNEY SEIZURE</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 355,433	\$ 188,455	\$ 397,685	\$ 146,203
Total assets	<u>\$ 355,433</u>	<u>\$ 188,455</u>	<u>\$ 397,685</u>	<u>\$ 146,203</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 355,433	\$ 188,455	\$ 397,685	\$ 146,203
Total liabilities	<u>\$ 355,433</u>	<u>\$ 188,455</u>	<u>\$ 397,685</u>	<u>\$ 146,203</u>
<b>DETENTION CENTER INMATE TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 71,832	\$ 861,104	\$ 844,683	\$ 88,253
Total assets	<u>\$ 71,832</u>	<u>\$ 861,104</u>	<u>\$ 844,683</u>	<u>\$ 88,253</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 71,832	\$ 861,104	\$ 844,683	\$ 88,253
Total liabilities	<u>\$ 71,832</u>	<u>\$ 861,104</u>	<u>\$ 844,683</u>	<u>\$ 88,253</u>

**POTTER COUNTY, TEXAS**  
Combining Statement of Changes in Assets and Liabilities - continued  
All Agency Funds  
For the Year Ended September 30, 2016

	Balance 10/1/2015	Additions	Deductions	Balance 9/30/2016
<b>DETENTION CENTER BOND FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,000	\$ 143,535	\$ 108,535	\$ 52,000
Total assets	<u>\$ 17,000</u>	<u>\$ 143,535</u>	<u>\$ 108,535</u>	<u>\$ 52,000</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 17,000	\$ 143,535	\$ 108,535	\$ 52,000
Total liabilities	<u>\$ 17,000</u>	<u>\$ 143,535</u>	<u>\$ 108,535</u>	<u>\$ 52,000</u>
<b>UNCLAIMED PROPERTY</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 202,559	\$ 24,160	\$ 14,932	\$ 211,787
Total assets	<u>\$ 202,559</u>	<u>\$ 24,160</u>	<u>\$ 14,932</u>	<u>\$ 211,787</u>
<b>LIABILITIES</b>				
Due to other entities	\$ 202,559	\$ 31,084	\$ 21,856	\$ 211,787
Total liabilities	<u>\$ 202,559</u>	<u>\$ 31,084</u>	<u>\$ 21,856</u>	<u>\$ 211,787</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,265,366	\$ 194,680,768	\$ 194,796,324	\$ 6,149,810
Accounts receivable	100,052	92,026	102,394	89,684
Total assets	<u>\$ 6,365,418</u>	<u>\$ 194,772,794</u>	<u>\$ 194,898,718</u>	<u>\$ 6,239,494</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 903,168	\$ 2,905,296	\$ 3,142,224	\$ 666,240
Due to other governments	2,338,349	185,591,362	185,629,410	2,300,301
Due to trust beneficiaries	2,921,342	2,162,866	2,023,042	3,061,166
Due to other entities	202,559	31,084	21,856	211,787
Total liabilities	<u>\$ 6,365,418</u>	<u>\$ 190,690,608</u>	<u>\$ 190,816,532</u>	<u>\$ 6,239,494</u>

STATISTICAL SECTION

**POTTER COUNTY, TEXAS**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year				
	2007 (1)	2008	2009	2010	2011
<b>Governmental activities</b>					
Net invested in capital assets	\$ 42,548,919	\$ 42,873,285	\$ 43,565,161	\$ 49,746,604	\$ 56,126,465
Restricted	816,179	1,074,466	1,447,462	2,049,256	2,439,212
Unrestricted	23,603,860	26,736,887	29,552,344	28,372,058	24,775,385
<b>Total governmental activities net position</b>	<u>\$ 66,968,958</u>	<u>\$ 70,684,638</u>	<u>\$ 74,564,967</u>	<u>\$ 80,167,918</u>	<u>\$ 83,341,062</u>
<b>Primary government</b>					
Net invested in capital assets	\$ 42,548,919	\$ 42,873,285	\$ 43,565,161	\$ 49,746,604	\$ 56,126,465
Restricted	816,179	1,074,466	1,447,462	2,049,256	2,439,212
Unrestricted	23,603,860	26,736,887	29,552,344	28,372,058	24,775,385
<b>Total primary government net position</b>	<u>\$ 66,968,958</u>	<u>\$ 70,684,638</u>	<u>\$ 74,564,967</u>	<u>\$ 80,167,918</u>	<u>\$ 83,341,062</u>

(1) Infrastructure acquired prior to 2003 was added in fiscal year 2007

Source: County financial statements

Fiscal Year				
2012	2013	2014	2015	2016
\$ 63,177,320	\$ 61,999,277	\$ 65,492,484	\$ 66,473,229	\$ 68,306,983
2,178,182	2,758,943	3,226,294	4,038,120	3,915,418
22,079,761	25,100,759	27,408,567	19,228,367	19,493,902
<u>\$ 87,435,263</u>	<u>\$ 89,858,979</u>	<u>\$ 96,127,345</u>	<u>\$ 89,739,716</u>	<u>\$ 91,716,303</u>
\$ 63,177,320	\$ 61,999,277	\$ 65,492,484	\$ 66,473,229	\$ 68,306,983
2,178,182	2,758,943	3,226,294	4,038,120	3,915,418
22,079,761	25,100,759	27,408,567	19,228,367	19,493,902
<u>\$ 87,435,263</u>	<u>\$ 89,858,979</u>	<u>\$ 96,127,345</u>	<u>\$ 89,739,716</u>	<u>\$ 91,716,303</u>

