



State of Texas
Bailey County

Annual Financial Report
For the Year Ended September 30, 2016



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INTRODUCTORY SECTION

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STATE OF TEXAS
 Bailey County
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 September 30, 2016

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STATE OF TEXAS
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Official Roster
September 30, 2016

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Jackie R. Claborn II		County Attorney
Robin Dickerson		County Clerk
Sherrri Harrison		County Judge
Shonda L. Black		County Treasurer
Kathryn Gurley		District Attorney
Elaine Parker		District Clerk
Gordon H. Green		District Judge
Debra Redwine		Justice of the Peace
Richard Wills		Sheriff
Floyd (Butch) Vandiver		Precinct 1- Commissioner
Mike Slayden		Precinct 2- Commissioner
Joey Kindle		Precinct 3- Commissioner
Juan Chavez		Precinct 4- Commissioner
Kent Wiley		County Constable

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Members of the Commissioners' Court of Bailey County
Bailey County
Muleshoe, Texas

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bailey 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12 through 18 and Schedules I through IV on pages 54 through 57 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 inquires 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. Schedules V through IX, the introductory section, and the combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and Schedule IX 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 the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and Schedule IX are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and Schedules V through VIII have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
February 14, 2017

STATE OF TEXAS
Bailey County
Management's Discussion and Analysis
September 30, 2016

As management of Bailey County (the County), we offer readers of Bailey County financial statements this narrative overview and analysis of the financial activities of Bailey County for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements of Bailey County and additional information provided.

Financial Highlights

- The assets of Bailey County exceeded its liabilities at the close of the most recent fiscal year by \$2,583,486 (*net position*). Of this amount, \$2,083,127 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors. This is an increase of net position of \$249,661 from the prior year. \$632,325 of the County's net position is restricted for special revenue funds.
- Change in net position for the year was an increase of \$249,661 from the prior year. The increase is primarily due to the gain on trade in of assets.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,388,519, or 41 percent of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of Bailey County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs. The governmental activities of Bailey County include general government, judicial, legal, public facilities, public safety, health and welfare, and roads and bridges.

The government-wide financial statements can be found at Exhibits A-1 and A-2 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. Bailey 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 Bailey County can be divided into two categories: governmental funds and fiduciary funds.

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Bailey County
Management's Discussion and Analysis
September 30, 2016

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

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

Bailey County has three governmental fund types which are the general fund, special revenue funds, and the debt service fund. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances for the general fund and the Road & Bridge Precinct 1 special revenue fund, which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Bailey County adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the general fund, the EMS special revenue fund, and the Road & Bridge Precinct 1 special revenue fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found at Exhibits B-1 and B-2 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Bailey County's own programs.

Bailey County fiduciary funds account for the collection of property taxes and special fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit C-1 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-51 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 62-77 of this report.

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Bailey County
Management's Discussion and Analysis
September 30, 2016

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bailey County, assets, and deferred outflows exceeded liabilities by \$2,583,486 and \$2,333,825 at the close of the fiscal years ended September 30, 2016 and September 30, 2015, respectively. The County also had revenues that exceeded expenditures during the year in the amount of \$263,414, which increased net position in the current year.

Bailey County's net position reflects its investment in capital assets (e.g., land, buildings, other improvements, infrastructure and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. This net position category of (\$131,966) reflects that Bailey County has more debt related to its capital assets than the net cost value of those capital assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Bailey County's Net Position
September 30,

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ 2,857,088	\$ 3,216,812
Capital assets	<u>2,875,235</u>	<u>2,753,346</u>
Total assets	<u>5,732,323</u>	<u>5,970,158</u>
Deferred outflows of resources	<u>663,237</u>	<u>251,475</u>
Total assets and deferred outflows of resources	<u>\$ 6,395,560</u>	<u>\$ 6,221,633</u>
Liabilities		
Current liabilities	\$ 716,202	\$ 935,555
Non-current liabilities	<u>3,095,872</u>	<u>2,952,253</u>
Total liabilities	<u>3,812,074</u>	<u>3,887,808</u>
Net position:		
Net investment in capital assets	(131,966)	(360,584)
Restricted for:		
Other purposes - special revenue	632,325	476,916
Unrestricted	<u>2,083,127</u>	<u>2,217,493</u>
Total net position	<u>2,583,486</u>	<u>2,333,825</u>
Total liabilities and net position	<u>\$ 6,395,560</u>	<u>\$ 6,221,633</u>

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Bailey County
Management's Discussion and Analysis
September 30, 2016

Changes in Net Position

The County's total revenues of \$5,533,360 and program expenses of \$5,283,699 resulted in a change in net position of \$249,661.

This section contains a condensed comparison of revenues and expenditures and explanations for significant differences. The table shows the summarized revenues and expenditures for the years ended September 30, 2016 and September 30, 2015.

The County had a restatement in fiscal year ending September 30, 2015 to account for the implementation of GASB Statement No. 68 and 71 related to new reporting requirements for pension items.

**Bailey County's Change in Net Position
September 30,**

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Program revenues:		
Charges for services	\$ 1,398,211	\$ 1,795,704
Operating grants and contributions	426,148	613,861
General revenues:		
Property taxes	3,174,606	3,166,638
Sales and other taxes	248,954	369,507
Interest income	7,809	19,344
Miscellaneous income	105,132	48,621
Gain (loss) on disposal of capital assets	-	6,000
Gain on trade-in of capital assets	172,500	-
Special item - donated asset	-	35,053
	<u>5,533,360</u>	<u>6,054,728</u>
Program expenses:		
General government	939,896	917,355
Judicial	368,498	331,772
Legal	280,721	315,197
Public facilities	91,432	91,808
Public safety	1,750,607	1,683,839
Health and welfare	790,729	729,880
Road and bridge	991,960	1,195,948
Interest on long-term debt	69,856	73,092
	<u>5,283,699</u>	<u>5,338,891</u>
Total Expenses		
Change in net position	249,661	715,837
Net Position Beginning	2,333,825	1,376,112
Restatement	-	241,876
Net Position Beginning - As Restated	<u>2,333,825</u>	<u>1,617,988</u>
Net Position Ending	<u>\$ 2,583,486</u>	<u>\$ 2,333,825</u>

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Bailey County
Management's Discussion and Analysis
September 30, 2016

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Bailey County's governmental funds reported combined ending fund balances of \$2,444,494, an increase of \$150,233 in comparison with the prior year. Approximately 56 percent of this total amount, \$1,379,309, constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Bailey County. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$1,388,519, while total fund balance was \$1,779,548. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41 percent of total general fund expenditures, while total fund balance represents 52 percent of that same amount. Fund balance of Bailey County's general fund increased by \$5,457.

Budgetary Highlights

County budgets reflect the same pattern as seen in the revenue and expenditures of the County. To enhance the process of developing a budget at the county level, Bailey County utilizes goals and objectives defined by the Commissioners' Court, community input meetings, long term plans and input from various staff groups to develop the County budget. County priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The following table examines the summary budget expenditure performance of the major and some of the non-major funds, specific funds significant to the County, for the fiscal year ending September 30, 2016. Detail budget performance is reported in the budgetary comparison statements for each major fund and specific non-major funds.

Fund Expenditure Budget Performance

	Final Budget	Actual on Cash (Budgetary) Basis	Favorable (Unfavorable) Variance
General Fund	\$ 3,975,202	\$ 3,399,846	\$ 575,356
EMS Special Revenue Fund	558,328	571,352	(13,024)
Road and Bridge 1 Special Revenue Fund	289,883	244,033	45,850
Road and Bridge 2 Special Revenue Fund	296,881	373,856	(76,975)
Road and Bridge 3 Special Revenue Fund	362,167	415,470	(53,303)
Road and Bridge 4 Special Revenue Fund	283,763	281,667	2,096
Total	\$ 5,766,224	\$ 5,286,224	\$ 480,000

The County amends its budget during the year in response to unexpected changes in its operating environment. The original and final budgets are reported and can be examined in the budgetary comparison statements for each major fund and specific non-major funds. After adjusting entries were made some of the funds had unfavorable variances due to reclassification of expenditures and capital asset expenditures.

STATE OF TEXAS
 Bailey County
 Management's Discussion and Analysis
 September 30, 2016

Capital Asset and Debt Administration

Capital Assets

Bailey County's investment in capital assets for its governmental activities as of September 30, 2016, amounts to \$2,875,235 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and vehicles. The table below shows the summarized capital assets of Bailey County as of September 30, 2016 and September 30, 2015.

**Bailey County's Capital Assets, Net of Depreciation
 September 30,**

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Property, plant and equipment		
Land	\$ 253,100	\$ 253,100
Buildings and improvements	4,027,767	4,027,767
Machinery and equipment	2,781,362	2,640,689
Vehicles	<u>1,197,710</u>	<u>1,197,710</u>
Total property, plant and equipment	<u>8,259,939</u>	<u>8,119,266</u>
Less: accumulated depreciation	<u>(5,384,704)</u>	<u>(5,365,920)</u>
Total property, plant and equipment, net of accumulated depreciation	<u><u>\$ 2,875,235</u></u>	<u><u>\$ 2,753,346</u></u>

The County recognized \$393,545 in depreciation expense during the year. Additional information on Bailey County's capital assets can be found in the notes to the financial statements.

STATE OF TEXAS
 Bailey County
 Management's Discussion and Analysis
 September 30, 2016

Long-term debt

At September 30, 2016, Bailey County had total bonds outstanding of \$2,525,000, capital leases outstanding of \$311,423, and notes payable outstanding of \$170,778.

Bailey County's Outstanding Debt
 September 30,

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Bonds	\$ 2,525,000	\$ 2,770,000
Capital Leases	311,423	311,376
Note Payable	170,778	32,554
Compensated Absences	<u>92,724</u>	<u>100,330</u>
Total outstanding debt	<u>\$ 3,099,925</u>	<u>\$ 3,214,260</u>

The County made principal payments towards bonds payable in the amount of \$245,000, capital leases in the amount of \$121,963, and notes payable in the amount of \$17,576. Additional information on Bailey County's long-term debt can be found in the notes to the financial statements.

