

Hamilton County, Texas

Annual Financial Report For the Year
Ended September 30, 2015

HAMILTON COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Year Ended September 30, 2015

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INTRODUCTORY SECTION

HAMILTON COUNTY, TEXAS
PRINCIPAL OFFICERS

as of September 30, 2015

<u>Title</u>	<u>Name</u>
County Judge	Mark Tynes
Commissioner, Precinct 1	Johnny Wagner
Commissioner, Precinct 2	Keith Curry
Commissioner, Precinct 3	Lloyd Huggins
Commissioner, Precinct 4	Dickie Clary
County Auditor	Kent Reeves
County Treasurer	Shawna Dyer
Tax Assessor-Collector	Terry Payne Short
County Clerk	Debbie Rudolph
District Judge	Phil Robertson
District Clerk	Leoma Larance
Sheriff	Gregg Bewley

FINANCIAL SECTION



Boucher, Morgan and Young, a P.C.

INDEPENDENT AUDITORS' REPORT

To the Honorable Members
of the Commissioners' Court
Hamilton County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hamilton County, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended September 30, 2015 and required the restatement of net position as discussed in Note 13 to the financial statements:

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

The emphasis of these matters does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Texas County and District Retirement System pension schedules on pages 10 through 19, and pages 52 through 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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 Hamilton County's financial statements as a whole. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Boucher, Morgan & Young

Stephenville, Texas
April 13, 2017

HAMILTON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Year Ended September 30, 2015

Profile of the County

Hamilton County was founded in 1856 and the County seat is Hamilton. It is located in the Edwards Plateau in Central Texas and bounded on the north by Comanche, Erath, and Bosque counties, on the west by Mills County, and on the south by Lampasas and Coryell counties. The county was named for **James Hamilton**, a South Carolina governor who invested some \$216,000 in gold to finance the Texas struggle for independence from Mexico.

Hamilton County covers approximately 844 square miles and has a population of around 8,500. The two largest towns are Hamilton and Hico.

Hamilton County is a political subdivision of the State of Texas with no legislative powers and very restrictive judicial and administrative powers. The governing body of the county is the Commissioners' Court which consists of five members. The County Judge is the chairman of the Court and the Commissioner from each of the four precincts are members. The Court has only such powers as are conferred upon it by the Constitution, Statutes, or by necessary implication from the Constitution or Statutes. Among the major duties of the Court, the Court is to:

1. Set the tax rate and adopt the County budget
2. Appoint County officials and hire personnel
3. Fill elective and appointee vacancies
4. Establish voting precincts, appoint precinct election judges and call county bond elections
5. Let contracts and authorize payment of all County bills
6. Build and maintain County roads and bridges
7. Build, maintain and improve County facilities, including jails
8. Provide for the data service and archival needs of the County

The County provides those services allowed by the Constitution and Statutes of the State of Texas. Services include; but are not limited to: law enforcement, judicial proceedings, probation monitoring services, juvenile services, recording services related to judicial proceedings, public health and welfare, veterans services, Texas AgriLife Extension Service, maintaining road and bridges principally within the unincorporated areas of the County and other related governmental functions.

Budget Process

In counties with a population less than 125,000 the County Judge serves as the budget officer assisted by the County Auditor. The County Judge may also solicit from each department whatever data may be required to prepare an accurate budget. The budget is presented on a line-item basis and adopted on the fund level. The budget must be itemized to make possible a comparison of the

proposed expenditures with the prior year expenditures. The budget must show, as accurately as possible, the purpose of each expenditure and the amount of money appropriated.

Upon completion of the proposed budget, the County Judge files a copy with the County Clerk and posts it on the county website. The Commissioners Court holds a public hearing on the proposed budget. Any taxpayer of the County may attend and participate in the hearing(s). The hearing(s) are held in accordance with the Texas Open Meetings Act and the calendar for the hearing(s) is set by the Texas Comptroller of Public Accounts and the Texas Local Government Code.

At the conclusion of the public hearing, the Commissioners Court takes action on the proposed budget. The Commissioners Court may make any changes in the proposed budget that it considers warranted by law and required in the best interest of the taxpayers. The Commissioners Court may levy taxes only in accordance with the budget. After final approval of the budget, the County Judge shall file a copy with the County Clerk and post it on the county website and the County may spend County funds only in strict compliance with the budget, except in an emergency.

The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court files a copy of its order amending the budget with the County Clerk. The clerk attaches the copy to the original budget.

The Commissioners' Court, by order, may amend the budget to transfer an amount budgeted for one item to another budgeted item within the same fund without authorizing an emergency expenditure.

State law requires counties to adopt a budget before adopting a tax rate. The Commissioners' Court may levy taxes only in accordance with the budget. Chapter 26 of the Property Tax Code requires taxing units to comply with truth-in-taxation laws in setting tax rates. This law has two purposes:

- To make the taxpayers more knowledgeable about tax rate proposals
- To allow taxpayers to roll back or limit a tax increase in certain cases

Factors Affecting Financial Condition

The information presented in the financial statements is better understood when it is considered from a broader perspective of the environment within which Hamilton County operates.

Discussion of the Financial Statements and Performance

The Management's Discussion and Analysis of Hamilton County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2015. The MD&A should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements. This discussion and analysis includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

The assets of the County exceeded its liabilities by \$9,444,493 as of September 30, 2015. However, the government-wide financial position decreased by \$686,899 from the previous year.

Total assets decreased \$545,354 and total liabilities increased by \$141,546

As of September 30, 2015 the County's combined governmental funds had a fund balance of \$2,415,987, representing an increase of \$190,553 from the prior year.

Cash and investments totaled \$2,546,086, an increase of \$248,782 from the prior year.

Revenue in primary governmental activities decreased by \$1,004,639 from the prior year. Many factors contributed to the change in revenue, but the largest single decrease was the discontinuance of the contract with the city of Hamilton for Sheriff Patrol in the amount of \$377,465. Sales of fixed assets and capital assets in 2014 amounted to over \$150,000 and similar sales were not present in 2015. The remaining changes in revenue were attributable to numerous revenue sources with the largest of these being less than \$25,000. Prior period adjustments to reclassify revenue was the next largest item of revenue decrease.

Property taxes, sales and beverage taxes and miscellaneous revenues increased from 2014 by \$160,948 and a number of other fee categories had significant increases resulting in revenues with net increases amounting to \$363,797.

During the same period expenditures decreased by \$252,438 and the addition of a prior period adjustments resulted in the \$686,899 net position decrease stated above.

The County's long-term liabilities increased \$123,744 primarily due to an increase in accounts payable at the end of the period and OPEB obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using full accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred in regards to inter-fund activity, payables, and receivables.

The *statement of net position* presents information on the County's assets, deferred outflows, liabilities and deferred inflows and its component unit, with the difference between them reported as *net position*. Fiduciary assets and liabilities are excluded. Increases or decreases in net position contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year using full accrual basis of accounting. 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 result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general administration, judicial administration, public safety and law enforcement, road and bridge, and health and welfare.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The 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 the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, however, 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. In particular, unrestricted, unassigned, assigned, and committed fund balances may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of 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 the comparison between *governmental funds* and *governmental activities*.