**POTTER COUNTY, TEXAS**  
Changes in Net Position  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2007 (1) (2)	2008	2009	2010	2011
<b>Expenses</b>					
<b>Governmental activities</b>					
General administrative	\$ 4,417,536	\$ 4,716,743	\$ 4,878,648	\$ 4,894,116	\$ 5,327,965
Public Service	-	-	-	-	-
Transportation	-	-	-	-	-
Tax & Recording Offices	-	-	-	-	-
Facilities maintenance	2,806,032	3,233,525	2,880,638	3,049,154	3,227,551
Election administration	354,817	212,444	252,589	311,674	335,654
Judicial	11,230,890	11,586,395	12,088,428	12,505,640	12,958,440
Legal	-	-	-	-	-
Public safety	7,017,487	7,107,000	7,531,800	7,904,306	7,846,797
Corrections and rehabilitation	10,957,800	11,177,365	11,463,293	11,504,942	12,136,464
Health and human services	591,621	579,078	595,105	602,072	659,153
Road and bridge	2,931,038	3,073,675	2,810,403	2,898,176	3,289,488
Interest and fiscal charges	825,966	750,445	543,890	500,346	445,151
Non-capital expenditures	-	-	-	-	-
Total governmental activities expenses	<u>41,133,187</u>	<u>42,436,670</u>	<u>43,044,794</u>	<u>44,170,426</u>	<u>46,226,663</u>
<b>Program Revenues</b>					
<b>Governmental activities</b>					
<b>Charges for services</b>					
General administrative	1,103,936	1,089,631	979,641	1,121,886	779,092
Public Service	-	-	-	-	-
Transportation	-	-	-	-	-
Tax & Recording Offices	-	-	-	-	-
Facilities maintenance	-	-	-	-	-
Election administration	21,228	-	-	-	-
Judicial	4,023,808	3,634,570	3,276,434	3,579,564	3,632,345
Legal	-	-	-	-	-
Public safety	1,092,913	747,184	748,658	763,450	738,341
Corrections and rehabilitation	65,390	87,677	56,579	53,917	37,384
Health and human services	9,044	8,213	8,167	8,280	8,614
Road and bridge	1,923,258	1,999,896	1,986,477	1,757,544	1,823,296
Operating grants and contributions	1,812,703	1,420,446	1,509,675	1,597,284	1,637,501
Capital grants and contributions	51,339	56,445	191,617	2,177,997	1,886,767
Total governmental activities program revenues	<u>10,103,619</u>	<u>9,044,062</u>	<u>8,757,248</u>	<u>11,059,922</u>	<u>10,543,340</u>
Net (expense) revenue					
Governmental activities	(31,029,568)	(33,392,608)	(34,287,546)	(33,110,504)	(35,683,323)
Total primary government net expense	<u>\$ (31,029,568)</u>	<u>\$ (33,392,608)</u>	<u>\$ (34,287,546)</u>	<u>\$ (33,110,504)</u>	<u>\$ (35,683,323)</u>

						Fiscal Year									
						2012	2013	2014	2015	2016					
\$	6,237,219	\$	5,843,096	\$	6,966,432	\$	6,665,962	\$	7,264,224						
	-		-		-		-		-						
	-		-		-		-		-						
	-		-		-		-		-						
	3,106,581		3,891,407		3,940,745		3,743,189		4,579,935						
	333,261		343,204		399,450		445,008		485,788						
	13,705,026		13,432,209		14,145,048		14,606,765		15,209,074						
	-		-		-		-		-						
	7,804,487		8,674,589		9,129,698		8,805,956		11,527,462						
	12,918,829		12,970,815		13,994,064		13,764,889		15,061,379						
	751,915		745,435		799,112		757,696		636,165						
	3,790,135		3,413,410		3,876,443		3,302,840		2,570,451						
	563,688		138,799		86,454		58,330		569,840						
	-		-		-		-		-						
	<u>49,211,141</u>		<u>49,452,964</u>		<u>53,337,446</u>		<u>52,150,635</u>		<u>57,904,318</u>						
	855,609		1,013,504		1,676,695		1,028,289		2,091,454						
	-		-		-		-		-						
	-		-		-		-		-						
	-		-		-		-		-						
	-		-		-		-		-						
	203		233		689		660		318						
	3,578,840		3,734,494		3,784,998		3,622,668		3,585,073						
	-		-		-		-		-						
	891,934		813,947		792,836		810,363		721,002						
	37,536		74,628		109,480		431,524		355,587						
	9,650		18,301		14,496		20,914		21,364						
	1,915,038		1,990,123		2,094,405		2,110,225		2,110,719						
	1,679,624		1,457,688		1,847,566		1,661,597		3,093,621						
	3,266,348		581,456		5,538,985		10,000		231,116						
	<u>12,234,782</u>		<u>9,684,374</u>		<u>15,860,150</u>		<u>9,696,240</u>		<u>12,210,254</u>						
	(36,976,359)		(39,768,590)		(37,477,296)		(42,454,395)		(45,694,064)						
\$	<u>(36,976,359)</u>	\$	<u>(39,768,590)</u>	\$	<u>(37,477,296)</u>	\$	<u>(42,454,395)</u>	\$	<u>(45,694,064)</u>						

**POTTER COUNTY, TEXAS**  
 Last Ten Fiscal Years  
 Changes in Net Position  
 Since implementation of GASB 34 (Modified Accrual Basis of Accounting)

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities					
Taxes					
Property taxes, levied for general purposes	\$ 31,012,054	\$ 32,885,969	\$ 34,717,944	\$ 34,927,427	\$ 35,437,310
Property taxes, levied for debt purposes	2,156,007	2,151,785	2,269,041	2,316,528	2,331,124
Property taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
Mixed drink tax	387,175	396,055	406,726	404,397	428,519
Vehicle inventory tax	1,396	2,603	7,925	10,920	11,047
Bingo tax proceeds	189,217	195,213	206,297	208,384	207,010
Investment income	1,645,416	1,079,408	379,686	218,336	71,349
Gain (loss) on sale of capital assets	-	(83,303)	53,110	(3,759)	-
Miscellaneous	48,640	480,558	127,146	631,222	370,108
Total governmental activities	<u>35,439,905</u>	<u>37,108,288</u>	<u>38,167,875</u>	<u>38,713,455</u>	<u>38,856,467</u>
Total primary government	<u>\$ 35,439,905</u>	<u>\$ 37,108,288</u>	<u>\$ 38,167,875</u>	<u>\$ 38,713,455</u>	<u>\$ 38,856,467</u>
<b>Changes in Net Position</b>					
Governmental activities	<u>\$ 4,410,337</u>	<u>\$ 3,715,680</u>	<u>\$ 3,880,329</u>	<u>\$ 5,602,951</u>	<u>\$ 3,173,144</u>
Total primary government	<u>\$ 4,410,337</u>	<u>\$ 3,715,680</u>	<u>\$ 3,880,329</u>	<u>\$ 5,602,951</u>	<u>\$ 3,173,144</u>

(1) In 2007, the County adopted a chart of accounts that varies from previous years.

(2) Prior to 2007, infrastructure depreciation was not recorded.