Economic Factor and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.
- The property tax rate was set at 0.9235 for maintenance and operations and for debt service.

These factors were considered in preparing Bailey County's budget for the 2016 fiscal year.

Request for Information

This financial report is designed to provide a general overview of Bailey 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 Office of the County Treasurer, Bailey County, 300 S. 1st, Muleshoe, Texas 79347.

**BASIC
FINANCIAL STATEMENTS**

STATE OF TEXAS
Bailey County
Statement of Net Position
September 30, 2016

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 1,943,346
Investments	37,301
Receivables:	
Property taxes	216,965
Other receivables, net	190,921
Due from other governments	37,557
Inventory	21,852
Prepaid expenses	33,009
	2,480,951
Noncurrent assets	
Restricted cash and cash equivalents	376,137
Capital assets	8,259,939
Less: accumulated depreciation	(5,384,704)
	3,251,372
Total assets	5,732,323
Deferred outflows of resources	
Differences between expected and actual experience	47,833
Net difference between projected and actual earnings	407,051
Changes in assumptions	65,076
Employer contributions subsequent to the measurement date	143,277
	663,237
Total deferred outflows of resources	663,237
<i>Total assets and deferred outflows of resources</i>	<u>\$ 6,395,560</u>

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

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 115,818
Accrued payroll	98,390
Accrued interest	17,025
Current portion of accrued compensated absences	92,724
Current portion of notes and capital leases payable	142,245
Current portion of bonds payable	250,000
	<hr/>
Total current liabilities	716,202
	<hr/>
Noncurrent liabilities	
Notes and capital leases	339,956
Bonds payable	2,275,000
Bond premium, net of accumulated amortization	156,520
Net pension liability	324,396
	<hr/>
Total noncurrent liabilities	3,095,872
	<hr/>
Total liabilities	3,812,074
	<hr/>
Net position	
Net investment in capital assets	(131,966)
Restricted for:	
Other purposes - special revenue	632,325
Unrestricted	2,083,127
	<hr/>
Total net position	2,583,486
	<hr/>
<i>Total liabilities and net position</i>	<u><u>\$ 6,395,560</u></u>

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

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STATE OF TEXAS
Bailey County
Statement of Activities
For the Year Ended September 30, 2016

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Government Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government				
General government	\$ 939,896	\$ 146,213	\$ 50,726	\$ (742,957)
Judicial	368,498	9,394	25,298	(333,806)
Legal	280,721	7,475	139,895	(133,351)
Public facilities	91,432	-	-	(91,432)
Public safety	1,750,607	573,437	2,430	(1,174,740)
Health and welfare	790,729	279,391	25,661	(485,677)
Road and bridge	991,960	382,301	182,138	(427,521)
Interest on long-term debt	69,856	-	-	(69,856)
<i>Total governmental activities</i>	<u>\$ 5,283,699</u>	<u>\$ 1,398,211</u>	<u>\$ 426,148</u>	(3,459,340)

General revenues:

Taxes:

Property	3,174,606
Sales and other	248,954
Interest income	7,809
Miscellaneous income	105,132
Gain on trade in of capital assets	<u>172,500</u>
 Total general revenues	 <u>3,709,001</u>
 Change in net position	 249,661
 Net position - beginning	 <u>2,333,825</u>
 <i>Net position - ending</i>	 <u>\$ 2,583,486</u>

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

STATE OF TEXAS
Bailey County
Balance Sheet
Governmental Funds
September 30, 2016

Exhibit B-1
Page 1 of 2

	General Fund	EMS	Other Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 1,715,027	\$ -	\$ 604,456	\$ 2,319,483
Investments	26,253	-	11,048	37,301
Receivables:				
Property taxes	166,199	-	50,766	216,965
Other receivables, net	161,636	34,470	32,372	228,478
Inventory	-	1,825	20,027	21,852
Prepaid expenses	14,892	1,426	16,691	33,009
Due from other funds	7,828	-	-	7,828
Total assets	\$ 2,091,835	\$ 37,721	\$ 735,360	\$ 2,864,916
Liabilities				
Accounts payable	\$ 90,175	\$ 14,068	\$ 11,575	\$ 115,818
Accrued payroll	70,277	13,067	15,046	98,390
Due to other funds	-	384	7,444	7,828
Total liabilities	160,452	27,519	34,065	222,036
Deferred inflows of resources				
Unavailable revenue - property tax	151,835	-	46,551	198,386
Total deferred inflows of resources	151,835	-	46,551	198,386
Fund balances				
Nonspendable				
Inventory	-	1,825	20,027	21,852
Prepaid expenses	14,892	1,426	16,691	33,009
Spendable				
Restricted for:				
General county operations	-	-	98,082	98,082
Maintenance of roads	-	-	356,114	356,114
Court	-	-	83,345	83,345
Public safety	-	-	14,705	14,705
Healthcare	-	-	28,789	28,789
Debt service expenditures	-	-	28,515	28,515
Committed to:				
Jail maintenance	376,137	-	-	376,137
General county operations	-	-	16,497	16,497
Healthcare	-	6,951	1,189	8,140
Unassigned	1,388,519	-	(9,210)	1,379,309
Total fund balances	1,779,548	10,202	654,744	2,444,494
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,091,835	\$ 37,721	\$ 735,360	\$ 2,864,916

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

STATE OF TEXAS

Bailey County

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2016

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 2,444,494
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,875,235
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be "unavailable" revenue in the fund financial statements, but are considered revenue in the Statement of Activities	198,386
Deferred outflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows related to differences between expected and actual experience	47,833
Deferred outflows related to net difference between projected and actual earnings	407,051
Deferred outflows related to employer contributions subsequent to the measurement date	143,277
Deferred outflows related to changes in assumptions	65,076
Liabilities, including bonds payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(17,025)
Accrued compensated absences not due and payable	(92,724)
Bond premium, net	(156,520)
Bonds, note, and capital leases payable	(3,007,201)
Net pension liability	(324,396)
	<hr/>
<i>Total net position - governmental activities</i>	<u><u>\$ 2,583,486</u></u>

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

STATE OF TEXAS
 Bailey County
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2016

Exhibit B-2
 Page 1 of 2

	<u>General Fund</u>	<u>EMS</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Revenues</i>				
Taxes:				
Property	\$ 2,419,464	\$ -	\$ 760,184	\$ 3,179,648
Sales and other	248,954	-	-	248,954
Intergovernmental:				
Federal operating grants	-	-	73,569	73,569
State operating grants	223,525	-	287,416	510,941
Fines, forfeitures and settlements	5,408	-	-	5,408
Licenses and permits	-	-	377,964	377,964
Charges for services	689,697	279,391	45,751	1,014,839
Investment income	5,987	-	1,822	7,809
Miscellaneous	103,650	-	1,482	105,132
<i>Total revenue</i>	<u>3,696,685</u>	<u>279,391</u>	<u>1,548,188</u>	<u>5,524,264</u>
<i>Expenditures</i>				
Current:				
General government	869,103	-	13,856	882,959
Judicial	364,975	-	3,301	368,276
Legal	273,610	-	7,878	281,488
Public facilities	91,258	-	-	91,258
Public safety	1,721,623	-	4,356	1,725,979
Health and welfare	76,033	532,370	3,092	611,495
Road and bridge	-	-	881,215	881,215
Capital outlay	-	-	342,934	342,934
Debt service:				
Principal	3,244	34,722	346,573	384,539
Interest	-	4,260	77,438	81,698
<i>Total expenditures</i>	<u>3,399,846</u>	<u>571,352</u>	<u>1,680,643</u>	<u>5,651,841</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>296,839</u>	<u>(291,961)</u>	<u>(132,455)</u>	<u>(127,577)</u>
<i>Other financing sources (uses)</i>				
Proceeds from capital lease and note payable	-	-	277,810	277,810
Transfers in	-	289,823	1,559	291,382
Transfers (out)	(291,382)	-	-	(291,382)
<i>Total other financing sources (uses)</i>	<u>(291,382)</u>	<u>289,823</u>	<u>279,369</u>	<u>277,810</u>
<i>Net change in fund balances</i>	5,457	(2,138)	146,914	150,233
<i>Fund balances - beginning of year</i>	<u>1,774,091</u>	<u>12,340</u>	<u>507,830</u>	<u>2,294,261</u>
<i>Fund balances - end of year</i>	<u>\$ 1,779,548</u>	<u>\$ 10,202</u>	<u>\$ 654,744</u>	<u>\$ 2,444,494</u>

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

STATE OF TEXAS

Bailey County

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

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	150,233
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Governmental funds report capital outlays as expenditures. However, in
the Statement of Activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital expenditures		342,934
Depreciation expense		(393,545)
Gain on trade in of capital asset		172,500

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivables		(5,042)
Change in unavailable revenue related to grant receivables		(158,362)

Governmental funds report county pension contributions as expenditures. However in
the Statement of Activities, the cost of pension benefits earned net of employee
contributions is reported as pension expense

County pension contributions subsequent to the measurement date		143,277
Pension expense		(128,511)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of bond premiums, discounts, and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the Statement of Activities:

Current year amortization of bond premium		10,270
Proceeds from capital lease and note payable		(277,810)
Decrease in accrued compensated absences		7,606
Decrease in accrued interest payable		1,572
Principal payments on bonds		245,000
Principal payments on notes and leases payable		139,539

<i>Change in net position of governmental activities</i>	<u>\$</u>	<u>249,661</u>
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The accompanying notes are an integral part of these financial statements.

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STATE OF TEXAS
Bailey County
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2016

Exhibit C-1

Assets

Cash	\$ 488,499
<i>Total assets</i>	<u>\$ 488,499</u>

Liabilities

Deposits held in trust	\$ 488,499
<i>Total liabilities</i>	<u>\$ 488,499</u>

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

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STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 1. Summary of Significant Accounting Policies

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes. Bailey County, Texas (the County) was established in January of 1918 and operates under a county judge/commissioners' court type government as provided by state statute. The Commissioners' Court has governance responsibilities over all activities related to the County. The County is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The County provides the following services to its citizens: public safety, public transportation (roads and bridges), health and welfare, recreation facilities, judicial and legal, and general administrative services.