The County maintains 28 individual governmental funds (excluding fiduciary funds), 23 special revenue funds, 4 road and bridge funds, and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects Fund, and Road & Bridge Fund which are classified as 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* in the Combining Fund Statements section of this Comprehensive Annual Financial Report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the basic 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning pension benefits for the County and its component unit, and general fund budgetary schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net position at September 30, 2015 and 2014 are summarized as follows:

	Primary Government Governmental Activities		
	2015	2014	Change
Revenues:			
Net Program Revenues:			
Charges for services	\$ 583,358	\$ 1,508,196	\$ (924,838)
Operating grants and contributions	158,022	104,777	(104,777)
Capital grants and contributions	-	101,139	(101,139)
General Revenues:			
Property taxes	2,879,462	2,807,962	71,500
Sales and beverages taxes	328,233	301,576	26,657
Miscellaneous	38,795	6,297	32,498
Unrestricted investments earnings	1,101	5,641	(4,540)
Total revenues	3,988,971	4,835,588	(1,004,639)
Expenses:			
General administration	1,326,908	1,231,706	95,202
Administration of justice	655,540	628,169	27,371
Highways and streets	1,159,475	1,163,150	(3,675)
Health and welfare	204,293	240,936	(36,643)
Conservation	-	61,137	(61,137)
Public safety	1,252,072	1,527,707	(275,635)
Interest on long-term debt	31,394	29,315	2,079
Total expense	4,629,682	4,882,120	(252,438)
Change in net position	(640,711)	(46,532)	\$ (594,179)
Net position - beginning	10,131,392	10,177,924	
Prior period adjustment	(46,188)	-	
Net position - beginning as restated	10,085,204	10,177,924	
Net position - ending	\$ 9,444,493	\$ 10,131,392	

The current financial reporting model focusing on net position serves as a useful indicator of a government's financial position. Net position is unrestricted, subject to external restrictions as to how they may be used, or are invested in capital assets less any related outstanding debt used to acquire those assets. Total net position exceeded liabilities by \$ 9,444,493 at the close of the most recent fiscal year, representing a 6.7% decrease from the prior year. \$2,450,929 of net position may be used to meet the government's commitments and on-going obligations to citizens and

creditors. An additional portion of net position, \$184,026, represents resources that are subject to external restrictions on how they may be used. Restrictions on net position include statutory requirements, bond covenants, and grantor conditions. The remaining balance of *net position*, \$6,809,538, reflects investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related and outstanding debt used to acquire those assets. The County uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay any necessary debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities. Program revenues and expenses are presented net of inter-fund eliminations. Key elements for the years ended September 30, 2015 and 2014 are as follows:

	Primary Government Governmental Activities		
	2015	2014	Change
Revenues:			
Net Program Revenues:			
Charges for services	\$ 583,358	\$ 1,508,196	\$ (924,838)
Operating grants and contributions	158,022	104,777	(104,777)
Capital grants and contributions	-	101,139	(101,139)
General Revenues:			
Property taxes	2,879,462	2,807,962	71,500
Sales and beverages taxes	328,233	301,576	26,657
Miscellaneous	38,795	6,297	32,498
Unrestricted investments earnings	<u>1,101</u>	<u>5,641</u>	<u>(4,540)</u>
Total revenues	\$ 3,988,971	\$ 4,835,588	\$ (1,004,639)
Expenses:			
General administration	1,402,648	1,231,706	170,942
Administration of justice	655,340	628,169	27,171
Highways and streets	1,159,475	1,163,150	(3,675)
Health and welfare	204,293	240,936	(36,643)
Conservation	-	61,137	(61,137)
Public safety	1,176,532	1,527,707	(351,175)
Interest on long-term debt	<u>31,394</u>	<u>29,315</u>	<u>2,079</u>
Total expense	4,629,682	4,882,120	(252,438)
Change in net position	(640,711)	(46,532)	\$ (594,179)
Net position - beginning	<u>10,131,392</u>	<u>10,177,924</u>	
Prior period adjustment	<u>(46,188)</u>	<u>-</u>	
Net position - beginning as restated	<u>10,085,204</u>	<u>-</u>	
Net position - ending	<u>\$ 9,444,493</u>	<u>\$ 10,131,392</u>	

General Revenues and Program Revenues

General revenues are revenues that are not assigned to support a specific function, but are available to provide financial resources as necessary. Included in general revenues are ad valorem taxes, other tax related revenues, interest earned from investments, and miscellaneous income. Total revenues (including program revenues) were \$3,988,971 compared to \$4,835,588 for prior fiscal year or \$1,004,639 (21%) decrease. General revenues increased \$98,437 from the prior fiscal year.

Property taxes received increased by \$71,500 during the year. The maintenance and operations tax rate adopted on August 17, 2015 remained at .5405 cents per \$100 (dollar). The bonded debt rate of .0305 was removed from the total tax rate because the outstanding debt was paid off.

Grants

During fiscal year 2015 the County received the following grant fund:

Indigent Defense Grant
OSSF
Tobacco Settlement
Lateral Road
Law Enforcement Continuing Education

The total amount received from all grants was \$158,022 with expenditures of \$158,022 and, accordingly, no A-133 audit was required.

Expenses and Program Revenues - Governmental

Net functions/programs costs include the revenue generated from a particular service and the costs of the function. For FY 2015, expenditures over revenue were (\$640,711) compared to (\$46,532) in FY 2014. The largest decrease in expenditures was related to the public safety expenditures on the contract for the Sheriff patrol in Hamilton County ending in 2014.

- Employees and elected officials received a 3% pay increase in 2015
- The County does not pay longevity benefits
- General administrative expenditures increased \$170,942
- Judicial expenditures increased \$27,171
- Road and bridge expenditures decreased \$3,675
- Health and welfare expenditures decreased \$36,643
- Conservation expenditures decreased \$61,137
- Public safety expenditures decreased \$351,175

- Interest on long term debt increased \$2,079

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted, the County uses *fund accounting* to ensure and demonstrate compliance with finance related legal requirements. Fund accounting budget controls and fiscal responsibility are the framework of the County's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General, Special Revenue, and Debt Service. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, *unassigned, assigned, and committed fund balances* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The FY2015 legally adopted cash budget was approved on August 25, 2014 for the General Fund totaling \$2,942,066 a decrease of \$384,249 from FY2014 budget. The FY2015 legally adopted budget for all funds totaled \$21,709,229; an increase of \$3,977,666 primarily for upcoming judicial services and facilities expansion to paid from reserves.

Highlights from Hamilton County FY 2015 Budget include the following:

The County's property tax rate for valuation date January 1, 2014 was set at 57.24 cents per \$100 (dollar) assessed valuation which included a bonded debt rate of 3.05 cents.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Hamilton County budget is developed annually and intended to provide efficient, effective and controlled usage of the County's resources, as well as a means to accomplish the highest priorities of the Hamilton County Commissioners. Through the budget, the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The FY2015 budget meets the key established policy directive of the Commissioners Court. The FY2016 budget process was primarily focused identifying various balancing strategies that impact services provided to the citizens of Hamilton County as minimally as possible.

Highlights from Hamilton County FY2015 Budget and anticipated expenses into FY2016 include the following:

- The FY2016 tax rate decreased by 3.05 cents due to the elimination of the bonded debt
- Increased law enforcement efforts in budget year 2016
- Increased Judicial activities in the District Attorney's Office in budget year 2016