Source: Statement of Activities from County CAFRs

Fiscal Year				
2012	2013	2014	2015	2016
\$ 38,071,717	\$ 38,770,264	\$ 40,523,681	\$ 41,867,636	\$ 44,377,950
2,308,480	2,198,926	2,090,642	2,165,610	2,162,817
-	-	-	-	-
-	-	-	-	-
387,758	435,541	556,096	593,951	611,365
2,852	28,997	19,738	15,587	14,651
210,328	211,210	216,162	212,810	221,210
89,425	88,932	75,942	90,894	282,658
-	90,150	28,256	-	-
-	368,286	235,145	60,069	-
<u>41,070,560</u>	<u>42,192,306</u>	<u>43,745,662</u>	<u>45,006,557</u>	<u>47,670,651</u>
\$ <u>41,070,560</u>	\$ <u>42,192,306</u>	\$ <u>43,745,662</u>	\$ <u>45,006,557</u>	\$ <u>47,670,651</u>
\$ 4,094,201	\$ 2,423,716	\$ 6,268,366	\$ 2,552,162	\$ 1,976,587
\$ <u>4,094,201</u>	\$ <u>2,423,716</u>	\$ <u>6,268,366</u>	\$ <u>2,552,162</u>	\$ <u>1,976,587</u>

**POTTER COUNTY, TEXAS**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (Modified Accrual Basis of Accounting)**

	Fiscal Year				
	2007	2008	2009	2010	2011 (1)
<b>General Fund</b>					
Reserved	\$ 489,157	\$ 116,685	\$ 131,550	\$ 425,469	\$ -
Nonspendable	-	-	-	-	62,109
Restricted	-	-	-	-	297,123
Committed	-	-	-	-	3,000,000
Assigned	-	-	-	-	-
Unreserved/Unassigned	<u>14,986,535</u>	<u>16,047,905</u>	<u>16,918,011</u>	<u>16,817,279</u>	<u>12,607,617</u>
<b>Total General Fund</b>	<u>\$ 15,475,692</u>	<u>\$ 16,164,590</u>	<u>\$ 17,049,561</u>	<u>\$ 17,242,748</u>	<u>\$ 15,966,849</u>
<b>All Other Governmental Funds</b>					
Reserved					
Debt service funds	\$ 440,461	\$ 534,661	\$ 732,268	\$ 989,366	\$ -
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Encumbrances	611,403	1,253,119	395,122	479,476	-
Restricted					
Debt service funds	-	-	-	-	1,260,106
Special revenue funds	-	-	-	-	20,216
Capital projects funds	-	-	-	-	-
Assigned					
Capital projects funds	-	-	-	-	5,129,931
Special revenue funds	-	-	-	-	3,351,928
Unreserved, reported in:					
Special revenue funds	2,707,338	2,781,788	2,721,110	2,952,805	-
Capital projects funds	<u>5,223,091</u>	<u>6,767,146</u>	<u>8,860,744</u>	<u>7,228,505</u>	<u>-</u>
<b>Total all other governmental funds</b>	<u>\$ 8,982,293</u>	<u>\$ 11,336,714</u>	<u>\$ 12,709,244</u>	<u>\$ 11,650,152</u>	<u>\$ 9,762,181</u>

Source: County financial statements.

(1) 2011 was the first year of GASB 54 implementation.

Fiscal Year				
2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -
52,004	53,134	23,245	17,110	520,165
308,426	353,110	655,805	864,229	813,272
2,000,000	2,700,000	3,000,000	3,000,000	2,098,100
-	-	-	-	-
14,021,844	14,495,590	14,102,331	13,236,882	16,397,160
<u>\$ 16,382,274</u>	<u>\$ 17,601,834</u>	<u>\$ 17,781,381</u>	<u>\$ 17,118,221</u>	<u>\$ 19,828,697</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,031,222	1,283,520	1,517,693	1,753,489	2,013,955
20,339	206,381	382,433	518,177	415,079
-	-	-	-	19,543,532
3,097,475	5,059,469	7,679,758	9,223,342	7,853,738
3,218,732	3,351,666	3,522,336	3,350,640	3,735,040
-	(2,522)	-	(34,503)	(206,643)
-	-	-	-	-
<u>\$ 7,367,768</u>	<u>\$ 9,898,514</u>	<u>\$ 13,102,220</u>	<u>\$ 14,811,145</u>	<u>\$ 33,354,701</u>

**POTTER COUNTY, TEXAS**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (Modified Accrual Basis of Accounting)**

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Revenue</b>					
Taxes	\$ 33,868,870	\$ 35,373,010	\$ 37,220,666	\$ 37,617,375	\$ 38,143,874
Licenses and fees	3,964,127	4,782,390	4,744,096	4,724,465	4,824,188
Intergovernmental	1,986,215	1,672,104	1,701,292	3,983,665	3,636,198
Fines and forfeitures	1,729,089	1,630,752	1,386,758	1,410,844	1,414,392
Charges for services	1,115,763	1,042,421	946,385	887,002	817,292
Investment earnings	1,588,175	1,058,154	374,434	216,028	68,799
Miscellaneous	1,494,943	664,826	329,658	844,620	355,451
<b>Total revenues</b>	<b>45,747,182</b>	<b>46,223,657</b>	<b>46,703,289</b>	<b>49,683,999</b>	<b>49,260,194</b>
<b>Expenditures</b>					
General administrative	4,215,460	4,620,124	4,769,440	4,845,930	5,083,324
Public service	-	-	-	-	-
Transportation	-	-	-	-	-
Facilities maintenance	2,403,939	2,741,042	2,142,823	2,385,538	2,549,165
Tax and recording offices					
Election administration	200,820	212,444	252,124	312,223	334,758
Judicial	11,095,322	11,624,598	12,022,407	12,480,138	12,887,673
Legal	-	-	-	-	-
Public safety and correctional	6,536,554	6,807,111	7,186,687	7,546,648	7,280,056
Corrections and rehabilitation	10,585,748	11,031,909	11,267,983	11,322,711	11,895,403
Health and human services	570,136	583,017	593,662	603,442	657,032
Road and bridge	1,669,391	1,707,486	1,843,461	1,904,364	1,851,470
Debt service					
Principal	1,414,773	1,460,900	1,559,400	1,540,000	1,595,000
Interest and fiscal charges	835,988	816,721	572,206	517,817	462,955
Capital outlay	1,832,684	1,663,975	1,470,595	7,091,093	7,827,228
<b>Total expenditures</b>	<b>41,360,815</b>	<b>43,269,327</b>	<b>43,680,788</b>	<b>50,549,904</b>	<b>52,424,064</b>
<b>Excess of revenues over (under) expenditures</b>	<b>4,386,367</b>	<b>2,954,330</b>	<b>3,022,501</b>	<b>(865,905)</b>	<b>(3,163,870)</b>
<b>Other financing sources (uses)</b>					
Refunding bonds issued	-	9,120,000	-	-	-
Issuance of bonds	-	-	-	-	-
Premium on bonds	-	151,329	-	-	-
Issuance costs on bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	(9,182,340)	-	-	-
Transfers in	2,192,046	3,713,937	2,316,262	3,285,291	3,785,747
Transfers out	(2,192,046)	(3,713,937)	(2,316,262)	(3,285,291)	(3,785,747)
Capital leases	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>88,989</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 4,386,367</b>	<b>\$ 3,043,319</b>	<b>\$ 3,022,501</b>	<b>\$ (865,905)</b>	<b>\$ (3,163,870)</b>
Debt service as a percentage of noncapital expenditures	5.78%	5.52%	5.13%	4.80%	4.60%