This summary of significant accounting policies of the County is presented to assist in the understanding of the County's financial statements. The financial statements and notes are the representation of the County's management who is responsible for their integrity and objectivity. The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

For the year ended September 30, 2016, the County implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain provisions of GASB Statements 67 and 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 72 establish standards for measuring fair value and applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 73 amended GASB Statement No. 68 requirements related to note disclosures for pension related required supplementary information and payables to defined benefit pension plans. GASB Statement No. 76 establishes the hierarchy of sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles. GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measurer all of its investments at amortized cost for financial reporting purposes.

A. Financial Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, No. 39, and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion in the reporting entity. Based upon the application of these criteria, the County does not have any component units required to be reported under GASB Statements No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County does not have any *business-type activities*.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The County's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the County's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the County's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of County facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The County reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The County does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Under the requirements of GASB Statement No. 34, the County is required to present certain governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

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

The *EMS Special Revenue Fund* is a special revenue fund of the County. It is used to account for the operation of the County's EMS. Authority for creation of this fund is the County Commission.

Additionally, the government reports the following agency fund:

Fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The County's fiduciary funds are used to account for the collection and payment of property taxes and special fees to other governmental agencies. The Sheriff's inmate trust agency fund is used to account for collection and disbursement of inmate funds for the Bailey County Detention Center.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Deposits and Investments: The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury or the State of Texas, Certificates of Deposit, certain Municipal Securities, Money Market Savings Accounts, repurchase agreements, banker's acceptances, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, investment staff quality and capabilities, and bid solicitation preferences for Certificate of Deposit. The County does not have such a policy in place.

TexPool investment policies limit the weighted average maturity to sixty (60) days. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. The maximum maturity of any investment limited to 13 months. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act.

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements or transfers. 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/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied net of estimated refunds and uncollectable amounts.

Property taxes are levied on October 1st in conformity with Subtitle E, Texas Property Code. Property taxes uncollected after February 1st are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st to secure the payment of all taxes, penalties, and interest ultimately imposed. The Bailey County Appraisal District assesses and collects property taxes for the County. The County is permitted by the Municipal Finance Law of the State to levy taxes up to \$1.20 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal established by the Attorney General of the State of Texas. The tax rate for the year ended September 30, 2016 was 0.9235 per \$100 valuation.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Inventory: The County's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-22
Machinery and equipment	5-12
Vehicles	3-7

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The County has four types of items that qualify for reporting in this category. Accordingly, the items, differences between expected and actual experience of \$47,833, net difference between projected and actual earnings of \$407,051, changes in assumptions of \$65,076, and employer contributions subsequent to the measurement date of \$143,277, are considered deferred outflows of resources. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods.

Pensions: For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred in flow of resources related to pensions, and pension expense, information about fiduciary net position of the County's employees' pension plan (TCDRS) and additions to/deductions from TCERS fiduciary net position have been determined on the same basis as they are reported by the TCERS. For this purpose, 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.

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through September 30, 2016, along with applicable Texas County and District Retirement System (TCERS), FICA, and Medicare accruals.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element 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. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The County has one item which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County has recorded \$198,386 related to property taxes which is considered “unavailable.”

Compensated Absences: Qualified employees are entitled to accumulate annual leave of ten working days per year. No more than fifteen (15) working days, or one hundred twenty (120) hours of annual leave, may be carried forward at any one time during the year. All excess annual leave shall be forfeited if not used, unless extenuating circumstances warrant approval of an extension by the Commissioners’ Court of Bailey County.

Qualified employees are entitled to accumulate official holidays if the employees working shifts require them to work on an official holiday. Depending on the employee’s department no more than thirty (30) hours to one hundred (100) hours of holiday hours, may be carried forward at any one time during the year.

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Sick leave can be carried over from year to year up to 240 hours (30 days). Upon termination employees receive no pay for sick time.

Vested or accumulated vacation leave and holiday pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in 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 governmental activities statement of net position. For bonds issued after GASB 34 was implemented, bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. For fund financial reporting, bond premiums and discounts, are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: For committed fund balance, the County’s highest level of decision-making authority is the County Commission. The formal action that is required to be taken to establish a fund balance commitment is the County Commission.

For assigned fund balance, the County Commission or an official or body to which the County Commission delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

For the classification of fund balances, the County considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the County considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At September 30, 2016, the nonspendable fund balance in the funds is made up of inventory and prepaid expenses in the amount of \$21,852 and \$33,009, respectively, which are not in spendable form.

Restricted Fund Balance: At September 30, 2016, the County has presented restricted fund balance on the governmental funds balance sheet in the amount of \$609,550 for various County operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet on page 24.

Committed Fund Balance: At September 30, 2016, the County has presented committed fund balance in the amount of \$400,774 for various County operations as committed by the County Commissioners Court or various contracts.

Minimum Fund Balance Policy: The County does not have a policy for maintaining a minimum amount of fund balance for operation.

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the County are prepared prior to October 1 and must be approved by resolution of the County Commissioners. Once the budget has been formally approved, any amendments must also be approved by the County Commissioners. A separate budget is prepared for each fund, with the exception of the agency funds which are not budgeted. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

These budgets are prepared on the GAAP basis. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by County Commissioners in accordance with the above procedures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

For fiscal year ending September 30, 2015, the budgets were presented on the Non-GAAP budgetary basis, which excluded all payments and receipts received after year end that were received or earned prior to yearend. However, for the year ending September 30, 2016, this has been changed. The presentation of the budgets on a GAAP basis more appropriately represents the budget process for the County.

NOTE 3. Deposits and Investments

Statutes authorize the County to invest in 1) obligations of the U.S. Treasury or the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The County is required by Governmental Code Chapter 2256, Public Funds Investment Act (PFIA), to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety or principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. The County does not have such a policy in place. All invested funds of the County properly followed State investment requirements as of September 30, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the County. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 100% of the deposit amount in excess of the deposit insurance.

All of the County's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At September 30, 2016, \$2,706,093 of the County’s bank balance of \$2,956,093 was exposed to custodial credit risk. Although the \$2,706,093 was uninsured, it was collateralized by collateral held by the pledging bank’s trust department, not in the County’s name. None of the County’s deposits were uninsured and uncollateralized at September 30, 2016.

	Muleshoe State Bank
Amount of deposits	\$ 2,956,093
FDIC coverage	(250,000)
Total uninsured public funds	2,706,093
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the County's name	2,706,093
Uninsured and uncollateralized	\$ -
Collateral requirement (100%)	\$ 2,706,093
Pledged securities	4,593,745
Over (under) collateralized	\$ 1,887,652

The types of collateral are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of Texas.

Investments

Interest rate risk – For short term liquidity investment requirements, the County utilizes a local government investment pool. TexPool is managed by Federated Investors for the State of Texas Comptroller of Public Accounts. TexPool was created to invest funds on behalf of Texas political subdivisions. The pool operates on a \$1 net position value basis and allows same day or next day redemptions and deposits.

TexPool investment policies limit the weighted average maturity to sixty (60) days. TexPool investments consist exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds. The maximum maturity of any investment limited to 13 months.

Credit Risk – State law and County policy limits investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2016, the County’s investments in TexPool were rated AAAM by Standard and Poor’s.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 3. Deposits and Investments (continued)

TexPool operates in a manner consistent with the Securities & Exchange Commission's (SEC) Rule 2a-7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the County's investment in TexPool are stated at cost, which approximates fair value.

As of September 30, 2016, the County had the following investments and maturities:

	Cost Basis	Fair Value
TexPool	\$ 37,301	\$ 37,301

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the County. The investments in the TexPool are 100% of the investment portfolio. Since the Pool only purchases investments with the highest credit rating, the concentration is not viewed to be an additional risk by the County.

The County utilizes pooled accounts for some of their funds. The General, Special Revenue, and Agency Funds are all in multiple accounts. Separate accounts also exist for Sheriff's Office confiscation related funds.

Reconciliation of Cash and Cash Equivalents

Primary Government

Reconciliation to the Statement of Net Position

Cash and cash equivalents per Exhibit A-1	\$ 1,943,346
Restricted cash and cash equivalents per Exhibit A-1	376,137
Cash and cash equivalents per Exhibit D-1	488,499
 Total cash and cash equivalents, and investments	 2,807,982
Add: outstanding checks	158,303
Less: deposits in transit and other items	(9,142)
Less: petty cash	(1,050)
 Bank balance of deposits	 \$ 2,956,093

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 4. Receivables

Receivables as of September 30, 2016, are as follows:

	<u>General Fund</u>	<u>EMS Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 166,199	\$ -	\$ 50,766	\$ 216,965
Other receivables:				
Due from state	15,885	-	21,672	37,557
Miscellaneous receivables	42	-	10,700	10,742
Charges for services	407,915	1,377,576	-	1,785,491
Less: allowance for doubtful accounts (charges for services)	(262,206)	(1,343,106)	-	(1,605,312)
Total other receivables	<u>161,636</u>	<u>34,470</u>	<u>32,372</u>	<u>228,478</u>
Total receivables, net	<u>\$ 327,835</u>	<u>\$ 34,470</u>	<u>\$ 83,138</u>	<u>\$ 445,443</u>

The County is in the process of writing off \$1,238,823 of the EMS accounts receivable. The County believes the full balance to be uncollectible and it is highly unlikely that the balance will be collected. However, the County has not taken formal action as of this report date so the amount is still listed above.

In accordance with GASB No. 33, property taxes in the amount of \$198,386 which were not collected within the period of availability have been reclassified as a deferred inflow of resources in the governmental fund financial statements.

NOTE 5. Interfund Receivables, Payables, and Transfers

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
EMS Fund	General Fund	\$ 289,823
Law Library Fund	General Fund	<u>1,559</u>
		<u>\$ 291,382</u>

The County transferred money from the General Fund to the EMS Fund and Law Library Fund to pay for shortfalls in the money collected by each fund compared to the expenditures each fund had during the year.