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, separate report of the County's component unit, or need any additional financial information, contact the appropriate financial office (County Auditor, County Treasurer, or Budget Officer) at 102 N. Rice, Ste. 205 Hamilton, Texas 76531.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HAMILTON COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Governmental Activities
ASSETS:	
Cash and investments	\$ 2,546,086
Receivables (net of allowance for uncollectible)	
Taxes	86,411
Other	126,165
Other assets	127,838
Capital Assets (net of accumulated depreciation)	
Land	30,407
Buildings, net	7,124,426
Furniture and equipment, net	216,705
Vehicles	136,288
Infrastructure	<u>408,344</u>
Total Assets	<u>10,802,670</u>
DEFERRED OUTFLOWS:	
Deferred retirement contributions	94,765
Deferred actual vs. assumption	-
Deferred investment experience	<u>48,996</u>
Total deferred outflows	<u>143,761</u>
Total assets and deferred outflows	<u>10,946,431</u>
LIABILITIES:	
Accounts payable and accrued liabilities	159,691
Accrued salaries and wages	87,268
Accrued interest	10,414
Certificate of obligation-due within one year	133,000
Capital lease-due within one year	49,894
Accrued compensated absences-due in less than one year	4,500
Noncurrent liabilities	
Certificate of obligation-due in more than one year	429,000
Capital lease	127,199
Accrued compensated absences-due in more than one year	23,058
OPEB Obligation	346,074
Net pension liability	<u>90,704</u>
Total Liabilities	<u>1,460,802</u>
DEFERRED INFLOWS:	
Deferred actual vs. assumption	<u>41,136</u>
Total liabilities and deferred inflows	<u>1,501,938</u>
NET POSITION:	
Net investment in capital assets	6,809,538
Restricted for:	
Debt service	12,109
Special revenue purposes	171,917
Unrestricted	<u>2,450,929</u>
Total Net Position	<u>\$ 9,444,493</u>

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

**HAMILTON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
General administration	\$ 1,326,908	\$ 248,226	\$ 1,200	
Judicial administration	655,540	166,200	40,801	
Public safety and law enforcement	1,252,072	23,503	117,976	
Road and bridge	1,159,475	134,713	(4,205)	
Health and welfare	204,293	10,716	2,250	
Interest and fees on long-term debt	31,394	-	-	
Total Governmental Activities	<u>4,629,682</u>	<u>583,358</u>	<u>158,022</u>	
Total primary government	<u>\$ 4,629,682</u>	<u>\$ 583,358</u>	<u>\$ 158,022</u>	

General Revenues:

Property taxes, levied for general purposes
 Other taxes
 Penalty and interest
 Miscellaneous revenue
 Investment earnings
 Total General Revenues
 Change in Net Position
 Net Position - Beginning, as previously stated
 Prior period adjustment
 Net Position - Beginning, as restated
 Net Position - Ending

		Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(1,077,482)
			(448,539)
			(1,110,593)
			(1,028,967)
			(191,327)
			(31,394)
	<hr/>		<hr/>
	-		(3,888,302)
	<hr/>		<hr/>
\$	-	\$	(3,888,302)
		\$	2,879,462
			328,233
			-
			38,795
			1,101
	<hr/>		<hr/>
			3,247,591
			(640,711)
			10,131,392
			(46,188)
	<hr/>		<hr/>
			10,085,204
	<hr/>		<hr/>
		\$	9,444,493

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

HAMILTON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Road and Bridge	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,892,991	\$ 468,605	\$ 184,490	\$ 2,546,086
Taxes receivable	77,502	7,060	1,849	86,411
Other assets	44,412	20,667	-	65,079
Due from other government	80	-	-	80
Total Assets and Other Debits	\$ 2,014,985	\$ 496,332	\$ 186,339	\$ 2,697,656
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 117,989	\$ 41,238	\$ 464	\$ 159,691
Wages and salaries payable	64,361	22,907	-	87,268
Total Liabilities	\$ 182,350	\$ 64,145	\$ 464	\$ 246,959
Deferred inflows:				
Deferred property taxes	\$ 25,801	\$ 7,060	\$ 1,849	\$ 34,710
Fund Balances:				
Nonspendable	-	-	-	-
Restricted				
Debt service	-	-	12,109	12,109
Election	-	-	2,146	2,146
General administration	-	-	3,156	3,156
Judicial	-	-	72,654	72,654
Legal	-	-	40,663	40,663
Public safety	-	-	4,867	4,867
Records management	-	-	48,431	48,431
Committed				
Road & bridge	-	425,127	-	425,127
Unassigned	\$ 1,806,834	\$ 425,127	\$ 184,026	\$ 1,806,834
Total Fund Balances	\$ 1,806,834	\$ 425,127	\$ 184,026	\$ 2,415,987
Total Liabilities, Deferred inflows, and Fund Balances	\$ 2,014,985	\$ 496,332	\$ 186,339	\$ 2,697,656

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

HAMILTON COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Total Fund Balances- Governmental Funds \$ 2,415,987

Amounts reported in governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds balance sheet.

Governmental capital assets	\$ 30,802,362		
Accumulated depreciation	<u>(22,886,192)</u>		7,916,170

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the fund financial statements.

(773,890)

Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.

(10,414)

Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.

Office fees	172,750		
Property taxes	<u>58,043</u>		230,793

The statement of net position includes the County's proportionate share of the TMRS net pension liability as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of resources.

Net pension liability	(90,704)		
Deferred retirement contributions	94,765		
Deferred actual vs. assumption	(41,136)		
Deferred investment expense	<u>48,996</u>		11,921

The statement of net position includes the County's liability for OPEB (346,074)

Net Position of Governmental Activities \$ 9,444,493

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

HAMILTON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Road and Bridge	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE:				
Taxes:				
Property taxes	\$ 2,205,398	\$ 603,558	\$ 156,463	\$ 2,965,419
General sales and other taxes	328,233	-	-	328,233
Intergovernmental revenue and grants	159,105	46,828	-	205,933
Charges for services	2,515	-	-	2,515
Fines and fees	375,731	83,976	72,729	532,436
Contributions	-	-	1,000	1,000
Licenses and permits	-	340,068	-	340,068
Investment earnings	948	140	9	1,097
Other revenue	43,646	(9,172)	-	34,474
Total Revenues	<u>3,115,576</u>	<u>1,065,398</u>	<u>230,201</u>	<u>4,411,175</u>
EXPENDITURES:				
Current:				
General Government:				
Public finance	432,792	-	-	432,792
General administration	528,531	-	63,192	591,723
Legal and Judicial	647,670	-	1,274	648,944
Public safety	1,177,235	-	2,418	1,179,653
Health and welfare	201,344	-	-	201,344
Road and bridge	-	976,819	-	976,819
Debt Service:				
Principal	17,488	23,949	129,000	170,437
Interest	2,014	3,887	22,638	28,539
Capital Outlay:				
Capital outlay	1,760	85,455	-	87,215
Total Expenditures	<u>3,008,834</u>	<u>1,090,110</u>	<u>218,522</u>	<u>4,317,466</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>106,741</u>	<u>(24,712)</u>	<u>11,679</u>	<u>93,708</u>
Net Change in Fund Balances	106,741	(24,712)	11,679	93,708
Fund Balances - Beginning	1,700,093	449,839	172,347	2,322,279
Fund Balances - Ending	<u>\$ 1,806,834</u>	<u>\$ 425,127</u>	<u>\$ 184,026</u>	<u>\$ 2,415,987</u>

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

HAMILTON COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Net Change in Fund Balances-Total Governmental Funds \$ 93,708

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.

102,510

Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.

(502,666)

The issuance of long-term debt, including bonds, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.

Principal payments	170,437
Issuance of debt	6,280
Decrease in compensated absences	<u>12,154</u>
	188,871

Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.

(2,855)

Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.

Office fees	(311,511)
Property taxes	<u>(85,957)</u>
	397,468

Net pension liabilities as well as the related deferred outflows of resources generated from those liabilities are not payable from current resources and therefore, are not reported in the governmental funds. These balances increase (decreased) by this amount.

11,921

Other postemployment benefits are reported as the amount earned in the SOA but as the amount paid in the funds

(134,732)

Change in Net Position of Governmental Activities \$ (640,711)

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

FIDUCIARY FUND FINANCIAL STATEMENTS

HAMILTON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	<u>Agency</u> <u>Funds</u>
Assets:	
Cash and cash equivalents	\$ 332,941
Total Assets	<u>\$ 332,941</u>
Liabilities:	
Due to others	\$ 332,941
Total Liabilities	<u>\$ 332,941</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: Summary of Significant Accounting Policies

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

A. New Accounting Pronouncement

Effective October 1, 2014, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* which both improve the accounting and financial reporting of state and local governmental pension plans.