Source: Statement of Activities from County CAFRs

Table 4

		Fiscal Year							
		2012	2013	2014	2015	2016			
\$	40,803,354	\$	41,539,743	\$	43,249,022	\$	44,666,123	\$	47,172,428
	4,921,922		5,145,257		5,278,496		5,349,635		5,093,948
	3,314,546		2,291,646		2,116,903		2,022,231		3,314,831
	1,215,965		1,232,042		1,216,979		1,210,983		1,141,708
	882,704		1,011,174		1,689,100		807,248		1,971,122
	87,376		86,616		73,550		88,345		277,312
	403,384		613,037		496,001		591,810		877,121
	<u>51,629,251</u>		<u>51,919,515</u>		<u>54,120,051</u>		<u>54,736,375</u>		<u>59,848,470</u>
	5,266,137		5,470,342		6,468,387		6,224,416		6,575,305
	-		-		-		-		-
	-		-		-		-		-
	2,062,923		2,592,756		2,387,130		2,463,133		3,240,600
	326,743		342,414		388,101		448,712		474,215
	13,368,693		13,306,483		13,881,739		14,556,061		14,645,248
	-		-		-		-		-
	7,501,439		8,005,241		8,317,540		8,364,568		10,364,770
	12,479,813		12,734,733		13,627,840		13,678,450		14,620,355
	735,533		743,590		788,055		765,410		620,897
	1,905,658		1,966,392		1,973,601		1,967,957		2,019,637
	1,650,000		1,710,000		1,705,000		1,820,000		1,860,000
	392,210		244,883		161,525		114,901		78,101
	7,397,913		1,052,375		1,037,880		3,252,499		5,595,310
	<u>53,087,062</u>		<u>48,169,209</u>		<u>50,736,798</u>		<u>53,656,107</u>		<u>60,094,438</u>
	(1,457,811)		3,750,306		3,383,253		1,080,268		(245,968)
	7,220,000		-		-		-		-
	-		-		-		-		21,470,000
	306,365		-		-		-		405,189
	-		-		-		-		(375,189)
	(8,047,542)		-		-		-		-
	3,627,173		2,456,304		5,250,556		3,600,000		2,494,002
	(3,627,173)		(2,456,304)		(5,250,556)		(3,600,000)		(2,494,002)
	-		-		-		-		-
	<u>(521,177)</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>21,500,000</u>
\$	<u>(1,978,988)</u>	\$	<u>3,750,306</u>	\$	<u>3,383,253</u>	\$	<u>1,080,268</u>	\$	<u>21,254,032</u>
	4.46%		4.15%		3.76%		3.86%		3.57%

**POTTER COUNTY, TEXAS**  
**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

Table 5

Fiscal Year	Property Taxes	Mixed Drink Tax	Vehicle Inventory Tax	Bingo Tax	Total
2007	\$ 33,168,061	\$ 387,175	\$ 1,396	\$ 189,217	\$ 33,745,849
2008	35,037,754	396,055	2,603	195,213	35,631,625
2009	36,986,985	406,726	7,925	206,297	37,607,933
2010	37,243,955	404,397	10,920	208,384	37,867,656
2011	37,768,434	428,519	11,047	207,010	38,415,010
2012	40,380,197	387,758	2,852	210,328	40,981,135
2013	40,969,190	435,541	28,997	211,210	41,644,938
2014	42,673,188	556,096	19,738	216,162	43,465,184
2015	44,033,246	593,951	15,587	212,810	44,855,594
2016	46,540,767	611,365	14,651	221,210	47,387,993

Source: County financial statements.

**POTTER COUNTY, TEXAS**  
 Assessed and Estimated Actual Value of Property  
 Last Ten Fiscal Years (1)

Table 6

Fiscal Year	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual value	
2007	\$ 4,771,318	\$ 4,771,318	\$ 1,879,772	\$ 1,879,772	\$ 6,651,090	\$ 6,651,090	\$ 0.60
2008	5,250,250	5,250,250	1,983,443	1,983,443	7,233,693	7,233,693	0.60
2009	5,481,032	5,675,043	2,223,926	2,224,201	7,704,958	7,899,244	0.60
2010	6,144,595	6,186,664	1,467,480	1,600,943	7,612,075	7,787,607	0.60
2011	6,257,274	6,506,527	1,469,795	1,469,829	7,727,069	7,976,356	0.60
2012	6,499,571	6,754,319	1,626,148	1,625,163	8,125,719	8,379,482	0.63
2013	6,647,265	6,893,284	1,687,907	1,687,907	8,335,172	8,581,191	0.63
2014	6,690,462	6,935,556	1,631,586	1,631,586	8,322,048	8,567,142	0.63
2015	6,921,060	7,172,364	1,727,791	1,727,791	8,648,851	8,900,155	0.63
2016	7,107,807	7,357,630	1,752,257	1,752,275	8,860,082	9,109,905	0.66

(1) Stated in Thousands

Source: Potter-Randall Appraisal District

**POTTER COUNTY, TEXAS**  
Property Tax Rates  
District and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	Potter County	City of Amarillo	Amarillo ISD	Amarillo College District	River Road ISD
<b>TAX RATES / \$100 ASSESSED VALUATION</b>					
2007	0.599730	0.283710	1.615000	0.160430	1.649800
2008	0.596740	0.283710	1.172000	0.160430	1.323000
2009	0.596740	0.310090	1.170000	0.183950	1.323000
2010	0.596270	0.310090	1.170000	0.184130	1.317000
2011	0.599110	0.310090	1.170000	0.189960	1.360000
2012	0.633500	0.320090	1.170000	0.189380	1.350000
2013	0.627070	0.320090	1.170000	0.189380	1.350000
2014	0.634020	0.345090	1.189000	0.199500	1.350000
2015	0.634020	0.345090	1.189000	0.207500	1.350000
2016	0.664020	0.350720	1.189000	0.207500	1.350000

Underground Water Conservation District	Bushland ISD	Highland Park ISD	Bishop Hills	Total
TAX RATES / \$100 ASSESSED VALUATION				
0.020700	1.479450	1.495660	0.080000	7.38448
0.017940	1.187950	1.194210	0.080000	6.01598
0.016840	1.183000	1.190810	0.080000	6.05443
0.016840	1.249500	1.185440	0.080000	6.10927
0.016910	1.268620	1.182520	0.080000	6.17721
0.016410	1.269600	1.172890	0.080000	6.20187
0.016410	1.269600	1.167440	0.080000	6.18999
0.016040	1.294400	1.167500	0.080000	6.27555
0.016040	1.268040	1.161900	0.080000	6.25159
0.016040	1.268040	1.161900	0.080000	6.28722