The County records temporary interfund receivables and payables to enable the funds to operate until monies are received. The County had the following interfund receivable and payable during the year ended September 30, 2016:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General Fund	EMS	\$ 384
General Fund	Road & Bridge Precinct 1	<u>7,444</u>
		<u>\$ 7,828</u>

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 6. Capital Assets

The following is a summary of capital assets and changes occurring during the year ended September 30, 2016. Land is not subject to depreciation.

	<u>Balance</u> <u>Sept 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 253,100	\$ -	\$ -	\$ 253,100
Total capital assets not being depreciated	<u>253,100</u>	<u>-</u>	<u>-</u>	<u>253,100</u>
Capital assets being depreciated:				
Buildings and improvements	4,027,767	-	-	4,027,767
Machinery and equipment.	2,640,689	515,434	374,761	2,781,362
Vehicles	1,197,710	-	-	1,197,710
Total capital assets being depreciated	<u>7,866,166</u>	<u>515,434</u>	<u>374,761</u>	<u>8,006,839</u>
Less accumulated depreciation:				
Buildings and improvements	2,433,788	147,006	-	2,580,794
Machinery and equipment.	2,033,353	174,694	374,761	1,833,286
Vehicles	898,779	71,845	-	970,624
Total accumulated depreciation	<u>5,365,920</u>	<u>393,545</u>	<u>374,761</u>	<u>5,384,704</u>
Total capital assets, net of depreciation	<u>\$ 2,753,346</u>	<u>\$ 121,889</u>	<u>\$ -</u>	<u>\$ 2,875,235</u>

During the current year, the County traded in a 140H Motor Grader for a 12M3 Motor Grader. The trade in value of the 140H Motor Grader was \$155,500 and the book value was \$0. The County recorded a capitalized cost on the government wide financial statements in the amount of \$238,300 which was the actual cost of the 12M3 Motor Grader, while only recording \$155,800 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain and a reconciling item for capital outlay expenditures of \$82,500.

Also, the County traded in another 140H Motor Grader for a 672G Motor Grader. The trade in value of the 140H Motor Grader was \$90,000 and the book value was \$0. The County recorded a capitalized cost on the government wide financial statements in the amount of \$262,000 which was the actual cost of this 672G Motor Grader, while only recording \$172,000 in the fund financial statements as the expenditure, which included the trade in value. This resulted in a gain and a reconciling item for capital outlay expenditures of \$90,000.

These resulted in a gain (as noted in Exhibit A-2) and a reconciling item for capital outlay expenditures (as noted Exhibit B-2) of \$172,500 total.

Capital outlay reconciliation:	
\$ 515,434	Capital asset additions listed above
(82,500)	Trade in Motor Grader
(90,000)	Trade in Motor Grader
<u>\$ 342,934</u>	Capital outlay per Exhibit B-2

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended September 30, 2016 was charged to the functions of the governmental activities as follows:

General government	\$ 67,160
Health and welfare	36,896
Public safety	180,851
Road and bridge	108,638
	<u>\$ 393,545</u>

NOTE 7. Long-term Debt

During the year ended September 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>September 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable	\$ 2,770,000	\$ -	\$ 245,000	\$ 2,525,000	\$ 250,000
Capital leases	311,376	122,010	121,963	311,423	97,627
Notes payable	32,554	155,800	17,576	170,778	44,618
Compensated absences	100,330	109,771	117,377	92,724	92,724
Total long-term debt	<u>\$ 3,214,260</u>	<u>\$ 387,581</u>	<u>\$ 501,916</u>	<u>\$ 3,099,925</u>	<u>\$ 484,969</u>

Bonds

Bonds outstanding at September 30, 2016 consisted of the following:

In March 2012, the County entered into a limited tax refunding bond series 2012 in the amount of \$3,330,000 due in annual installments on July 1st, with interest rates of 2.0% to 3.0% paid semiannually through July 2024.

The annual requirements to amortize the Bonds Payable as of September 30, 2016, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2017	\$ 250,000	\$ 68,100	\$ 318,100
2018	255,000	63,100	318,100
2019	260,000	58,000	318,000
2020	265,000	52,800	317,800
2021	270,000	44,850	314,850
2021-2024	<u>1,225,000</u>	<u>84,750</u>	<u>1,309,750</u>
	<u>\$ 2,525,000</u>	<u>\$ 371,600</u>	<u>\$ 2,896,600</u>

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 7. Long-term Debt (continued)

Notes Payable

In July 2015, the County signed a Note Payable in the amount of \$29,310 for a used 444J 4W Loader. The Note Payable is due in annual installments from July 2016 through July 2017. The balance at September 30, 2016 is \$14,978. The note is collateralized by the 444J 4W Loader.

In November 2015, the County signed a Note Payable in the amount of \$155,800 for a 12M3 Motor Grader. The Note Payable is due in annual installments from November 2016 through November 2020. The balance at September 30, 2016 is \$155,800. The note is collateralized by the 12M3 Motor Grader.

The annual requirements to amortize the Note Payable as of September 30, 2016, including interest payments are as follows:

Fiscal Year				Total Debt
Ending September 30,	Principal	Interest		Service
2017	\$ 44,618	\$ 4,570		\$ 49,188
2018	30,381	3,154		33,535
2019	31,141	2,394		33,535
2020	31,919	1,616		33,535
2021	32,719	818		33,537
	<u>\$ 170,778</u>	<u>\$ 12,552</u>		<u>\$ 183,330</u>

Capital Leases

In October 2012, Road and Bridge Precinct 3 purchased a 770G motor grader, financing \$79,850 with annual installments of \$13,335 due each October 25th through 2017, interest rate at 3.55%. The balance at September 30, 2016 is \$26,129.

In October 2013, Road and Bridge Precinct 1 purchased a 672G motor grader, financing \$158,000 with annual installments of \$26,973 due each November 1st through 2017, interest rate at 2.65%. The balance at September 30, 2016 is \$53,006.

In October 2014, EMS purchased a 2014 Ford F450 Type 1 Horton Ambulance, financing \$145,000 with annual installments of \$38,985 due each October 15th through 2017, interest rate at 2.65%. The balance at September 30, 2016 is \$110,278.

In December 2015, Road and Bridge Precinct 3 purchased a 672G motor grader, financing \$122,010 with annual installments of \$26,973 due each December 14th through 2020, interest rate at 3.00%. The balance at September 30, 2016 is \$122,010.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the Capital Leases Payable as of September 30, 2016, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2017	\$ 97,627	\$ 8,339	\$ 105,966
2018	100,558	5,409	105,967
2019	62,230	3,428	65,658
2020	25,121	1,551	26,672
2021	25,887	786	26,673
	<u>\$ 311,423</u>	<u>\$ 19,513</u>	<u>\$ 330,936</u>

Compensated Absences – Employees of the County are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year ended September 30, 2016, compensated absences decreased \$7,606 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities.

NOTE 8. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

During the fiscal year September 30, 2016, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance of individual funds. The following funds had deficit fund balance as of September 30, 2016:

Child Welfare Special Revenue Fund	\$ 132
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B. Funds that exceeded approved budgetary authority for the year ended September 30, 2016:

EMS Special Revenue Fund	\$ 13,024
Road & Bridge Precinct 2 Special Revenue Fund	76,975
Road & Bridge Precinct 3 Special Revenue Fund	53,303

The Road & Bridge Precinct 2 Special Revenue Fund and Road & Bridge Precinct 3 Special Revenue Fund expenditures were over budget due to an adjusting entry to record capital asset expenditures paid by debt proceeds.

STATE OF TEXAS
 Bailey County
 Notes to the Financial Statements
 September 30, 2016

NOTE 10. TCDRS Retirement Plan

Plan Description: All full- and part-time Bailey County employees participate in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. The TCDRS is a savings-based plan. The Board of Trustees of TCDRS is responsible for the administration of the plan. Each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions, and investment income. 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.

Benefit Terms and Funding Policy: All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership. The plan provides retirement, disability and survivor benefits. TCDRS is a savings-based plan. For the County's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 100%) and is then converted to an annuity. There are no automatic cost of living adjustments (COLAs). Each year, the County may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.

The County's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Bailey County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the County and are currently 7%.

Net Pension Liability: The TCDRS pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of December 31, 2015. The TCDRS pension asset amounts were rolled forward from the valuation date to the Plan year ending December 31, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date December 31, 2015.

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

Methods and assumption used to determine contribution rates are as follows:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	13.2 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset valuation method	5 year smoothed market
Inflation	3.0%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.00%, net of investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in plan provisions reflected in the schedule	No changes in plan provisions are reflected in the Schedule of Employer Contribution.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 10. TCDRS Retirement Plan (continued)

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

	<u>Beginning Date</u>	<u>Ending Date</u>
Valuation date	Dec. 31, 2014	Dec. 31, 2015
Measurement date	Dec. 31, 2014	Dec. 31, 2015
Employer's fiscal year	October 1, 2015	September 30, 2016

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 set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2012 for more details.

Asset Class	Benchmark	Target Allocation ¹	Geometric Real Rate of Return (Expected minus inflation) ²
US Equities	Dow Jones US 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 Debt	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 Index	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%

¹Target asset allocation adopted at the April 2016 TCDRS Board meeting.

²Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions.

³Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁴Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 10. TCDRS Retirement Plan (continued)

Net Pension Liability (Asset)

	December 31, 2014	December 31, 2015
Total pension liability	\$ 6,353,155	\$ 6,783,701
Fiduciary net position	6,425,755	6,459,305
Net pension liability (asset)	(72,600)	324,396
Fiduciary net position as a % of total pension liability	101.14%	95.22%

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

	December 31, 2014	December 31, 2015
Discount rate	8.10%	8.10%
Long-term expected rate of return, net of investment expense	8.10%	8.10%

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of December 31, 2014	\$ 6,353,155	\$ 6,425,755	\$ (72,600)
Changes for the year:			
Service cost	229,327	-	229,327
Interest on total pension liability	511,108	-	511,108
Effect of plan changes	(37,851)	-	(37,851)
Effect of economic/demographic gains or losses	7,520	-	7,520
Effect of assumptions changes or input:	86,768	-	86,768
Refund of contributions	(47,917)	(47,917)	-
Benefit payments	(318,409)	(318,409)	-
Administrative expenses	-	(4,632)	4,632
Member contributions	-	172,609	(172,609)
Net investment income	-	63,547	(63,547)
Employer contributions	-	143,277	(143,277)
Other	-	25,075	(25,075)
Balances as of December 31, 2015	<u>\$ 6,783,701</u>	<u>\$ 6,459,305</u>	<u>\$ 324,396</u>

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 10. TCDRS Retirement Plan (continued)

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	\$ -	\$ 47,833
Changes of assumptions	-	65,076
Net difference between projected and actual earnings	-	407,051
County's contributions subsequent	N/A	143,277
Total	\$ -	\$ 663,237

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

Year ended December 31:	
2016	\$ 149,660
2017	149,660
2018	128,564
2019	92,076
2020	-
Thereafter	-

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate: The following table presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the Bailey County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease (7.10%)	Current Discount Rate (8.10%)	1% Increase (9.10%)
County's proportionate share of the net pension liability / (asset)	\$ 1,081,096	\$ 324,396	\$ (315,539)

Payables to the pension plan: At September 30, 2016 there were no contributions due and payable to the plan for the County.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 11. Contingent Liabilities

The County is party to various claims and lawsuits arising in the normal course of business. The County is insured through the Texas Association of Counties Risk Management Pool. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the County.

NOTE 12. Commitments

The County does not have any significant construction or other significant commitments as of September 30, 2016.

NOTE 13. Restricted Net Position

The government-wide statement of net position reports \$632,325 of restricted net position, all of which is restricted by enabling legislation.

NOTE 14. Subsequent Events

The date to which events occurring after September 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is February 14, 2017, which is the date on which the financial statements were issued.

NOTE 15. Concentrations

The County depends on financial resources flowing from, or associated with, both the constituents of the County and the State of Texas. Because of this dependency, the County is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 16. Subsequent Pronouncements

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not affect the County's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The County expects this pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures* was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The County will implement this standard during the fiscal year ended June 30, 2017. The County is still evaluating how this pronouncement will affect the financial statements.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

STATE OF TEXAS
Bailey County
Notes to the Financial Statements
September 30, 2016

NOTE 16. Subsequent Pronouncements (continued)

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83 *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84 *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The County is still evaluating how this pronouncement will affect the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF TEXAS

Schedule I

Bailey County

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Budgetary Basis) and Actual
 For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 2,323,092	\$ 2,323,092	\$ 2,419,464	\$ 96,372
Sales and other	201,000	201,000	248,954	47,954
Intergovernmental income:				
State operating grants	263,014	263,014	223,525	(39,489)
Fines, forfeitures and settlements	109,350	109,350	5,408	(103,942)
Licenses and permits	-	-	-	-
Charges for services	674,575	674,575	689,697	15,122
Investment income	1,780	1,780	5,987	4,207
Miscellaneous	28,150	28,150	103,650	75,500
<i>Total revenues</i>	<u>3,600,961</u>	<u>3,600,961</u>	<u>3,696,685</u>	<u>95,724</u>
<i>Expenditures</i>				
Current:				
General government	1,087,771	1,102,973	869,103	233,870
Judicial	417,194	419,129	364,975	54,154
Legal	303,359	305,829	273,610	32,219
Public facilities	98,251	98,881	91,258	7,623
Public safety	1,692,773	1,726,032	1,721,623	4,409
Health and welfare	131,371	132,358	76,033	56,325
Road and bridge	-	-	-	-
Capital outlay	190,000	190,000	-	190,000
Debt service:				
Principal	-	-	3,244	(3,244)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,920,719</u>	<u>3,975,202</u>	<u>3,399,846</u>	<u>575,356</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(319,758)</u>	<u>(374,241)</u>	<u>296,839</u>	<u>671,080</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	633,877	688,360	-	(688,360)
Proceeds from long term debt	-	-	-	-
Transfers (out)	(315,119)	(315,119)	(291,382)	23,737
<i>Total other financing sources (uses)</i>	<u>319,758</u>	<u>374,241</u>	<u>(291,382)</u>	<u>(665,623)</u>
<i>Net change in fund balance</i>	-	-	5,457	5,457
<i>Fund balance - beginning of year</i>	-	-	1,774,091	1,774,091
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,779,548</u>	<u>\$ 1,779,548</u>

See independent auditors' report.

STATE OF TEXAS

Schedule II

Bailey County

EMS Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Budgetary Basis) and Actual
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales and other	-	-	-	-
Intergovernmental:				
State operating grants	-	-	-	-
Fines, forfeitures and settlements	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	250,000	250,000	279,391	29,391
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>279,391</u>	<u>29,391</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	515,175	518,328	532,370	(14,042)
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	40,000	40,000	34,722	5,278
Interest	-	-	4,260	(4,260)
<i>Total expenditures</i>	<u>555,175</u>	<u>558,328</u>	<u>571,352</u>	<u>(13,024)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(305,175)</u>	<u>(308,328)</u>	<u>(291,961)</u>	<u>16,367</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(2,944)	209	-	(209)
Proceeds from long term debt	-	-	-	-
Transfers in	308,119	308,119	289,823	(18,296)
<i>Total other financing sources (uses)</i>	<u>305,175</u>	<u>308,328</u>	<u>289,823</u>	<u>(18,505)</u>
<i>Net change in fund balance</i>	-	-	(2,138)	(2,138)
<i>Fund balance - beginning of year</i>	-	-	12,340	12,340
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,202</u>	<u>\$ 10,202</u>

See independent auditors' report.

STATE OF TEXAS

Schedule III

Bailey County

Schedule of Changes in the County's Net Pension Asset and Related Ratios
Last 10 Fiscal Years*

	2015 Measurement Date (As of and for the year ended December 31, 2014)	2016 Measurement Date (As of and for the year ended December 31, 2015)
Total Pension Liability		
Service cost	\$ 213,458	\$ 229,327
Interest on total pension liability	473,394	511,108
Effect of plan changes	-	(37,851)
Effect of assumption changes or inputs	-	86,768
Effect of economic/demographic (gain) or losses	84,387	7,520
Benefit payments/refunds of contributions	<u>(309,573)</u>	<u>(366,326)</u>
Net change in total pension liability	461,666	430,546
Total pension liability, beginning	<u>5,891,489</u>	<u>6,353,155</u>
Total pension liability, ending (a)	<u>\$ 6,353,155</u>	<u>\$ 6,783,701</u>
Fiduciary Net Position		
Employer contributions	\$ 147,293	\$ 143,277
Member contributions	159,853	172,609
Investment income net of investment expenses	425,627	63,547
Benefit payments/refunds of contributions	(309,573)	(366,326)
Administrative expenses	(4,776)	(4,632)
Other	<u>21,259</u>	<u>25,075</u>
Net change in fiduciary net position	439,683	33,550
Fiduciary net position, beginning	<u>5,986,072</u>	<u>6,425,755</u>
Fiduciary net position, ending (b)	<u>6,425,755</u>	<u>6,459,305</u>
Net pension liability / (asset) = (a) - (b)	<u>\$ (72,600)</u>	<u>\$ 324,396</u>
Fiduciary net position as a % of total pension liability	101.14%	95.22%
Pensionable covered payroll	\$ 2,283,611	\$ 2,465,849
Net pension liability as a % of covered payroll	-3.18%	13.16%

* The amounts presented were determined as of December 31. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Bailey County will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF TEXAS
 Bailey County
 Schedule of County's Contributions
 Texas County and District Retirement System
 Last 10 Fiscal Years*

Schedule IV

	As of and for the year ended December 31, 2014	As of and for the year ended December 31, 2015
Actuarial determined contributions	\$ 147,293	\$ 143,266
Contributions in relation to the contractually required contribution	(147,293)	(143,277)
Contribution deficiency (excess)	\$ -	\$ (11)
Bailey County's covered-employee payroll	\$ 2,283,611	\$ 2,465,849
Contributions as a percentage of covered-employee payroll	6.5%	5.8%

Notes to required supplementary information

<i>Valuation Timing</i>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<i>Actuarial Cost Method</i>	Entry Age Normal ¹
<i>Amortization Method</i>	
Recognition of economic/demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
<i>Asset Valuation Method</i>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<i>Inflation</i>	Same as funding valuation
<i>Salary Increases</i>	Same as funding valuation
<i>Investment Rate of Return</i>	8.10%
<i>Cost-of-Living Adjustments</i>	Cost-of-Living Adjustment for Bailey County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustment is included in the GASB calculations. No assumption for future cost-of-living adjustment is included in the funding valuation.
<i>Retirement Age</i>	Same as funding valuation
<i>Turnover</i>	Same as funding valuation
<i>Mortality</i>	Same as funding valuation

* The amounts presented were determined as of December 31, 2015. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Bailey County will present information for those years for which information is available.

See independent auditors' report.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF TEXAS
Bailey County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016

	Special Revenue			
	County Clerk Records Archive	District Court Records Archive	7th Court of Appeals	County Health Incentive
<i>Assets</i>				
Cash and cash equivalents	\$ 23,377	\$ 4,019	\$ 70	\$ 1,679
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other receivables, net	835	33	15	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 24,212	\$ 4,052	\$ 85	\$ 1,679
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 85	\$ 490
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	85	490
<i>Deferred inflows of resources</i>				
Unavailable revenue - property tax	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
General county operations	24,212	-	-	-
Maintenance of roads	-	-	-	-
Court	-	4,052	-	-
Public safety	-	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
<i>Committed to:</i>				
General county operations	-	-	-	-
Healthcare	-	-	-	1,189
Unassigned	-	-	-	-
Total fund balances	24,212	4,052	-	1,189
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,212	\$ 4,052	\$ 85	\$ 1,679

See independent auditors' report.

