

# **Hamilton County, Texas**

Audit Report  
For the Year Ended September 30, 2017

**HAMILTON COUNTY, TEXAS**  
**Audit Report**  
**For the Year Ended September 30, 2017**

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## **INTRODUCTORY SECTION**

**HAMILTON COUNTY, TEXAS**  
**PRINCIPAL OFFICIALS**

as of September 30, 2017

<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	Kiesha Bagwell
District Judge	Phil Robertson
District Clerk	Sandy Layhew
Justice of the Peace	James Lively
County Attorney	Mark Henkes
Sheriff	Justin Caraway

## **FINANCIAL SECTION**



## **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, 2017, 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, each major fund, and the aggregate remaining fund information of Hamilton County, Texas, as of September 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Texas County and District Retirement System pension schedules on pages 10 through 18, and pages 49 through 54, 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  
October 2, 2018

**HAMILTON COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended September 30, 2017**

### **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, 2017. 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**

The assets of the County exceeded its liabilities by \$8,885,841 as of September 30, 2017. However, the government-wide financial position decreased by \$523,713 from the previous year.

Total assets increased \$211,834 and total liabilities increased by \$629,950.

As of September 30, 2017 the County's combined governmental funds had a fund balance of \$2,288,141.

Cash and investments totaled \$2,259,282.

Revenue in primary governmental activities increased by \$36,891 from the prior year.

During the same period expenditures decreased by \$82,631.

### **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, 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 are considered governmental 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, 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 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.

**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 general fund budgetary schedules.

## GOVERNMENT -WIDE FINANCIAL ANALYSIS

The County's net position at September 30, 2017 and 2016 are summarized as follows:

	Primary Government Governmental Activities		
	Unaudited		
	2017	2016	Change
<b>Assets:</b>			
Current and other assets	\$ 2,454,993	\$ 2,395,508	\$ 59,485
Capital assets (net of accumulated depreciation)	7,403,037	7,629,048	(226,011)
Total assets	9,858,030	10,024,556	(166,526)
<b>Deferred outflows of resources:</b>			
Deferred outflows of resources	378,360	-	378,360
Total assets and deferred outflows	10,236,390	10,024,556	211,834
<b>Liabilities:</b>			
Current and other liabilities	169,153	109,669	59,484
Long-term liabilities	1,052,465	481,999	570,466
Total liabilities	1,221,618	591,668	629,950
<b>Deferred inflows of resources:</b>			
Unearned intergovernmental revenue	128,931	23,334	105,597
Total liabilities and deferred inflows	1,350,549	615,002	735,547
<b>Net Position:</b>			
Net investment in capital assets	7,202,048	7,441,250	(239,202)
Restricted	239,843	123,528	116,315
Unrestricted	1,443,950	1,844,776	(400,826)
Total net position	\$ 8,885,841	\$ 9,409,554	\$ (523,713)

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 \$ 8,885,841 at the close of the most recent fiscal year, representing a 5.6% decrease from the prior year. \$1,443,950 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, \$239,843, 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*, \$7,202,048, 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, 2017 and 2016 are as follows:

<b>Primary Government Governmental Activities</b>			
	Unaudited		
	2017	2016	Change
<b>Revenues:</b>			
<b>Net Program Revenues:</b>			
Charges for services	\$ 1,024,393	\$ 975,468	\$ 48,925
Operating grants and contributions	78,603	162,155	(19,478)
Capital grants and contributions	142,677	22,047	(22,047)
<b>General Revenues:</b>			
Property taxes	3,012,096	2,920,770	91,326
Sales and beverages taxes	370,252	352,964	17,288
Miscellaneous	116,988	220,372	(103,384)
Unrestricted investments earnings	<u>30,840</u>	<u>6,579</u>	<u>24,261</u>
<b>Total revenues</b>	<b><u>4,775,849</u></b>	<b><u>4,660,355</u></b>	<b><u>36,891</u></b>
<b>Expenses:</b>			
General administration	1,525,818	1,094,581	431,237
Administration of justice	784,024	859,472	(75,448)
Highways and streets	1,195,271	1,506,469	(311,198)
Health and welfare	178,331	156,176	22,155
Conservation	-	-	-
Public safety	1,610,193	1,758,162	(147,969)
Interest on long-term debt	<u>5,925</u>	<u>7,333</u>	<u>(1,408)</u>
<b>Total expense</b>	<b><u>5,299,562</u></b>	<b><u>5,382,193</u></b>	<b><u>(82,631)</u></b>
<b>Change in net position</b>	<b><u>(523,713)</u></b>	<b><u>(721,838)</u></b>	<b><u>\$ 198,125</u></b>
<b>Net position - beginning</b>	<b><u>9,409,554</u></b>	<b><u>10,131,392</u></b>	
<b>Net position - ending</b>	<b><u>\$ 8,885,841</u></b>	<b><u>\$ 9,409,554</u></b>	

## **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 \$4,775,849 compared to \$4,660,355 for prior fiscal year or \$36,891 (1%) increase.