B. Reporting Entity

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

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either there is ongoing financial benefit or burden or operational responsibility. A primary government might also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has operational responsibility for an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Some organizations are included as component units because of the fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. Based on these criteria, the County has no component units.

See independent auditors' report.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: Summary of Significant Accounting Policies (cont.)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Financial Statement Presentation

Government-wide financial statements - The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

The County reports the following fund types:

Major Governmental Funds:

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

Road and Bridge Funds - The Road and Bridge Funds are special revenue funds that are used to account for resources used by the County in connection with providing transportation services to its citizens.

Nonmajor Governmental Funds:

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

Debt Service Fund – This fund is used to account for the receipt of property taxes designated to be used for the retirement of the County's long term debt obligations and the repayment of debt.

Capital Project Fund – This fund is used to account for financial resources to be used for the courthouse restoration and maintenance.

See independent auditors' report.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: Summary of Significant Accounting Policies (cont.)

Fiduciary Fund Types:

Agency Funds - These funds are used to report funds of the County's fees offices and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

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

Measurement Focus and Basis of Accounting

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

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

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

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: Summary of Significant Accounting Policies (cont.)

C. Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents

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

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Property tax revenues are considered available 1) when they become due or past due and receivable within the current period and 2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Property taxes are recorded net of the allowance for uncollectible taxes (\$70,263 General Fund and \$7,060 Road and Bridge Fund and \$1,849 Debt Service Fund). Allowances for uncollectible tax receivables at the fund level are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county wide appraisal districts and for the State Property Tax Board which commenced operation in January, 1980.

As of October 1, 1981, the appraisal of property within the County is the responsibility of Hamilton County Appraisal District. The Hamilton County Tax Assessor-Collector assesses and collects the County's property taxes. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the effective tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective rate of the previous year.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: Summary of Significant Accounting Policies (cont.)

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

The tax rate assessed for the year ended September 30, 2015 to finance maintenance and operations of the County, Debt Service, and Road and Bridge were \$0.57 per \$100 valuation.

Property tax revenues are recorded as receivables and deferred revenue at the time the tax levy is billed. Revenues are recognized as the related property taxes are collected and are prorated between maintenance and debt service based on the rates adopted for the year of the levy. Allowances for uncollectible within funds are based upon historical experience in collecting property taxes.

Prepaid Items and Inventory

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Inventory is stated at cost. In the fund financial statements, they are offset by nonspendable fund balance which indicates they do not represent "available spendable resources."

Capital Assets

General capital assets are not capitalized in the funds used to acquire them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are capitalized in the government-wide statement of net position.

Donated capital assets are recorded at their estimated fair value at the date of the donation.

The County capitalizes all capital assets which have a cost of \$5,000 or more and a useful life in excess of two years. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

Buildings	30 – 40 years
Furniture and Equipment	3 – 15 years
Vehicles	5 – 7 years
Infrastructure	15 – 35 years

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: Summary of Significant Accounting Policies (cont.)

Receivables and Payables

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

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts.

There are no significant receivables which are not scheduled for collection within one year of year end.

Compensated Absences

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

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

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

The County's full-time employees earn 10 to 20 days of vacation with pay per year based on years of continuous service. A maximum of 80 hours of vacation time is paid to employees upon termination after at least one year of service with the County. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. An example is a deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The County does not currently have any deferred outflows of resources.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: Summary of Significant Accounting Policies (cont.)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund Activity

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

Use of Estimates

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

Long-term Obligations

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

Legally Adopted Budgets

All governmental funds have legally adopted budgets.

Other Accounting Policies

The County provides statutory workers’ compensation insurance for its employees through Texas Association of Counties (“TAC”), a joint insurance fund, in which the County is a member.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: Summary of Significant Accounting Policies (cont.)

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction

- a. The aggregate fund balance of the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.
- b. The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects and it usually represents unexpended proceeds from the sale of bonds, which primarily have restricted use.
- c. The proceeds of specific revenue sources that are restricted to expenditures for specified purposes as designated by grantors, contributors, by vote of citizens, or governmental entities over state or local program grants.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the County Commissioners' Court. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provision, or enabling legislation.

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent funds are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending or specific purposes for which amounts had been restricted, committed or assigned.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: Summary of Significant Accounting Policies (cont.)

When an expenditure is incurred for a purpose of which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

NOTE 2: Compliance and Accountability

Finance-Related Legal and Contractual Provisions - In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions are to be disclosed along with actions required to address such violations are to be disclosed. The County did not have any such violations during fiscal year 2015.

NOTE 3: Deposits and Investments

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

Cash and investments as of September 30, 2015 consist of the following:

Cash and cash equivalents	<u>\$ 2,546,086</u>
---------------------------	---------------------

A. Cash Deposits

At September 30, 2015, the County's cash deposits were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name.

B. Investments

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

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

See independent auditors' report.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 3: Deposits and Investments (cont.)

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

NOTE 4: Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	October 1, 2014	Increase	Decrease	September 30, 2015
Government activities capital assets:				
Non-depreciable assets:				
Land	\$ 30,407	\$ -	\$ -	\$ 30,407
Total non-depreciable assets	<u>30,407</u>	<u>-</u>	<u>-</u>	<u>30,407</u>
Depreciable assets:				
Buildings	8,758,975	-	-	8,758,975
Furniture and equipment	3,233,291	20,000	-	3,253,291
Vehicles	903,895	82,510	-	986,405
Infrastructure	17,773,284	-	-	17,773,284
Total depreciable assets	<u>30,669,445</u>	<u>102,510</u>	<u>-</u>	<u>30,771,955</u>
Totals at historic cost	<u>30,699,852</u>	<u>102,510</u>	<u>-</u>	<u>30,802,362</u>
Less accumulated depreciation:				
Buildings	(1,349,787)	(284,762)	-	(1,634,549)
Furniture and equipment	(2,876,823)	(159,763)	-	(3,036,586)
Vehicles	(821,896)	(28,221)	-	(850,117)
Infrastructure	(17,335,019)	(29,921)	-	(17,364,940)
Total accumulated depreciation	<u>(22,383,525)</u>	<u>(502,667)</u>	<u>-</u>	<u>(22,886,192)</u>
Total capital assets, being depreciated, net	<u>8,285,920</u>	<u>(400,157)</u>	<u>-</u>	<u>7,885,763</u>
Governmental capital assets, net	<u>\$ 8,316,327</u>	<u>\$ (400,157)</u>	<u>\$ -</u>	<u>\$ 7,916,170</u>

Current year depreciation expense was charged to governmental functions as follows:

Depreciation by function:	
General administration	\$ 278,040
Highways	166,617
Public safety	58,010
Total depreciation expense	<u>\$ 502,667</u>

See independent auditors' report.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5: Interfund Transactions

There is no interfund activity to report for the year ending September 30, 2015.

NOTE 6: Long-Term Obligations

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Long-term bonded debt at September 30, 2015, is as follows:

	Interest Rate	Date of Issue	Date of Maturity	Amount of Bond	Balance 9/30/2015
Certificates of Obligation					
Phase 2 of courthouse restoration	3.25%	2010	2020	\$ 600,000	\$ 562,000

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 133,000	\$ 17,952	\$ 150,952
2017	138,000	13,309	151,309
2018	143,000	8,271	151,271
2019	148,000	2,827	150,827
Total	<u>\$ 562,000</u>	<u>\$ 42,359</u>	<u>\$ 604,359</u>

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6: Long-Term Obligations (cont.)