Special Revenue

<u>Donations to County</u>	<u>Road & Bridge Precinct 1</u>	<u>Road & Bridge Precinct 2</u>	<u>Road & Bridge Precinct 3</u>	<u>Road & Bridge Precinct 4</u>
\$ 16,497	\$ -	\$ 236,321	\$ 99,422	\$ 7,964
-	68	2,669	1,811	1,594
-	7,250	7,250	7,250	7,250
-	6,897	6,775	6,844	6,894
-	9,361	4,148	2,544	3,974
15,134	350	585	242	380
<u>\$ 31,631</u>	<u>\$ 23,926</u>	<u>\$ 257,748</u>	<u>\$ 118,113</u>	<u>\$ 28,056</u>
\$ -	\$ 1,591	\$ 3,687	\$ 3,091	\$ 1,528
-	7,538	3,872	-	3,636
-	7,444	-	-	-
<u>-</u>	<u>16,573</u>	<u>7,559</u>	<u>3,091</u>	<u>5,164</u>
<u>-</u>	<u>6,720</u>	<u>6,720</u>	<u>6,720</u>	<u>6,676</u>
<u>-</u>	<u>6,720</u>	<u>6,720</u>	<u>6,720</u>	<u>6,676</u>
-	9,361	4,148	2,544	3,974
15,134	350	585	242	380
-	-	-	-	-
-	-	238,736	105,516	11,862
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
16,497	-	-	-	-
-	-	-	-	-
-	(9,078)	-	-	-
<u>31,631</u>	<u>633</u>	<u>243,469</u>	<u>108,302</u>	<u>16,216</u>
<u>\$ 31,631</u>	<u>\$ 23,926</u>	<u>\$ 257,748</u>	<u>\$ 118,113</u>	<u>\$ 28,056</u>

See independent auditors' report.

STATE OF TEXAS
Bailey County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016

	Special Revenue			
	Attorney Check Fee	Juvenile Probation Fee	Court Reporter	Pre-trial Diversion Attorney Fees
<i>Assets</i>				
Cash and cash equivalents	\$ 3,524	\$ 865	\$ 10,776	\$ 1,621
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other receivables, net	16	35	30	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 3,540	\$ 900	\$ 10,806	\$ 1,621
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 30	\$ -	\$ -	\$ 172
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	30	-	-	172
<i>Deferred inflows of resources</i>				
Unavailable revenue - property tax	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
General county operations	-	-	-	-
Maintenance of roads	-	-	-	-
Court	3,510	-	10,806	1,449
Public safety	-	900	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
<i>Committed to:</i>				
General county operations	-	-	-	-
Healthcare	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	3,510	900	10,806	1,449
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,540	\$ 900	\$ 10,806	\$ 1,621

See independent auditors' report.

Special Revenue

<u>DWI Video</u>	<u>Justice Court Security</u>	<u>Justice Court Technology</u>	<u>Judiciary Support</u>	<u>Law Library</u>
\$ 1,049	\$ 2,061	\$ 1,087	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	9	98	105
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,049</u>	<u>\$ 2,061</u>	<u>\$ 1,096</u>	<u>\$ 98</u>	<u>\$ 105</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,061	1,096	98	105
1,049	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,049</u>	<u>2,061</u>	<u>1,096</u>	<u>98</u>	<u>105</u>
<u>\$ 1,049</u>	<u>\$ 2,061</u>	<u>\$ 1,096</u>	<u>\$ 98</u>	<u>\$ 105</u>

See independent auditors' report.

STATE OF TEXAS
Bailey County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016

	Special Revenue			
	Tobacco Settlement	Child Welfare	District Clerk Records Management	Drug Seizure
<i>Assets</i>				
Cash and cash equivalents	\$ 28,789	\$ -	\$ 5,858	\$ 7,316
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other receivables, net	-	-	36	2
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 28,789	\$ -	\$ 5,894	\$ 7,318
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 132	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	132	-	-
<i>Deferred inflows of resources</i>				
Unavailable revenue - property tax	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
General county operations	-	-	5,894	-
Maintenance of roads	-	-	-	-
Court	-	-	-	-
Public safety	-	-	-	7,318
Healthcare	28,789	-	-	-
Debt service expenditures	-	-	-	-
<i>Committed to:</i>				
General county operations	-	-	-	-
Healthcare	-	-	-	-
Unassigned	-	(132)	-	-
Total fund balances	28,789	(132)	5,894	7,318
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,789	\$ -	\$ 5,894	\$ 7,318

See independent auditors' report.

Special Revenue

Probate Judicial Education	Records Management	Courthouse Security	County Clerk Records Management	LEOSE Sheriff
\$ 757	\$ 13,815	\$ 11,103	\$ 23,473	\$ 3,337
-	-	-	-	-
-	-	-	-	-
5	144	144	858	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 762</u>	<u>\$ 13,959</u>	<u>\$ 11,247</u>	<u>\$ 24,331</u>	<u>\$ 3,337</u>
\$ -	\$ -	\$ -	\$ 769	\$ -
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>769</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	13,959	11,247	23,562	-
-	-	-	-	-
762	-	-	-	-
-	-	-	-	3,337
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>762</u>	<u>13,959</u>	<u>11,247</u>	<u>23,562</u>	<u>3,337</u>
<u>\$ 762</u>	<u>\$ 13,959</u>	<u>\$ 11,247</u>	<u>\$ 24,331</u>	<u>\$ 3,337</u>

See independent auditors' report.

STATE OF TEXAS
Bailey County
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016

	<u>Special Revenue</u>			<u>Debt Service</u>
	<u>LEOSE Constable</u>	<u>Economic Development</u>	<u>Indigent Defense</u>	<u>Debt Service</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 2,101	\$ 19,208	\$ 56,816	\$ 21,551
Investments	-	-	-	4,906
Receivables:				
Property taxes	-	-	-	21,766
Other receivables, net	-	-	2,590	7
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Total assets</i>	<u>\$ 2,101</u>	<u>\$ 19,208</u>	<u>\$ 59,406</u>	<u>\$ 48,230</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property tax	-	-	-	19,715
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,715</u>
<i>Fund balances</i>				
<i>Nonspendable</i>				
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
General county operations	-	19,208	-	-
Maintenance of roads	-	-	-	-
Court	-	-	59,406	-
Public safety	2,101	-	-	-
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	28,515
<i>Committed to:</i>				
General county operations	-	-	-	-
Healthcare	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>2,101</u>	<u>19,208</u>	<u>59,406</u>	<u>28,515</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,101</u>	<u>\$ 19,208</u>	<u>\$ 59,406</u>	<u>\$ 48,230</u>

See independent auditors' report.

**Total Nonmajor
Governmental
Funds**

\$	604,456
	11,048
	50,766
	32,372
	20,027
	16,691
<u>\$</u>	<u>735,360</u>

\$	11,575
	15,046
	7,444
<u></u>	<u>34,065</u>

<u></u>	<u>46,551</u>
<u></u>	<u>46,551</u>

	20,027
	16,691

	98,082
	356,114
	83,345
	14,705
	28,789
	28,515

	16,497
	1,189
	(9,210)

<u></u>	<u>654,744</u>
<u>\$</u>	<u>735,360</u>

See independent auditors' report.

STATE OF TEXAS
 Bailey County
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2016

	Special Revenue			
	County Clerk Records Archive	District Court Records Archive	7th Court of Appeals	County Health Incentive
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	10,080	856	450	-
Investment income	48	9	-	-
Miscellaneous	-	-	-	120
<i>Total revenues</i>	10,128	865	450	120
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	450	-
Legal	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	1,280
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	450	1,280
<i>Excess (deficiency) of revenues over expenditures</i>	10,128	865	-	(1,160)
<i>Other financing sources (uses)</i>				
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	10,128	865	-	(1,160)
<i>Fund balances - beginning of year</i>	14,084	3,187	-	2,349
<i>Fund balances - end of year</i>	\$ 24,212	\$ 4,052	\$ -	\$ 1,189

See independent auditors' report.

Special Revenue

<u>Donations to County</u>	<u>Road & Bridge Precinct 1</u>	<u>Road & Bridge Precinct 2</u>	<u>Road & Bridge Precinct 3</u>	<u>Road & Bridge Precinct 4</u>
\$ -	\$ 110,616	\$ 110,616	\$ 110,616	\$ 110,659
-	22,518	51,051	-	-
-	185,445	27,116	27,060	27,310
-	100,755	92,832	97,206	87,171
-	177	1,525	-	2,635
-	-	587	407	143
-	44	510	149	445
-	<u>419,555</u>	<u>284,237</u>	<u>235,438</u>	<u>228,363</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	201,407	198,862	230,134	250,812
15,134	-	155,800	172,000	-
-	39,802	18,598	12,386	30,787
-	2,824	596	950	68
15,134	<u>244,033</u>	<u>373,856</u>	<u>415,470</u>	<u>281,667</u>
<u>(15,134)</u>	<u>175,522</u>	<u>(89,619)</u>	<u>(180,032)</u>	<u>(53,304)</u>
-	-	155,800	122,010	-
-	-	-	-	-
-	-	<u>155,800</u>	<u>122,010</u>	-
(15,134)	175,522	66,181	(58,022)	(53,304)
46,765	<u>(174,889)</u>	<u>177,288</u>	<u>166,324</u>	<u>69,520</u>
<u>\$ 31,631</u>	<u>\$ 633</u>	<u>\$ 243,469</u>	<u>\$ 108,302</u>	<u>\$ 16,216</u>

See independent auditors' report.

STATE OF TEXAS
Bailey County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2016

	Special Revenue			
	Attorney Check Fee	Juvenile Probation Fee	Court Reporter	Pre-trial Diversion Attorney Fees
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	3,926	304	1,218	1,425
Investment income	42	2	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,968</u>	<u>306</u>	<u>1,218</u>	<u>1,425</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	2,599	-	-	602
Public safety	-	964	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,599</u>	<u>964</u>	<u>-</u>	<u>602</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,369</u>	<u>(658)</u>	<u>1,218</u>	<u>823</u>
<i>Other financing sources (uses)</i>				
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	1,369	(658)	1,218	823
<i>Fund balances - beginning of year</i>	<u>2,141</u>	<u>1,558</u>	<u>9,588</u>	<u>626</u>
<i>Fund balances - end of year</i>	<u>\$ 3,510</u>	<u>\$ 900</u>	<u>\$ 10,806</u>	<u>\$ 1,449</u>

See independent auditors' report.