POTTER COUNTY, TEXAS

Principal Taxpayers

September 30, 2016

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2015 Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Southwestern Public Service (Xcel)	Electric Utility	\$ 313,473,377	1	4.48%
BNSF Railway Company	Railroad	108,215,786	2	1.55%
BSA Hospital LLC	Healthcare	98,191,989	3	1.40%
Northwest Texas Healthcare	Healthcare	93,916,813	4	1.34%
Linde Gas North America	Helium	92,429,743	5	1.32%
Tyson Fresh Meats Inc.	Food Distribution	82,050,632	6	1.17%
Asarco Inc.	Copper Refinery	78,556,602	7	1.12%
Amarillo Mall, LLC	Shopping Mall	61,064,224	8	0.87%
Amarillo Economic Dev Cor	Commercial/Economic Dev	51,273,664	9	0.73%
Wal Mart Real Estate	Retailer	47,054,163	10	0.67%
		<u>\$ 1,026,226,993</u>		<u>14.64%</u>
Pioneer Natural Resources (USA)	Natural Gas Utility			
Pioneer Natural Resources (GPC)	Natural Gas Utility			
Southwestern Bell Telephone	Telephone Utility			

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	2006 Valuation	Rank	Percentage of Total Assessed Valuation
\$	<u>285,371,589</u>	<u>1</u>	<u>5.51%</u>
	51,633,487	7	1.00%
	82,962,787	4	1.60%
	89,437,806	3	1.73%
	65,923,123	5	1.27%
	57,300,779	6	1.10%
	44,417,016	8	0.86%
	120,079,137	2	2.32%
	38,084,320	9	0.74%
	<u>31,141,549</u>	<u>10</u>	<u>0.60%</u>
\$	<u><u>866,351,593</u></u>		<u><u>16.73%</u></u>

**POTTER COUNTY, TEXAS**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Table 9

Fiscal Year	Total Tax Levy	Collected within the Fiscal year of Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	\$ 32,576,226	\$ 31,984,967	98.18%	\$ 520,376	\$ 32,505,343	99.78%
2008	34,619,979	34,022,680	98.27%	515,244	34,537,924	99.76%
2009	36,435,657	35,668,444	97.89%	674,779	36,343,223	99.75%
2010	36,838,767	35,810,722	97.21%	927,081	36,737,803	99.73%
2011	37,151,855	36,511,897	98.28%	530,206	37,042,103	99.70%
2012	39,788,918	39,101,638	98.27%	547,342	39,648,980	99.65%
2013	40,409,642	39,698,578	98.24%	527,378	40,225,956	99.55%
2014	42,066,200	41,545,818	98.76%	484,482	42,030,300	99.91%
2015	43,446,569	42,961,582	98.88%	429,821	43,391,403	99.87%
2016	46,009,549	45,445,342	98.77%	-	45,445,342	98.77%

Source: Potter County Tax Office

**POTTER COUNTY, TEXAS**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 10

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
2007	\$ 18,304,733	\$ 170,299	\$ 18,475,032	0.53%	\$ 153
2008	17,070,184	74,399	17,144,583	0.45%	143
2009	15,555,546	-	15,555,546	0.42%	130
2010	13,985,909	-	13,985,909	0.37%	115
2011	12,361,272	-	12,361,272	0.30%	101
2012	10,407,628	-	10,407,628	0.24%	85
2013	8,616,985	-	8,616,985	0.20%	71
2014	6,845,324	-	6,845,324	0.14%	56
2015	4,970,254	-	4,970,254	0.10%	41
2016	24,918,003	-	24,918,003	0.47%	204

Source: Potter County records and the Schedule of Demographic and Economic Statistics

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

POTTER COUNTY, TEXAS

Table 11

Ratio of Net General Obligation Bonded Debt to Assessed Value  
and Net General Obligation Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Percentage of Estimated Assessed Actual Taxable Value of Property (1)	Net Bonded Debt Per Capita (2)
2007	\$ 18,260,000	\$ 440,461	\$ 17,819,539	0.27%	\$ 148
2008	16,890,000	534,661	16,355,339	0.23%	137
2009	15,405,000	732,268	14,672,732	0.19%	122
2010	13,985,909	989,366	12,996,543	0.17%	107
2011	12,361,272	1,260,106	11,101,166	0.14%	91
2012	10,407,628	1,031,222	9,376,406	0.11%	77
2013	8,616,985	1,283,520	7,333,465	0.09%	60
2014	6,655,000	1,517,693	5,137,307	0.06%	42
2015	4,835,000	1,753,489	3,081,511	0.03%	25
2016	24,445,000	2,013,955	22,431,045	0.25%	184

(1) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 112 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 120.

Source: Potter County financial records

POTTER COUNTY, TEXAS

Table 12

Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds  
September 30, 2016

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable To Government (1)	Government's Share of Overlapping Debt
Debt repaid with property taxes			
Amarillo Independent School District	\$ 174,230,000	54.68%	\$ 95,268,964
Amarillo College District	61,800,000	52.13%	32,216,340
River Road Independent School District	11,281,607	100.00%	11,281,607
Highland Park Independent School District	8,240,000	100.00%	8,240,000
Bushland Independent School District	24,430,000	90.79%	22,179,997
City of Amarillo	123,736,293	50.08%	<u>61,967,136</u>
Subtotal, overlapping debt			231,154,043
Potter County, Texas	24,445,000	100.00%	<u>24,445,000</u>
Total direct and overlapping debt			<u><u>\$ 255,599,043</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Potter County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the government's taxable assessed value that is within the government's boundaries and dividing it by the government's total taxable assessed value.