Long-term obligations include debt and compensated absences. Changes in long-term obligations for the period ended September 30, 2015, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Certificates of Obligation	\$ 572,000	\$ -	\$ (10,000)	\$ 562,000	\$ 133,000
Tax note series 2008	119,000	-	(119,000)	-	-
Compensated absences	39,712	-	(16,654)	23,058	-
OPEB obligation	211,342	134,732		346,074	-
Capital lease	<u>188,531</u>	<u>30,000</u>	<u>(41,438)</u>	<u>177,093</u>	<u>49,894</u>
Total Governmental Activities	<u>\$ 1,130,585</u>	<u>\$ 164,732</u>	<u>\$ (187,092)</u>	<u>\$ 1,108,225</u>	<u>\$ 182,894</u>

NOTE 7: Commitments Under Capital Lease

The County has entered into a capital lease agreement. The leased property under capital leases is classified as furniture and equipment with a total capitalized cost of \$262,557 and amortized value of \$161,767. Amortization expense has been included in depreciation expense for the year ended September 30, 2015.

Purpose	Cost	Year Acquired	Year Matures	Annual Payment	Interest Rate	Balance 9/30/2015
Records mgmt system	\$ 87,557	2011	2016	\$ 19,502	3.70%	\$ 36,942
Loader/backhoe Pct. 1	44,000	2013	2017	11,747	3.20%	22,413
Volvo Motor Grader- Pct. 4	101,000	2014	2012	16,089	2.80%	87,738
Cat Roller	30,000	2015	2019	8,206	3.70%	30,000
						<u>\$ 177,093</u>

The following is a schedule of future minimum payments under the capital leases together with the present value of the net minimum lease payments as of September 30, 2015:

Government Activities	
Due Fiscal Year Ending September 30,	Amount
2016	\$ 55,545
2017	55,546
2018	24,296
2019	24,294
2020	16,089
2021	<u>16,089</u>
Total payments	<u>191,859</u>
Less Interest	<u>(14,766)</u>
Present value of minimum lease payments	<u>\$ 177,093</u>

See independent auditors' report.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 9: Risk Management

The County has risk exposure in various areas including general liability, workers compensation, automobile liability, property damage, etc. To reduce its risk exposure in these areas, the County is a member of Texas Association of Counties Risk Pool (“the Pool”) for liability, property, and worker’s compensation. The Pool is a public entity risk pool and was created based on the general objectives of formulating, developing, and administering a program of self-insurance for membership and obtaining lower costs for coverage. The Pool coverage is offered through interlocal agreements between the Pool and counties. The Pool has the power to establish fees, contributions and methods for establishing rates. Under contract with the Pool, the Association provides for such services as claims administration and management, underwriting, loss control services and training and financial reporting for its members. The Association submits sealed bids to counties during the bid process. The Pool is governed by a Board of Directors made up of employees or officials of counties, which are members of the Pool. Member counties make contributions to the Pool, and the Pool provides insurance coverage and applicable reinsurance or stop loss coverage. The insurance policies carry various deductibles and aggregate maximum loss totals. The by-laws of the Pool are detailed in a separate document, which can be obtained from the Texas Association of Counties, 1210 San Antonio Street, Austin, TX 78701.

Health Care

During the year ended September 30, 2015, the employees of the County were covered by a health insurance plan. Employees had the option of participating in PPO provider plan. Employees, at their option, authorize payroll withholdings to pay remaining premiums for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Article 3.51.2 of the Texas Insurance Code and was documented by contractual agreement.

NOTE 10: Pension Plan

A. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 677 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 78768-2034.

B. Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 10: Pension Plan (cont.)

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

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefits terms:

Inactive employees of beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	76
Active employees	54
	<hr/>
	171
	<hr/>

C. Contributions

The employer has elected the annually determined contribution rate (Variable Rate) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 7.2% for the calendar year ending in 2014. The deposit rate payable by the employee members for calendar year 2014 is the rate of 7% as adopted by the governing body of the employer. The employee and employer deposit rates may be changed by the governing body of the employer within the options available in the TCDRS Act.

D. Net Pension Liability

The employer's Net Pension Liability (NPL) for the year ended September 30, 2015, was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 10: Pension Plan (cont.)

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	2.5% per year
Investment Rate of Return	8.1%, net of pension plan investment expense, including inflation
Actuarial Cost Method	Entry Age Normal
Retirement Age	Average age is 61

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

Mortality for Depositing members -The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.

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 2015 information for a 7-10 year time horizon. 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, 2013 for more details.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	16.5%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	12.0%	8.35%
Global Equities	MSCI World (net) Index	1.5%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.0%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.0%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.0%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.0%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.0%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.0%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.0%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.0%	4.00%
Commodities	Bloomberg Commodities Index	2.0%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.0%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	3.0%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.0%	5.15%
Total		100.0%	

See independent auditors' report.

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 10: Pension Plan (cont.)

Discount Rate:

The discount rate used to measure the Total Pension Liability was 8.1%. Using the alternative method, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments based on the funding requirements under the County's funding policy and the legal requirements under the TCDRS Act.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and the net pension liability of the County is equal to the long-term assumed rate of return on investments.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$ 4,895,000	\$ 4,751,251	\$ 143,749
Changes for the year:			
Service cost	178,410	-	178,410
Interest on total pension liability	394,186	-	394,186
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(61,704)	-	(61,704)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(20,157)	(20,157)	-
Benefit payments	(216,395)	(216,395)	-
Administrative expenses	-	(3,788)	3,788
Member contributions	-	106,831	(106,831)
Net investment income	-	327,395	(327,395)
Employer contributions		124,944	(124,944)
Other	-	8,555	(8,555)
Net changes	\$ 274,340	\$ 327,385	\$ (53,045)
Balance at 12/31/2014	\$ 5,169,340	\$ 5,078,636	\$ 90,704

NOTE 10: Pension Plan (cont.)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.1%) or 1-percentage point higher (9.1%) than the current rate:

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

	1% Decrease in Discount Rate (7.1%)	Current Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
Total pension liability	\$ 5,795,102	\$ 5,169,339	\$ 4,653,755
Fiduciary net position	5,078,636	5,078,636	5,078,636
Net pension liability (asset)	\$ 716,466	\$ 90,703	\$ (424,881)

E. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the internet at www.tcdrs.org.

F. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2015, the County recognized pension expense of 134,729.

As of September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,136	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	48,996
Contributions subsequent to the measurement date	N/A	Employer determined

Amounts currently reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Valuation year ended December 31:		
2015	\$ (8,319)	
2016	(8,319)	
2017	12,249	
2018	12,249	
2019	-	
Thereafter	-	

NOTE 11: Commitments and Contingencies

Contingencies

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds or any

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

money received may be required and collectability of any related receivable at September 30, 2015, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulation governing the respective grant; therefore no provision has been recorded in the accompanying financial statements for such contingencies.

Litigation

The County Attorney has indicated that there are no lawsuits filed and pending against the County that will result in a material effect on the County's financial position.

NOTE 12: New Accounting Pronouncements

The GASB issued Statement No. 72, *Fair Value Measurement*, which will be effective for periods beginning after June 15, 2015. The objective of this Statement is to improve accounting and financial reporting related to fair value measurements. This statement applies to all state and local governmental entities. The County will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which will be effective for periods beginning after December 15 2015. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). This Statement applies to all state and local governmental entities. The County will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 77, *Tax Abatement Disclosures*, which will be effective for periods beginning after December 15, 2015. The objective of this Statement is to require governments that enter into tax abatement agreements to provide certain disclosures regarding the commitments. This Statement applies to all state and local governmental entities. The County will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

NOTE 13: Prior Period Adjustment

As discussed in Note 1, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. In accordance with this statement, an adjustment has been made to record the County's net pension liability as of October 1, 2014 reduced by the deferred outflows as a result of contributions made after the measurement date. As a result, beginning net position of the governmental activities as been decreased by \$46,188.