Special Revenue

<u>DWI Video</u>	<u>Justice Court Security</u>	<u>Justice Court Technology</u>	<u>Judiciary Support</u>	<u>Law Library</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	98	-
105	-	1,448	-	3,549
-	-	-	-	-
-	-	-	-	-
<u>105</u>	<u>-</u>	<u>1,448</u>	<u>98</u>	<u>3,549</u>
-	-	-	-	-
-	-	2,851	-	-
-	-	-	-	4,677
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2,851</u>	<u>-</u>	<u>4,677</u>
<u>105</u>	<u>-</u>	<u>(1,403)</u>	<u>98</u>	<u>(1,128)</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,559</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,559</u>
105	-	(1,403)	98	431
<u>944</u>	<u>2,061</u>	<u>2,499</u>	<u>-</u>	<u>(326)</u>
<u>\$ 1,049</u>	<u>\$ 2,061</u>	<u>\$ 1,096</u>	<u>\$ 98</u>	<u>\$ 105</u>

See independent auditors' report.

STATE OF TEXAS
Bailey County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2016

	Special Revenue			
	Tobacco Settlement	Child Welfare	District Clerk Records Management	Drug Seizure
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	7,598	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	871	-
Investment income	-	-	13	19
Miscellaneous	-	214	-	-
<i>Total revenues</i>	<u>7,598</u>	<u>214</u>	<u>884</u>	<u>19</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	474
Health and welfare	1,466	346	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,466</u>	<u>346</u>	<u>-</u>	<u>474</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>6,132</u>	<u>(132)</u>	<u>884</u>	<u>(455)</u>
<i>Other financing sources (uses)</i>				
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	6,132	(132)	884	(455)
<i>Fund balances - beginning of year</i>	<u>22,657</u>	<u>-</u>	<u>5,010</u>	<u>7,773</u>
<i>Fund balances - end of year</i>	<u>\$ 28,789</u>	<u>\$ (132)</u>	<u>\$ 5,894</u>	<u>\$ 7,318</u>

See independent auditors' report.

Special Revenue				
Probate Judicial Education	Records Management	Courthouse Security	County Clerk Records Management	LEOSE Sheriff
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	1,827
-	-	-	-	-
115	2,520	4,336	10,211	-
7	34	-	50	-
-	-	-	-	-
<u>122</u>	<u>2,554</u>	<u>4,336</u>	<u>10,261</u>	<u>1,827</u>
-	2,357	7,735	3,764	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	2,864
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>2,357</u>	<u>7,735</u>	<u>3,764</u>	<u>2,864</u>
<u>122</u>	<u>197</u>	<u>(3,399)</u>	<u>6,497</u>	<u>(1,037)</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
122	197	(3,399)	6,497	(1,037)
<u>640</u>	<u>13,762</u>	<u>14,646</u>	<u>17,065</u>	<u>4,374</u>
<u>\$ 762</u>	<u>\$ 13,959</u>	<u>\$ 11,247</u>	<u>\$ 23,562</u>	<u>\$ 3,337</u>

See independent auditors' report.

STATE OF TEXAS
 Bailey County
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2016

	<u>Special Revenue</u>			<u>Debt Service</u>
	<u>LEOSE Constable</u>	<u>Economic Development</u>	<u>Indigent Defense</u>	<u>Debt Service</u>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 317,677
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	603	-	10,359	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	461
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>603</u>	<u>-</u>	<u>10,359</u>	<u>318,138</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public safety	54	-	-	-
Health and welfare	-	-	-	-
Road and bridge	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	245,000
Interest	-	-	-	73,000
<i>Total expenditures</i>	<u>54</u>	<u>-</u>	<u>-</u>	<u>318,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>549</u>	<u>-</u>	<u>10,359</u>	<u>138</u>
<i>Other financing sources (uses)</i>				
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	549	-	10,359	138
<i>Fund balances - beginning of year</i>	<u>1,552</u>	<u>19,208</u>	<u>49,047</u>	<u>28,377</u>
<i>Fund balances - end of year</i>	<u>\$ 2,101</u>	<u>\$ 19,208</u>	<u>\$ 59,406</u>	<u>\$ 28,515</u>

See independent auditors' report.

**Total Nonmajor
Governmental
Funds**

\$ 760,184

73,569
287,416
377,964
45,751
1,822
1,482

1,548,188

13,856
3,301
7,878
4,356
3,092
881,215
342,934

346,573
77,438

1,680,643

(132,455)

277,810

1,559

279,369

146,914

507,830

\$ 654,744

See independent auditors' report.

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SUPPORTING SCHEDULES

STATE OF TEXAS

Schedule V

Bailey County

Road & Bridge Precinct 1 Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 106,636	\$ 106,636	\$ 110,616	\$ 3,980
Intergovernmental:				
Federal operating grants	-	-	22,518	22,518
State operating grants	15,500	15,500	185,445	169,945
Licenses and permits	100,000	100,000	100,755	755
Charges for services	500	500	177	(323)
Investment income	500	500	-	(500)
Miscellaneous	-	-	44	44
<i>Total revenues</i>	<u>223,136</u>	<u>223,136</u>	<u>419,555</u>	<u>196,419</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	238,214	244,883	201,407	43,476
Capital outlay	-	-	-	-
Debt service:				
Principal	45,000	45,000	39,802	5,198
Interest	-	-	2,824	(2,824)
<i>Total expenditures</i>	<u>283,214</u>	<u>289,883</u>	<u>244,033</u>	<u>45,850</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(60,078)</u>	<u>(66,747)</u>	<u>175,522</u>	<u>242,269</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	60,078	66,747	-	(66,747)
Proceeds from long term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>60,078</u>	<u>66,747</u>	<u>-</u>	<u>(66,747)</u>
<i>Net change in fund balance</i>	-	-	175,522	175,522
<i>Fund balance - beginning of year</i>	-	-	(174,889)	(174,889)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 633</u>	<u>\$ 633</u>

See independent auditors' report.

STATE OF TEXAS

Schedule VI

Bailey County

Road & Bridge Precinct 2 Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 106,636	\$ 106,636	\$ 110,616	\$ 3,980
Intergovernmental:				
Federal operating grants	-	-	51,051	51,051
State operating grants	15,500	15,500	27,116	11,616
Licenses and permits	92,000	92,000	92,832	832
Charges for services	750	750	1,525	775
Investment income	1,000	1,000	587	(413)
Miscellaneous	-	-	510	510
<i>Total revenues</i>	<u>215,886</u>	<u>215,886</u>	<u>284,237</u>	<u>68,351</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	248,373	251,881	198,862	53,019
Capital outlay	25,000	25,000	155,800	(130,800)
Debt service:				
Principal	20,000	20,000	18,598	1,402
Interest	-	-	596	(596)
<i>Total expenditures</i>	<u>293,373</u>	<u>296,881</u>	<u>373,856</u>	<u>(76,975)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(77,487)</u>	<u>(80,995)</u>	<u>(89,619)</u>	<u>(8,624)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	77,487	80,995	-	(80,995)
Proceeds from long term debt	-	-	155,800	155,800
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>77,487</u>	<u>80,995</u>	<u>155,800</u>	<u>74,805</u>
<i>Net change in fund balance</i>	-	-	66,181	66,181
<i>Fund balance - beginning of year</i>	-	-	177,288	177,288
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,469</u>	<u>\$ 243,469</u>

See independent auditors' report.

STATE OF TEXAS

Schedule VII

Bailey County

Road & Bridge Precinct 3 Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 106,636	\$ 106,636	\$ 110,616	\$ 3,980
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	15,500	15,500	27,060	11,560
Licenses and permits	96,000	96,000	97,206	1,206
Charges for services	2,000	2,000	-	(2,000)
Investment income	1,000	1,000	407	(593)
Miscellaneous	-	-	149	149
<i>Total revenues</i>	<u>221,136</u>	<u>221,136</u>	<u>235,438</u>	<u>14,302</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	277,513	283,167	230,134	53,033
Capital outlay	65,000	65,000	172,000	(107,000)
Debt service:				
Principal	14,000	14,000	12,386	1,614
Interest	-	-	950	(950)
<i>Total expenditures</i>	<u>356,513</u>	<u>362,167</u>	<u>415,470</u>	<u>(53,303)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(135,377)</u>	<u>(141,031)</u>	<u>(180,032)</u>	<u>(39,001)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	135,377	141,031	-	(141,031)
Proceeds from long term debt	-	-	122,010	122,010
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>135,377</u>	<u>141,031</u>	<u>122,010</u>	<u>(19,021)</u>
<i>Net change in fund balance</i>	-	-	(58,022)	(58,022)
<i>Fund balance - beginning of year</i>	-	-	166,324	166,324
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,302</u>	<u>\$ 108,302</u>

See independent auditors' report.

STATE OF TEXAS

Schedule VIII

Bailey County

Road & Bridge Precinct 4 Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Budgetary Basis) and Actual

For the Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 106,636	\$ 106,636	\$ 110,659	\$ 4,023
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	15,500	15,500	27,310	11,810
Licenses and permits	87,000	87,000	87,171	171
Charges for services	2,000	2,000	2,635	635
Investment income	750	750	143	(607)
Miscellaneous	-	-	445	445
<i>Total revenues</i>	<u>211,886</u>	<u>211,886</u>	<u>228,363</u>	<u>16,477</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Road and bridge	247,095	252,763	250,812	1,951
Capital outlay	-	-	-	-
Debt service:				
Principal	31,000	31,000	30,787	213
Interest	-	-	68	(68)
<i>Total expenditures</i>	<u>278,095</u>	<u>283,763</u>	<u>281,667</u>	<u>2,096</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(66,209)</u>	<u>(71,877)</u>	<u>(53,304)</u>	<u>18,573</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	66,209	71,877	-	(71,877)
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>66,209</u>	<u>71,877</u>	<u>-</u>	<u>(71,877)</u>
<i>Net change in fund balance</i>	-	-	(53,304)	(53,304)
<i>Fund balance - beginning of year</i>	-	-	69,520	69,520
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,216</u>	<u>\$ 16,216</u>

See independent auditors' report.