Sources include the finance offices of the various entities and Potter-Randall Appraisal District

**POTTER COUNTY, TEXAS**  
**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years (1)**

Table 13

	Total assessed value less exemptions - 2015 roll	\$ <u>7,004,094,664</u>			
Legal debt margin					
	Debt limitation - 5% of total assessed value	\$ 350,204,733			
Debt applicable to limitation:					
	Total bonded debt	24,445,000			
	Less: debt service funds	<u>(2,013,955)</u>			
	Total debt applicable to limitation	<u>22,431,045</u>			
	Legal debt margin	\$ <u>327,773,688</u>			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 270,855,283	\$ 290,075,905	\$ 306,952,196	\$ 306,060,172	\$ 310,385,535
Total net debt applicable to limit	<u>17,819,539</u>	<u>16,355,339</u>	<u>14,672,732</u>	<u>12,875,634</u>	<u>11,009,894</u>
Legal debt margin	<u>\$ 253,035,744</u>	<u>\$ 273,720,566</u>	<u>\$ 292,279,464</u>	<u>\$ 293,184,538</u>	<u>\$ 299,375,641</u>
Total net debt applicable to the limit as a percentage of debt limit					
	6.58%	5.64%	4.78%	4.21%	3.55%
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 316,787,646	\$ 324,502,416	\$ 334,013,008	\$ 344,960,488	\$ 350,204,733
Total net debt applicable to limit	<u>9,038,778</u>	<u>7,076,480</u>	<u>5,152,339</u>	<u>3,081,511</u>	<u>22,431,045</u>
Legal debt margin	<u>\$ 307,748,868</u>	<u>\$ 317,425,936</u>	<u>\$ 328,860,669</u>	<u>\$ 341,878,977</u>	<u>\$ 327,773,688</u>
Total net debt applicable to the limit as a percentage of debt limit					
	2.85%	2.18%	1.54%	0.89%	6.41%

Note: Under state finance law, Potter County's outstanding general obligation debt should not exceed 5% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**POTTER COUNTY, TEXAS**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Table 14

Fiscal Year	Population	Personal Income	Per Capita Personal income	Unemployment Rate
2007	120,758	\$ 3,490,668,000	\$ 29,202	3.80%
2008	119,740	3,846,102,000	32,120	4.00%
2009	120,118	3,680,610,000	30,642	6.00%
2010	121,448	3,831,073,000	31,563	6.30%
2011	122,285	4,071,704,000	33,358	5.90%
2012	122,335	4,248,586,000	34,707	5.30%
2013	122,146	4,344,796,000	35,712	5.00%
2014	121,627	4,950,948,662	40,706	4.10%
2015	121,857	4,950,948,662	42,334	3.20%
2016	122,082 *	5,341,958,164 *	43,749 *	3.19%

Source: Texas Workforce Commission Tracer

\*Estimates for 2016 are based on the average growth of the previous 9 years.

**POTTER COUNTY, TEXAS**  
Principal Employers  
Current Year and Nine Years Ago

Table 15

<b>2016</b>			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Amarillo ISD	4,158	1	3.47%
Tyson Foods	3,700	2	3.09%
CNS Pantex	3,150	3	2.63%
Baptist St. Anthony's Health Care System	2,700	4	2.25%
City of Amarillo	2,012	5	1.68%
Northwest Texas Healthcare System	1,950	6	1.63%
Xcel Energy/Southwester Public Service	1,431	7	1.19%
Texas Department of Criminal Justice	1,303	8	1.09%
Bell Helicopter Textron, Inc.	1,251	9	1.04%
Affiliated Foods	1,250	10	1.04%
<b>Total</b>	<b>22,905</b>		<b>19.13%</b>

<b>2007</b>			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Amarillo ISD	4,100	1	3.24%
Tyson Foods	3,615	2	2.86%
BWXT Pantex	3,200	3	2.53%
Baptist St. Anthony's Health Care System	2,900	4	2.29%
City of Amarillo	2,063	5	1.63%
Northwest Texas Healthcare System	1,797	6	1.42%
Amarillo College	1,332	7	1.05%
United Supermarkets	1,307	8	1.03%
Affiliated Foods	1,125	9	0.89%
Texas Department of Criminal Justice	1,093	10	0.86%
<b>Total</b>	<b>22,532</b>		<b>17.80%</b>

Source: Amarillo Chamber of Commerce

**POTTER COUNTY, TEXAS**  
**Full-time Equivalent County Employees by Function**  
**Last Ten Fiscal Years (1)**

Table 16  
Page 1 of 2

<b>Budgeted Full-time Equivalent Employees as of September 30,</b>										
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund</b>										
County Judge	3	3	3	3	3	3	3	3	3	3
County Commissioners	4	4	4	4	4	4	4	4	4	4
Human Resources	4	4	4	4	4	4	4	4	4	4
Information Technology	6	7	7	7	8	8	8	8	10	9
Information and Records Mgmt	6	6	6	7	7	7	7	7	7	8
County Auditor	6	6	6	6	6	6	6	6	6	6
County Treasurer	2	3	3	3	3	3	3	3	3	3
Purchasing Agent	5.5	6	6	6	6	6	6	6	6	6
Collections	3	3	3	3	3.5	3.5	3.75	3.75	3.75	3.75
Tax Assessor/Collector	21	21	21	21	21	21	21	21	21	21
Facilities Maintenance	26	26	26	26	26	26	27	27	28	28
Elections Administrator	-	-	-	4	4.5	4.5	4.5	4.5	4.5	4.5
County Clerk	22.5	22.5	21.5	18	17.5	17.5	17.5	17	17	17
District Clerk	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21	22	22.5
Court of Appeals	4	4	4	4	4	4	4	4	4	4
47th District Court	4	4	4	4	4	4	4	4	4	4
108th District Court	4	4	4	4	4	4	4	4	4	4
181st District Court	4	4	4	4	4	4	4	4	4	4
251st District Court	4	4	4	4	4	4	4	4	4	4
320th District Court	4	4	4	4	4	4	4	4	4	4
County Court at Law #1	5	5	5	5	5	5	5	5	5	5
County Court at Law #2	4	5	5	5	5	5	5	5	5	5
Justice of the Peace, #1	4	4	4	4	4	4	4	4	4	4
Justice of the Peace, #2	3	3	3	3	3	3	3	3	3	3
Justice of the Peace, #3	4	4	4	4	4	4	4	4	4	4
Justice of the Peace, #4	3	3	3	3	3	3	3	3	3	3
Jury and Jury Related	3.5	3.5	3.5	3.5	3.5	4	3.5	3.5	3.0	3
County Attorney	25.5	28.5	28.5	29.5	27	27	27	26.5	29.0	28
Family Crime Unit	2	2	2	2	2	1	1	2	2	2
District Attorney	28	32	32	32	32	32	32	32	33	32.0
Indigent Defense	1	1	1	1	1	1	1	1	1	1
Constables	3	4	4	4	3	3	4	4	4	4
Sheriff	81.5	81	81	80	80	80	79	81	81	81
Fire/Rescue Department	3.5	3.5	3.5	3.5	3.5	3.5	4	4	4	4
Detention Center	121.2	122.2	122.2	123	123	123	126	129	131	130
County Extension Services	5	5	5	5	5	5	5	5	5	5
Welfare	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-
Victim Assistance	3	3	3	3	3	3	3	3	3	3
Road and Bridge	19	19	19	19	19	19	19	19	19	27
<b>Total General Fund</b>	<u>474.2</u>	<u>486.2</u>	<u>485.2</u>	<u>487.5</u>	<u>485.5</u>	<u>485.0</u>	<u>489.3</u>	<u>493.8</u>	<u>501.8</u>	<u>507.8</u>