NOTE 14: Other Postemployment Benefit Obligation (OPEB)

A. Plan Description

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

The Hamilton County Retiree Health Care Plan is not a formal document detailing the specific terms of the plan, but is a substantive plan- loosely defined as the benefit covered by the plan as understood by the employer and plan members at the time of each actuarial valuation.

The County has implemented the alternative measurement method for employers with fewer than 100 plan members and performed an actuarial study to quantify the amount of the County's OPEB obligations.

Permanent full-time employees who retire drawing a monthly county pension from the Texas County & District Retirement System (TCDRS) are eligible to participate in the County's employee health care plan. Hamilton County will pay an amount not to exceed \$250 per month with the remainder of the premium to be paid at the expense of the retiree.

Members are eligible for retirement in TCDRS at age 60 with 8 years of service credit or at any age with 20 years of service credit or when the member's age plus service credit totals 75. Retirees who terminate employment before normal retirement conditions are not eligible.

County health care coverage terminates once the retiree is eligible for Medicare. The retiree is then eligible for the County's contracted Medicare Supplement health plan.

Health Care and Other Benefits. Retiree medical coverage for retirees is the same as coverage provided to active County employees in accordance with the terms and conditions of the current County health care coverage if they were enrolled at the time of death. Benefits include medical and prescription drug, and vision screenings. All benefits for dependent children or spouse are provided at the expense of the retiree.

B. Funding Policies

The County does not make annual contributions to the plan, but it records as expense, the change in the Net OPEB Obligation.

Under this funding policy, GASB 45 requires the use of a discount rate consistent with the investment return on the employer's general assets. In the valuation, the discount rate is 3.5%.

The actuarially determined contribution requirement for the County's fiscal year is computed through an actuarial valuation performed as of September 30, 2015. The actuarial valuation is performed to determine the adequacy of the contributions rate, to describe the current financial condition of OPEB and to analyze changes in conditions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required

NOTE 14: Other Postemployment Benefit Obligation (OPEB) (cont.)

schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Projections of benefits are based on the plan and include the types of benefits in force at the valuations date and the pattern of sharing benefit costs between the County and the plan members to that point. Actuarial calculations reflect

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

<u>Significant Actuarial Assumptions</u>	
Actuarially assumed investment rate	3.5% (1.00% real rate of return plus 2.50% inflation)
Mortality rates for males and females	RP- 2014 Total Table with Projection MP-2015
Retirement, disablement and separation rates	TCDRS retirement rates vary by age, with an average retirement age of 62
Payroll growth rate	1.0% per annum
Health cost increase	Level 5.00%
Actuarial Method	Projected Unit Cost Method
Disability	None assumed

The County's net OPEB liability for the fiscal year ended December 31, 2015 is as follows:

	<u>2015</u>
Normal cost (current service cost)	\$ 94,419
Interest on net OPEB (NOPEB)	7,397
Amortization of UAAL (for past service cost)	62,081
ARC adjustment	<u>(9,991)</u>
Annual OPEB cost	153,906
Employer contributions	<u>(19,174)</u>
Change in OPEB	134,732
NOPEB - January 1	211,342
NOPEB - December 31	<u><u>\$ 346,074</u></u>

HAMILTON COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION

HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget -
	Original	Final	GAAP BASIS	Positive
			(See Note)	(Negative)
REVENUE:				
Taxes:				
Property taxes	\$ 2,185,881	\$ 2,185,881	\$ 2,205,398	\$ 19,517
General sales and other taxes	343,500	343,500	328,233	(15,267)
Intergovernmental revenue and grants	178,964	218,962	159,105	(59,857)
Charges for services	600	2,600	2,515	(85)
Fines and fees	296,356	362,634	375,731	13,097
Investment earnings	1,065	1,065	948	(117)
Other revenue	36,000	36,000	43,646	7,646
Total Revenues	<u>3,042,366</u>	<u>3,150,642</u>	<u>3,115,576</u>	<u>(35,066)</u>
EXPENDITURES:				
Current:				
General Government:				
Public finance	440,449	440,449	432,792	(7,657)
General administration	687,016	672,707	528,531	(144,176)
Judicial	693,834	697,174	647,670	(49,504)
Public safety	1,109,940	123,277	1,177,235	1,053,958
Health and welfare	92,204	243,180	201,344	(41,836)
Principal	17,490	17,490	17,488	(2)
Interest	2,015	2,015	2,014	(1)
Capital Outlay:				
Capital outlay	1	1,760	1,760	-
Total Expenditures	<u>3,042,949</u>	<u>2,198,052</u>	<u>3,008,834</u>	<u>810,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,264,599	2,585,774	106,741	1,822,902
OTHER FINANCING SOURCES (USES):				
Transfers out	-	2,426	-	(2,426)
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,426</u>	<u>-</u>	<u>(2,426)</u>
Net Change in Fund Balances	-	-	106,741	
Fund Balances - Beginning	-	-	1,700,093	
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,806,834</u>	<u>\$ 1,806,834.05</u>

HAMILTON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		GAAP BASIS (See Note)	Actual	Variance With Final Budget
	Original	Final		Positive (Negative)	
REVENUES:					
Property taxes, penalties and interest	\$ 602,000	\$ 602,000	\$ 603,558	\$ 1,558	
Fees and fines	20,000	20,000	83,976	63,976	
Intergovernmental	124,000	124,000	46,828	(77,172)	
Licenses and permits	364,000	364,000	340,068	(23,932)	
Investment earnings	440	440	140	(300)	
Miscellaneous	-	-	(9,172)	(9,172)	
Total Revenues	1,110,440	1,110,440	1,065,398	(45,042)	
EXPENDITURES:					
Salaries	717,574	691,436	675,441	15,995	
Equipment	15,002	88,453	85,455	2,998	
Equipment repair	76,000	94,589	81,082	13,507	
Fuel	152,000	100,293	58,965	41,328	
Road expense	114,004	109,175	120,303	(11,128)	
Operating	83,760	62,694	41,028	21,666	
Debt- principal	23,953	23,953	23,949	4	
Debt- interest	3,890	3,890	3,887	3	
Total Expenditures	1,186,183	1,174,483	1,090,110	84,373	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,743)	(64,043)	(24,712)	39,331	
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	
Proceeds from Sale of Assets	-	-	-	-	
Transfers Out	-	-	-	-	
Total Other Financing Sources (Uses)	-	-	-	-	
Net Changes in Fund Balances	(75,743)	(64,043)	(24,712)	39,331	
Fund Balance-Beginning	-	-	449,839	449,839	
Fund Balance-Ending	\$ (75,743.00)	\$ (64,043.00)	\$ 425,127	\$ 489,170	

HAMILTON COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HAMILTON COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

Total Pension Liability	2014
Service Cost	\$ 178,410
Interest on total pension liability	394,186
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	(61,704)
Benefit payments/refunds of contributions	<u>(236,552)</u>
 Net Change in Total Pension Liability	 274,340
 Total Pension Liability, beginning	 <u>4,895,000</u>
 Total Pension Liability, ending (a)	 <u><u>\$ 5,169,340</u></u>
 Fiduciary Net Position	
Employer contributions	\$ 124,944
Member contributions	106,831
Investment income net of investment expenses	327,395
Benefit payments/refunds of contributions	(236,552)
Administrative expenses	(3,788)
Other	<u>8,555</u>
 Net Change in Fiduciary Net Position	 327,385
 Fiduciary Net Position, beginning	 <u>4,751,251</u>
 Fiduciary Net Position, ending (b)	 <u><u>\$ 5,078,636</u></u>
 Net Pension Liability (Asset), ending = (a) - (b)	 \$ 90,704
 Fiduciary net position as a % of total pension liability	 98.25%
 Pensionable covered payroll	 \$ 1,742,616
 Net pension liability as a % of covered payroll	 5.21%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