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STATE OF TEXAS

Bailey County

Schedule IX

Page 1 of 3

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended September 30, 2016

	Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016
JUSTICE OF THE PEACE				
<i>Assets</i>				
Cash and cash investments	\$ 1,792	\$ 134,455	\$ 134,454	\$ 1,793
<i>Total assets</i>	<u>\$ 1,792</u>	<u>\$ 134,455</u>	<u>\$ 134,454</u>	<u>\$ 1,793</u>
<i>Liabilities</i>				
Due to others	\$ 1,792	\$ 134,455	\$ 134,454	\$ 1,793
<i>Total liabilities</i>	<u>\$ 1,792</u>	<u>\$ 134,455</u>	<u>\$ 134,454</u>	<u>\$ 1,793</u>
DISTRICT CLERK				
<i>Assets</i>				
Cash and cash investments	\$ 129,018	\$ 190,807	\$ 197,352	\$ 122,472
<i>Total assets</i>	<u>\$ 129,018</u>	<u>\$ 190,807</u>	<u>\$ 197,352</u>	<u>\$ 122,472</u>
<i>Liabilities</i>				
Due to others	\$ 129,018	\$ 190,807	\$ 197,352	\$ 122,472
<i>Total liabilities</i>	<u>\$ 129,018</u>	<u>\$ 190,807</u>	<u>\$ 197,352</u>	<u>\$ 122,472</u>
DISTRICT CLERK TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 112,603	\$ 36,761	\$ -	\$ 149,364
<i>Total assets</i>	<u>\$ 112,603</u>	<u>\$ 36,761</u>	<u>\$ -</u>	<u>\$ 149,364</u>
<i>Liabilities</i>				
Due to others	\$ 112,603	\$ 36,761	\$ -	\$ 149,364
<i>Total liabilities</i>	<u>\$ 112,603</u>	<u>\$ 36,761</u>	<u>\$ -</u>	<u>\$ 149,364</u>
COUNTY CLERK				
<i>Assets</i>				
Cash and cash investments	\$ 57,463	\$ 154,110	\$ 148,911	\$ 62,662
<i>Total assets</i>	<u>\$ 57,463</u>	<u>\$ 154,110</u>	<u>\$ 148,911</u>	<u>\$ 62,662</u>
<i>Liabilities</i>				
Due to others	\$ 57,463	\$ 154,110	\$ 148,911	\$ 62,662
<i>Total liabilities</i>	<u>\$ 57,463</u>	<u>\$ 154,110</u>	<u>\$ 148,911</u>	<u>\$ 62,662</u>
TAX ASSESSOR/COLLECTOR				
<i>Assets</i>				
Cash and cash investments	\$ 47,062	\$ 1,039,010	\$ 1,044,042	\$ 42,030
<i>Total assets</i>	<u>\$ 47,062</u>	<u>\$ 1,039,010</u>	<u>\$ 1,044,042</u>	<u>\$ 42,030</u>
<i>Liabilities</i>				
Due to others	\$ 47,062	\$ 1,039,010	\$ 1,044,042	\$ 42,030
<i>Total liabilities</i>	<u>\$ 47,062</u>	<u>\$ 1,039,010</u>	<u>\$ 1,044,042</u>	<u>\$ 42,030</u>
COUNTY ATTORNEY TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 18,375	\$ 5,270	\$ 5,755	\$ 17,890
<i>Total assets</i>	<u>\$ 18,375</u>	<u>\$ 5,270</u>	<u>\$ 5,755</u>	<u>\$ 17,890</u>
<i>Liabilities</i>				
Due to others	\$ 18,375	\$ 5,270	\$ 5,755	\$ 17,890
<i>Total liabilities</i>	<u>\$ 18,375</u>	<u>\$ 5,270</u>	<u>\$ 5,755</u>	<u>\$ 17,890</u>

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Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended September 30, 2016

	Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016
SHERIFF'S BENEFIT				
<i>Assets</i>				
Cash and cash investments	\$ 278	\$ -	\$ 99	\$ 179
<i>Total assets</i>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ 179</u>
<i>Liabilities</i>				
Due to others	\$ 278	\$ -	\$ 99	\$ 179
<i>Total liabilities</i>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ 99</u>	<u>\$ 179</u>
JUVENILE PROBATION				
<i>Assets</i>				
Cash and cash investments	\$ 240	\$ 45	\$ 285	\$ -
<i>Total assets</i>	<u>\$ 240</u>	<u>\$ 45</u>	<u>\$ 285</u>	<u>\$ -</u>
<i>Liabilities</i>				
Due to others	\$ 240	\$ 45	\$ 285	\$ -
<i>Total liabilities</i>	<u>\$ 240</u>	<u>\$ 45</u>	<u>\$ 285</u>	<u>\$ -</u>
SHERIFF'S INMATE TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 6,690	\$ 131,671	\$ 128,026	\$ 10,335
<i>Total assets</i>	<u>\$ 6,690</u>	<u>\$ 131,671</u>	<u>\$ 128,026</u>	<u>\$ 10,335</u>
<i>Liabilities</i>				
Due to others	\$ 6,690	\$ 131,671	\$ 128,026	\$ 10,335
<i>Total liabilities</i>	<u>\$ 6,690</u>	<u>\$ 131,671</u>	<u>\$ 128,026</u>	<u>\$ 10,335</u>
UNCLAIMED PROPERTY				
<i>Assets</i>				
Cash and cash investments	\$ 13,136	\$ -	\$ -	\$ 13,136
<i>Total assets</i>	<u>\$ 13,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,136</u>
<i>Liabilities</i>				
Due to others	\$ 13,136	\$ -	\$ -	\$ 13,136
<i>Total liabilities</i>	<u>\$ 13,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,136</u>
COMMISSARY				
<i>Assets</i>				
Cash and cash investments	\$ 32,499	\$ 36,663	\$ 26,319	\$ 42,843
<i>Total assets</i>	<u>\$ 32,499</u>	<u>\$ 36,663</u>	<u>\$ 26,319</u>	<u>\$ 42,843</u>
<i>Liabilities</i>				
Due to others	\$ 32,499	\$ 36,663	\$ 26,319	\$ 42,843
<i>Total liabilities</i>	<u>\$ 32,499</u>	<u>\$ 36,663</u>	<u>\$ 26,319</u>	<u>\$ 42,843</u>
COLISEUM DEPOSIT				
<i>Assets</i>				
Cash and cash investments	\$ 695	\$ 1,150	\$ 1,150	\$ 695
<i>Total assets</i>	<u>\$ 695</u>	<u>\$ 1,150</u>	<u>\$ 1,150</u>	<u>\$ 695</u>
<i>Liabilities</i>				
Due to others	\$ 695	\$ 1,150	\$ 1,150	\$ 695
<i>Total liabilities</i>	<u>\$ 695</u>	<u>\$ 1,150</u>	<u>\$ 1,150</u>	<u>\$ 695</u>

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Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended September 30, 2016

	Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016
STATE TRUST				
<i>Assets</i>				
Cash and cash investments	\$ 158	\$ -	\$ -	\$ 158
<i>Total assets</i>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158</u>
<i>Liabilities</i>				
Due to others	\$ 158	\$ -	\$ -	\$ 158
<i>Total liabilities</i>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158</u>
MEALS ON WHEELS				
<i>Assets</i>				
Cash and cash investments	\$ 2,228	\$ 61,972	\$ 61,972	\$ 2,228
<i>Total assets</i>	<u>\$ 2,228</u>	<u>\$ 61,972</u>	<u>\$ 61,972</u>	<u>\$ 2,228</u>
<i>Liabilities</i>				
Due to others	\$ 2,228	\$ 61,972	\$ 61,972	\$ 2,228
<i>Total liabilities</i>	<u>\$ 2,228</u>	<u>\$ 61,972</u>	<u>\$ 61,972</u>	<u>\$ 2,228</u>
CAPITAL PROJECT - MAPLE WATER GRANT PROJECT				
<i>Assets</i>				
Cash and cash investments	\$ 6,874	\$ -	\$ -	\$ 6,874
<i>Total assets</i>	<u>\$ 6,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,874</u>
<i>Liabilities</i>				
Due to others	\$ 6,874	\$ -	\$ -	\$ 6,874
<i>Total liabilities</i>	<u>\$ 6,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,874</u>
COUNTY ATTORNEY HOT CHECKS FUND				
<i>Assets</i>				
Cash and cash investments	\$ 22,196	\$ 3,079	\$ 9,435	\$ 15,840
<i>Total assets</i>	<u>\$ 22,196</u>	<u>\$ 3,079</u>	<u>\$ 9,435</u>	<u>\$ 15,840</u>
<i>Liabilities</i>				
Due to others	\$ 22,196	\$ 3,079	\$ 9,435	\$ 15,840
<i>Total liabilities</i>	<u>\$ 22,196</u>	<u>\$ 3,079</u>	<u>\$ 9,435</u>	<u>\$ 15,840</u>
TOTAL ALL AGENCY FUNDS				
<i>Assets</i>				
Cash and cash investments	\$ 451,307	\$ 1,794,993	\$ 1,757,801	\$ 488,499
<i>Total assets</i>	<u>\$ 451,307</u>	<u>\$ 1,794,993</u>	<u>\$ 1,757,801</u>	<u>\$ 488,499</u>
<i>Liabilities</i>				
Due to others	\$ 451,307	\$ 1,794,993	\$ 1,757,801	\$ 488,499
<i>Total liabilities</i>	<u>\$ 451,307</u>	<u>\$ 1,794,993</u>	<u>\$ 1,757,801</u>	<u>\$ 488,499</u>

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