Source: Potter County employee records

**POTTER COUNTY, TEXAS**  
 Full-time Equivalent County Employees by Function  
 Last Ten Fiscal Years (1)

Table 16  
 Page 2 of 2

<b>Budgeted Full-time Equivalent Employees as of September 30,</b>										
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Other Governmental Funds</b>										
Law Library	1	1	1	1	1	1	1	1	1	-
Courthouse Security	1	1	2	4	5	5	5	6	6	7
County Clerk Record Mgmt	2	2	2	2	2	1	1	-	-	-
Court Records Management	4	3	2	1	1	1	1	1	1	1
District Clerk Record Management	-	-	-	-	-	-	-	-	-	1
Juvenile Probation	22	22	22	22	22	22	22	22	22	22
Sheriff Commissary	1	1	1	1	-	-	-	-	-	-
County Attorney Check	4	3	4	4	2	3	3	3	2	1
County Attorney Forfeiture Release	-	-	-	-	3	3	3	3	3	3
District Attorney State Payroll	1	1	-	-	-	-	-	-	-	0.25
District Attorney Forfeiture Release	1	-	-	2	2	3	3	1	1	1.25
District Attorney Welfare Fraud	-	-	1	1	-	-	-	-	-	-
Panhandle Auto Burglary and Theft Pre	-	-	-	-	-	-	-	-	3	3
Local Law Enforcement Block Grant	-	-	-	-	-	-	-	-	-	-
<b>Total Other</b>										
<b>Governmental Funds</b>	<u>36.3</u>	<u>32.3</u>	<u>33.3</u>	<u>36</u>	<u>37</u>	<u>37.5</u>	<u>37.5</u>	<u>35.5</u>	<u>38</u>	<u>39</u>
<b>Total Governmental Funds</b>	<u>510.5</u>	<u>518.5</u>	<u>518.5</u>	<u>523.5</u>	<u>522.5</u>	<u>522.5</u>	<u>526.8</u>	<u>529.3</u>	<u>539.8</u>	<u>546.8</u>

Source: Potter County employee records

**POTTER COUNTY, TEXAS**  
 Operating Indicators by Function  
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Function	2007	2008	2009	2010	2011
<b>General Government</b>					
Tax Office					
Auto titles issued <sup>(1)</sup>	33,226	34,621	30,168	30,180	31,083
Auto registrations <sup>(2)</sup>	101,611	102,910	99,845	104,539	101,487
County Clerk <sup>(3)</sup>					
Marriage license applications	1,661	1,582	1,458	1,431	1,424
Real property documents filed	22,373	23,793	23,734	21,537	19,393
Registered voters	52,590	55,144	56,451	49,053	-
Elections Administration					
Registered voters					49,689
Administration of Justice <sup>(4)</sup>					
District Court Level					
Civil cases filed	3,361	2,910	3,031	3,441	3,548
Civil case dispositions	3,295	3,128	2,995	2,730	3,851
Criminal cases filed	2,817	2,753	2,475	2,043	2,474
Criminal case dispositions	2,768	2,677	2,533	2,136	2,450
County Court Level					
Civil cases filed	1,197	1,042	1,052	1,047	1,109
Civil case dispositions	1,454	1,212	962	962	1,133
Criminal cases filed	3,282	3,267	2,930	3,206	3,103
Criminal case dispositions	3,853	3,158	2,557	2,943	3,151
Justice of the Peace Court Level					
Civil cases filed	2,259	2,521	2,293	2,281	1,819
Civil case dispositions	2,034	2,376	2,096	2,356	4,249
Criminal cases filed	11,079	10,241	10,298	8,753	7,420
Criminal case dispositions	11,053	9,516	9,561	10,078	9,176
Public Safety and Correctional					
Sheriff <sup>(5)</sup>					
Average daily jail population	550	545	488	522	529
Average daily prisoner cost	\$ 40.15	\$ 41.00	\$ 46.42	\$ 45.05	\$ 45.86
Human Services					
County Extension					
Number of programs	531	523	305	350	508
Number of contacts at programs	44,876	21,533	22,038	7,198	12,997
Number of individual, newsletter, and volunteer contacts	42,080	47,967	31,595	45,562	55,590

(1) Source: TxDOT Registration & Title Bulletins - based on fiscal year ending August 31.

(2) Source: TxDOT Registration & Title Bulletins - based on calendar year

(3) Source: Potter County Clerk

(4) Source: Office of Court Administration

(5) Source: Potter County Sheriff

2012	2013	2014	2015	2016
30,820	32,260	31,956	31,122	31,307
101,571	102,890	104,225	108,774	102,417
1,606	1,476	1,529	1,540	1,501
20,315	21,359	19,822	18,617	19,517
-	-	-	-	-
48,265	51,003	52,666	54,120	54,999
3,412	3,426	3,472	3,981	3,212
3,578	3,259	3,477	3,229	3,420
2,111	2,202	2,385	2,019	2,165
2,371	2,151	2,449	2,212	1,987
1,070	922	1,065	977	805
1,134	876	1,080	870	776
3,319	3,011	2,342	2,816	2,556
3,339	3,200	3,189	2,597	2,793
2,045	2,117	2,032	2,291	2,517
2,324	2,058	1,962	2,063	1,842
8,316	8,038	9,209	6,954	5,716
8,508	8,374	7,680	9,617	5,249
471	491	501	477	495
\$ 52.72	\$ 52.55	\$ 57.05	\$ 60.32	\$ 60.15
390	375	453	769	-
10,290	8,017	19,617	37,695	-
28,775	10,786	98,564	75,885	-

POTTER COUNTY, TEXAS

Table 18

Capital Assets by Function  
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Office buildings / courthouses	7	7	7	7	7	7	7	7	7	7
Public safety and correctional										
Constables										
Patrol vehicles	3	3	3	3	2	2	4	4	4	4
Sheriff										
Enforcement vehicles	29	29	29	29	29	41	43	43	46	46
Corrections vehicles	9	9	11	11	11	11	10	10	8	8
Fire / Rescue										
Fire stations	7	7	7	7	7	7	7	7	7	7
Transportation										
County roads (miles)	233	260.7	299	300.8	301.1	282.6	287.9	291.6	291.6	291.4
Bridges	2	2	2	2	2	2	2	2	2	2

Source: Various County departments and County fixed asset reports.

## OTHER REPORTING

This section includes other reporting required by *Government Auditing Standards*.