HAMILTON COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HAMILTON COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Years (will ultimately be displayed)

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2006	94,439	94,439	-	1,548,183	6.1%
2007	104,031	104,031	-	1,702,636	6.1%
2008	112,302	112,302	-	1,859,304	6.0%
2009	122,321	122,321	-	2,080,285	5.9%
2010	135,958	135,958	-	2,023,189	6.7%
2011	121,062	121,062	-	2,014,291	6.0%
2012	120,600	120,600	-	1,887,330	6.4%
2013	123,233	123,233	-	1,779,309	6.9%
2014	124,944	124,944	-	1,742,616	7.2%

HAMILTON COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Information

Annual budgets are adopted on the cash basis of accounting for the General Fund, certain Special Revenue Funds, Capital Projects Fund, and Debt Service Fund. The County employs an encumbrance system as a method of accomplishing budgetary control. At year end, open encumbrances are closed, and departments are required to re-appropriate those funds in the following year's budget.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget request and holds an informal hearing when needed. Before October 1, a proposed budget is presented to Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the condition of various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

Retirement Schedules

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later. GASB 68, Paragraph 81.2.b requires that the data in the Schedule of Contributions be presented as of the District's current fiscal year as opposed to the valuation measurement date as provided in other schedules of these financial statements.

HAMILTON COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Retirement Schedules (cont'd)

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.0 years
Asset Valuation Method	5 - year smoothed market
Inflation	3.0%
Salary Increases	4.9%
Investment Rate of Return	8.0%
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.

COMBINING FUND STATEMENTS

HAMILTON COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
SEPTEMBER 30, 2015

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4	Total Road and Bridge Funds
ASSETS					
Cash and investments	\$ 114,693	\$ 98,124	\$ 150,715	\$ 105,073	\$ 468,605
Receivables (net of Allowance for Uncollectible)	1,765	1,765	1,765	1,765	7,060
Other Assets	4,965	5,357	5,146	5,199	20,667
Due from other funds	-	-	-	-	-
Total Assets	\$ 121,423	\$ 105,246	\$ 157,626	\$ 112,037	\$ 496,332
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 13,149	\$ 5,495	\$ 5,179	\$ 17,415	\$ 41,238
Salary payable	4,727	6,755	6,328	5,097	22,907
Total Liabilities	17,876	12,250	11,507	22,512	64,145
Deferred inflows:					
Deferred property taxes	1,765	1,765	1,765	1,765	7,060
Fund Balances:					
Nonspendable	-	-	-	-	-
Committed	101,782	91,231	144,354	87,760	425,127
Unassigned	-	-	-	-	-
Total Fund Balances	101,782	91,231	144,354	87,760	425,127
Total Liabilities, Deferred inflows, and Fund Balances	\$ 121,423	\$ 105,246	\$ 157,626	\$ 112,037	\$ 496,332

HAMILTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ROAD AND BRIDGE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4	Total Road and Bridge Funds
REVENUES:					
Property taxes, penalties and interest	\$ 150,890	\$ 150,890	\$ 150,889	\$ 150,889	\$ 603,558
Fee and fines	20,994	20,994	20,994	20,994	83,976
Intergovernmental	11,707	11,707	11,707	11,707	46,828
Licenses and permits	85,018	85,018	85,018	85,014	340,068
Investment earnings	33	26	49	32	140
Miscellaneous	-	(3,278)	(3,185)	(2,709)	(9,172)
Total Revenues	268,642	265,357	265,472	265,927	1,065,398
EXPENDITURES:					
Salaries	144,818	178,770	182,965	168,888	675,441
Equipment	27,972	25,000	12,483	20,000	85,455
Equipment repair	24,557	7,818	20,403	28,304	81,082
Fuel	22,830	15,338	-	20,797	58,965
Road expense	28,969	15,707	58,668	16,959	120,303
Operating	13,700	10,479	9,148	7,701	41,028
Debt- principal	10,688	-	-	13,261	23,949
Debt- interest	1,059	-	-	2,828	3,887
Total Expenditures	274,593	253,112	283,667	278,738	1,090,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,951)	12,245	(18,195)	(12,811)	(24,712)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Changes in Fund Balances	(5,951)	12,245	(18,195)	(12,811)	(24,712)
Fund Balance-Beginning	107,733	78,986	162,549	100,571	449,839
Fund Balance-Ending	\$ 101,782	\$ 91,231	\$ 144,354	\$ 87,760	\$ 425,127

HAMILTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Vital Statistics	County Clerk Records Management	District Clerk Vital Statistics	District Clerk Records Management	District Clerk Records Archive Fee
ASSETS					
Cash and investments	\$ 2,470	\$ 6,218	\$ 686	\$ 140	\$ 130
Receivables (net of Allowance for Uncollectible)	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	\$ 2,470	\$ 6,218	\$ 686	\$ 140	\$ 130
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salary payable	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Deferred inflows:					
Deferred property taxes	-	-	-	-	-
Fund Balances:					
Restricted					
Committed	-	-	-	-	-
Debt service	-	-	-	-	-
Election	-	-	-	-	-
General administration	2,470	-	686	-	-
Judicial	-	-	-	-	-
Legal	-	-	-	-	-
Public safety	-	-	-	-	-
Records management	-	6,218	-	140	130
Total Fund Balances	2,470	6,218	686	140	130
Total Liabilities, Deferred inflows, and Fund Balances	\$ 2,470	\$ 6,218	\$ 686	\$ 140	\$ 130

HAMILTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	County Clerk Records Archive	Justice Court Technology #3	Justice Court Technology	County Clerk Probate	Election Contracting
ASSETS					
Cash and investments	\$ 26,438	\$ 1,681	\$ 7,445	\$ 1,913	\$ 2,568
Receivables (net of Allowance for Uncollectible)	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	\$ 26,438	\$ 1,681	\$ 7,445	\$ 1,913	\$ 2,568
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 42	\$ -	\$ 422
Salary payable	-	-	-	-	-
Total Liabilities	-	-	42	-	422
Deferred inflows:					
Deferred property taxes	-	-	-	-	-
Fund Balances:					
Restricted					
Election	-	-	-	-	-
Debt service	-	-	-	-	-
Election	-	-	-	-	2,146
General administration	-	-	-	-	-
Judicial	-	1,681	7,403	-	-
Legal	-	-	-	1,913	-
Public safety	-	-	-	-	-
Records management	26,438	-	-	-	-
Total Fund Balances	26,438	1,681	7,403	1,913	2,146
Total Liabilities, Deferred inflows, and Fund Balances	\$ 26,438	\$ 1,681	\$ 7,445	\$ 1,913	\$ 2,568

HAMILTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	County Court Technology	District Court Technology	Sheriff's Office LEOSE	LEOSE Special	Law Library
ASSETS					
Cash and investments	\$ 1,061	\$ 4,135	\$ 1,647	\$ 262	\$ 26,185
Receivables (net of Allowance for Uncollectible)	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	\$ 1,061	\$ 4,135	\$ 1,647	\$ 262	\$ 26,185
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salary payable	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Deferred inflows:					
Deferred property taxes	-	-	-	-	-
Fund Balances:					
Restricted					
Election	-	-	-	-	-
Debt service	-	-	-	-	-
Election	-	-	-	-	-
General administration	-	-	-	-	-
Judicial	1,061	4,135	-	-	-
Legal	-	-	-	-	26,185
Public safety	-	-	1,647	262	-
Records management	-	-	-	-	-
Total Fund Balances	1,061	4,135	1,647	262	26,185
Total Liabilities, Deferred inflows, and Fund Balances	\$ 1,061	\$ 4,135	\$ 1,647	\$ 262	\$ 26,185

HAMILTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Records Management Preservation	Courthouse Security	District Clerk Records Preservation	Justice Court Building Security	Probate Supplemental Guardianship
ASSETS					
Cash and investments	\$ 4,516	\$ 46,383	\$ 10,989	\$ 11,991	\$ 7,845
Receivables (net of Allowance for Uncollectible)	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	\$ 4,516	\$ 46,383	\$ 10,989	\$ 11,991	\$ 7,845
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salary payable	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Deferred inflows:					
Deferred property taxes	-	-	-	-	-
Fund Balances:					
Restricted					
Election	-	-	-	-	-
Debt service	-	-	-	-	-
Election	-	-	-	-	-
General administration	-	-	-	-	-
Judicial	-	46,383	-	11,991	-
Legal	-	-	-	-	7,845
Public safety	-	-	-	-	-
Records management	4,516	-	10,989	-	-
Total Fund Balances	4,516	46,383	10,989	11,991	7,845
Total Liabilities, Deferred inflows, and Fund Balances	\$ 4,516	\$ 46,383	\$ 10,989	\$ 11,991	\$ 7,845

HAMILTON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Debt Service	Sheriff's Trust	County Attorney Check Collection	Total
ASSETS				
Cash and investments	\$ 12,109	\$ 2,958	\$ 4,720	\$ 184,490
Receivables (net of Allowance for Uncollectible)	1,849	-	-	1,849
Due from other funds	-	-	-	-
Total Assets	\$ 13,958	\$ 2,958	\$ 4,720	\$ 186,339
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 464
Salary payable	-	-	-	-
Total Liabilities	-	-	-	464
Deferred inflows:				
Deferred property taxes	1,849	-	-	1,849
Fund Balances:				
Restricted				
Election	-	-	-	-
Debt service	12,109	-	-	12,109
Election	-	-	-	2,146
General administration	-	-	-	3,156
Judicial	-	-	-	72,654
Legal	-	-	4,720	40,663
Public safety	-	2,958	-	4,867
Records management	-	-	-	48,431
Total Fund Balances	12,109	2,958	4,720	184,026
Total Liabilities, Deferred inflows, and Fund Balances	\$ 13,958	\$ 2,958	\$ 4,720	\$ 186,339

HAMILTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Vital Statistics	County Clerk Records Management	District Clerk Vital Statistics	District Clerk Records Management	District Clerk Records Management
REVENUES:					
Property taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	533	22,192	71	140	130
Contributions	-	-	-	-	-
Investment earnings	-	-	-	-	-
Total Revenues	<u>533</u>	<u>22,192</u>	<u>71</u>	<u>140</u>	<u>130</u>
EXPENDITURES:					
General Government	-	34,001	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Administration of justice	-	-	-	-	-
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>34,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>533</u>	<u>(11,809)</u>	<u>71</u>	<u>140</u>	<u>130</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	533	(11,809)	71	140	130
Fund Balance-Beginning	1,937	18,027	615	-	-
Fund Balance-Ending	<u>\$ 2,470</u>	<u>\$ 6,218</u>	<u>\$ 686</u>	<u>\$ 140</u>	<u>\$ 130</u>

HAMILTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	County Clerk Records Archive	Justice Court Technology #3	Justice Court Technology	County Clerk Probate	Election Contracting
REVENUES:					
Property taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	20,100	347	4,354	307	-
Contributions	-	-	-	-	-
Investment earnings	-	-	-	-	-
Total Revenues	20,100	347	4,354	307	-
EXPENDITURES:					
General Government	14,832	1,396	1,052	100	422
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Administration of justice	-	-	1,274	-	-
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	14,832	1,396	2,326	100	422
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,268	(1,049)	2,028	207	(422)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources (uses):	-	-	-	-	-
Net change in fund balances	5,268	(1,049)	2,028	207	(422)
Fund Balance-Beginning	21,170	2,730	5,375	1,706	2,568
Fund Balance-Ending	\$ 26,438	\$ 1,681	\$ 7,403	\$ 1,913	\$ 2,146

HAMILTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	County Court Technology	District Court Technology	Sheriff's Office LEOSE	LEOSE Special	Law Library
REVENUES:					
Property taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	198	939	1,922	-	5,390
Contributions	-	-	-	-	-
Investment earnings	-	-	-	-	-
Total Revenues	<u>198</u>	<u>939</u>	<u>1,922</u>	<u>-</u>	<u>5,390</u>
EXPENDITURES:					
General Government	-	801	-	-	4,473
Public safety	-	-	2,418	-	-
Highways and streets	-	-	-	-	-
Administration of justice	-	-	-	-	-
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>801</u>	<u>2,418</u>	<u>-</u>	<u>4,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>198</u>	<u>138</u>	<u>(496)</u>	<u>-</u>	<u>917</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	198	138	(496)	-	917
Fund Balance-Beginning	863	3,997	2,143	262	25,268
Fund Balance-Ending	<u>\$ 1,061</u>	<u>\$ 4,135</u>	<u>\$ 1,647</u>	<u>\$ 262</u>	<u>\$ 26,185</u>

HAMILTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Records Management Preservation	Courthouse Security	District Clerk Records Preservation	Justice Court Building Security	Probate Supplemental Guardianship
REVENUES:					
Property taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	650	8,948	2,586	1,168	1,000
Contributions	-	-	-	-	-
Investment earnings	-	2	-	-	-
Total Revenues	<u>650</u>	<u>8,950</u>	<u>2,586</u>	<u>1,168</u>	<u>1,000</u>
EXPENDITURES:					
General Government	1,150	1,764	1,150	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Administration of justice	-	-	-	-	-
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>1,150</u>	<u>1,764</u>	<u>1,150</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(500)</u>	<u>7,186</u>	<u>1,436</u>	<u>1,168</u>	<u>1,000</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(500)	7,186	1,436	1,168	1,000
Fund Balance-Beginning	5,016	39,197	9,553	10,823	6,845
Fund Balance-Ending	<u>\$ 4,516</u>	<u>\$ 46,383</u>	<u>\$ 10,989</u>	<u>\$ 11,991</u>	<u>\$ 7,845</u>

HAMILTON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Debt Service	Sheriff's Trust	County Attorney Check Collection	Total
REVENUES:				
Property taxes, penalties and interest	\$ 156,463	\$ -	\$ -	\$ 156,463
Fees and fines	-	-	1,703	72,729
Contributions	-	1,000	-	1,000
Investment earnings	7	-	-	9
Total Revenues	156,470	1,000	1,703	230,201
EXPENDITURES:				
General Government	-	2,000	-	63,192
Public safety	-	-	-	2,418
Highways and streets	-	-	-	-
Administration of justice	-	-	-	1,274
Principal	129,000	-	-	129,000
Interest and fiscal charges	22,638	-	-	22,638
Total Expenditures	151,638	2,000	-	218,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,832	(1,000)	1,703	11,679
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital lease proceeds	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Net change in fund balances	4,832	(1,000)	1,703	11,679
Fund Balance-Beginning	7,277	3,958	3,017	172,347
Fund Balance-Ending	\$ 12,109	\$ 2,958	\$ 4,720	\$ 184,026

HAMILTON COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Liabilities	State Fees	County Clerk Registry	District Clerk Registry	Probation Trust	Child Support	Total
Assets							
Cash	122,642	45,847	6,310	155,686	2,261	195	332,941
Total assets	<u>122,642</u>	<u>45,847</u>	<u>6,310</u>	<u>155,686</u>	<u>2,261</u>	<u>195</u>	<u>332,941</u>
Liabilities:							
Due to others	122,642	45,847	6,310	155,686	2,261	195	332,941
Total liabilities	<u>122,642</u>	<u>45,847</u>	<u>6,310</u>	<u>155,686</u>	<u>2,261</u>	<u>195</u>	<u>332,941</u>