**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 Honorable Judge and  
Members of the Commissioners' Court  
Potter County, Texas:

We have audited 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Potter County, Texas (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 20, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal 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 the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

*Dennis Kinard & Co., PC*  
Certified Public Accountants

Abilene, Texas  
March 20, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

To the Honorable Judge and  
Members of the Commissioners' Court  
Potter County, Texas:

**Report on Compliance for Each Major Federal and State Program**

We have audited Potter County, Texas' (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement and State of Texas Single Audit Circular (TSAC)* that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2016. The County's major federal and state 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 and state awards applicable to its federal and state programs.

***Auditors Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal and state 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)*; and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance and TSAC 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 or state program occurred. An audit includes examining, on a test basis, evidence about the County's 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 and state program. However, our audit does not provide a legal determination on the County's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the County 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 and state programs for the year ended September 30, 2016.

## Report on Internal Control Over Compliance

Management of the County 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 the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and TSAC, 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 County's 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 or state 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 or state 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 or state 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 and TSAC. Accordingly, this report is not suitable for any other purpose.

*Dennis Kinard & Co., PC*  
Certified Public Accountants

Abilene, Texas  
March 20, 2017

**POTTER COUNTY, TEXAS**  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2016

A. Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material Weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

*Federal and State Awards*

Internal control over major programs:	
• Material Weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal and state award programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance or State of Texas Single Audit Circular?	No

Major Federal Programs:

Grantor Agency:	U.S. Department of Health and Human Service
Program:	Title IV-E Administrative and Foster Care
CFDA No.	93.658
Grantor Agency:	U.S. Department of Health and Human Service
Program:	Child Support Enforcement
CFDA No.	93.563
Dollar threshold considered between Type A and Type B Federal Programs	\$750,000
High Risk Auditee	The County was classified as a high-risk auditee in the context of the Uniform Guidance.

**POTTER COUNTY, TEXAS**  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2016

Major State Programs:

Grantor Agency:

Passed through the Department of Motor  
Vehicles

Program:

Auto Burglary and Theft Prevention Authority

CFDA No.

N/A

Dollar threshold considered between  
Type A and Type B Federal Programs

\$300,000

High Risk Auditee

The County was classified as a high-risk  
auditee in the context of State of Texas  
Single Audit Circular.

**B. Findings Required to be Reported in Accordance with *Government Auditing Standards***

None

**C. Findings and Questioned Costs for Major Federal and State Award Programs**

None

**POTTER COUNTY, TEXAS**  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2016

Status of Prior Year's Finding/Noncompliance

None

**POTTER COUNTY, TEXAS**  
Corrective Action Plan  
Year Ended September 30, 2016

N/A There were no findings reported in the current year.

**POTTER COUNTY, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended September 30, 2016

<u>Federal Awards</u>	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Justice Assistance Grant - SCAAP Award	16.606	N/A	\$ 63,644
Total Direct U.S. Department of Justice			63,644
Passed through City of Amarillo:			
Justice Assistance Grant	16.738	2014-DJ-BX-1642	9,541
Justice Assistance Grant	16.738	2015-DJ-BX-0633	46,188
Subtotal for CFDA 16.738			55,729
Passed through Office of the Governor - Criminal Justice Division			
Victim Assistance Program	16.575	2093306	7,500
Victim Assistance Program	16.575	2093307	155,378
Subtotal for CFDA 16.575			162,878
Passed through the City of Dallas			
Internet Crimes Against Children Task Force	16.543	2010-MC-CX-K037	1,261
Total U.S. Department of Justice			283,512
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Department of Family and Protective Services			
Title IV-E-Legal Reimbursement	93.658	23940081	47,856
Passed through Texas Juvenile Justice Department			
Title IV-E-Administrative & Foster Care Reimbursement Program	93.658	TJPC-E-12-188	109,933
Title IV-E-Administrative & Foster Care Reimbursement Program	93.658	TJPC-E-13-188	61,125
Subtotal for CFDA 93.658			218,914
Passed through the Office of the Attorney General			
Child Support Enforcement - Title IV-D	93.563	N/A	222,860
Child Support Enforcement - Title IV-D	93.563	N/A	40,293
Subtotal for CFDA 93.563			263,153
Passed through Texas Secretary of State:			
Help Americans Vote Act	93.617	N/A	2,693
Total U.S. Department of Health and Human Services			484,760
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Payment in lieu of Taxes	15.226	N/A	100,408
Total U.S. Department of Interior			100,408
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>			
Passed through Navarro County			
High Intensity Drug Trafficking Areas Program	95.001	N/A	7,167
Total Executive Office of the President			7,167
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 875,847</b>

The accompanying notes are an integral part of this schedule.

**POTTER COUNTY, TEXAS**  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended September 30, 2016

<u>State Awards</u>	<u>Pass-Through Entity Identifying Number</u>	<u>State Expenditures</u>
Passed through Governor's Office		
Adult Drug Court	2761602	\$ 128,260
Adult Drug Court	2761603	8,624
Total Passed Through Governor's Office		<u>136,884</u>
Passed through Office of Court Administration		
Indigent Defense Formula Grant	N/A	100,408
Total Passed Through Office of Court Administration		<u>100,408</u>
Passed through Office of the Attorney General		
Victim Information & Notification Everyday (V.I.N.E.)	1660364	27,715
Total Passed Through Office of the Attorney General		<u>27,715</u>
Passed through the Department of Motor Vehicles		
Auto Burglary and Theft Prevention Authority	N/A	601,727
Total Passed Through the Department of Motor Vehicles		<u>601,727</u>
Passed through Secretary of State		
Elections Chapter 19	N/A	1,864
Total Passed Through Secretary of State		<u>1,864</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<u><u>\$ 868,598</u></u>

The accompanying notes are an integral part of this schedule.

**POTTER COUNTY, TEXAS**  
Notes to the Schedule of Expenditures of Federal and State Awards  
For the Year Ended September 30, 2016

**Note 1: General**

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable state and federal awards of Potter County (the County). The County's reporting entity is defined in Note 1 of the basic financial statements. State and federal awards received directly from federal and state agencies, as well as federal and state awards passed through other governmental agencies, are included on the Schedule of Expenditures of State and Federal Awards.

The information in the Schedule of Expenditures of State and Federal Awards is presented in accordance with 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). Because the schedule of Expenditures of State and Federal Awards presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the County.

**Note 2: Basis of Accounting**

The Schedule of Expenditures of State and Federal Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or State of Texas Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. State and federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

**Note 3: State Award Guidelines**

State awards are subject to the Office of the Governor's *State of Texas Single Audit Circular*. Such guidelines are consistent with those required under the Single Audit Act of 1996, the Uniform Guidance and *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Note 4: Indirect Costs**

The County uses the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance for its federal awards.