Property taxes received increased by \$91,326 during the year. The maintenance and operations tax rate adopted on August 17, 2017 remained at .5605 cents per \$100 (dollar).

## **Grants**

During fiscal year 2017 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 \$175,234 with expenditures of \$175,234 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 2017, expenditures over revenue were (\$523,713) compared to (\$721,838) in FY 2016.

## **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 FY2017 legally adopted cash budget was approved on September 6, 2016 for the General Fund totaling \$3,556,649.

### **Highlights from Hamilton County FY 2017 Budget include the following:**

The County's property tax rate for valuation date January 1, 2017 was set at 56.05 cents per \$100 (dollar) assessed valuation and includes no bonded debt.

## **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 FY2017 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 FY2017 Budget include the following:

- Increased law enforcement efforts in budget year 2017
- Increased Judicial activities in the District Attorney's Office in budget year 2017

## **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, 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, 2017**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and investments	\$ 2,259,282
Receivables (net of allowance for uncollectible)	
Taxes	114,248
Other assets	81,463
Capital Assets (net of accumulated depreciation)	
Land	30,407
Buildings, net	6,617,249
Furniture and equipment, net	75,563
Vehicles	278,738
Infrastructure	<u>401,080</u>
Total Assets	9,858,030
<b>DEFERRED OUTFLOWS:</b>	
Deferred retirement contributions	86,617
Deferred actual vs. assumption	16,249
Deferred investment experience	<u>275,494</u>
Total deferred outflows	378,360
Total assets and deferred outflows	<u>10,236,390</u>
<b>LIABILITIES:</b>	
Accounts payable and accrued liabilities	84,968
Accrued salaries and wages	22,711
Capital lease-due within one year	61,474
Noncurrent liabilities	
Capital lease	139,515
OPEB Obligation	596,295.00
Net pension liability	<u>316,655</u>
Total Liabilities	<u>1,221,618</u>
<b>DEFERRED INFLOWS:</b>	
Deferred actual vs. assumption	<u>128,931</u>
Total liabilities and deferred inflows	1,350,549
<b>NET POSITION:</b>	
Net investment in capital assets	7,202,048
Restricted for:	
Debt service	4,845
Special revenue purposes	234,998
Unrestricted	<u>1,443,950</u>
Total Net Position	<u>\$ 8,885,841</u>

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

**HAMILTON COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Program Activities	Expenses	Program Revenues	
		Fees, Fines and Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General administration	\$ 1,525,818	\$ 288,302	\$ -
Judicial administration	784,024	206,103	31,096
Public safety and law enforcement	1,610,193	13,772	2,418
Road and bridge	1,195,271	494,814	36,437
Health and welfare	178,331	21,402	8,652
Interest and fees on long-term debt	5,925	-	-
Total Governmental Activities	<u>5,299,562</u>	<u>1,024,393</u>	<u>78,603</u>
Total primary government	<u>\$ 5,299,562</u>	<u>\$ 1,024,393</u>	<u>\$ 78,603</u>
		General Revenues:	
		Property taxes, levied for general purposes	
		Other taxes	
		Miscellaneous revenue	
		Investment earnings	
		Total General Revenues	
		Change in Net Position	
		Net Position - Beginning	
		Net Position - Ending	

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

		Net (Expense) Revenue and Changes in Net Position	
		Governmental Activities	
Capital Grants and Contributions			
\$	142,677	\$	(1,094,839)
	-		(546,825)
	-		(1,594,003)
	-		(664,020)
	-		(148,277)
	-		(5,925)
	<u>142,677.00</u>		<u>(4,053,889)</u>
<u>\$</u>	<u>142,677</u>	<u>\$</u>	<u>(4,053,889)</u>
		\$	3,012,096
			370,252
			116,988
			30,840
			<u>3,530,176</u>
			(523,713)
			9,409,554
		<u>\$</u>	<u>8,885,841</u>

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

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**HAMILTON COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	General Fund	Road and Bridge	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 1,532,454	\$ 487,177	\$ 239,651	\$ 2,259,282
Taxes receivable	104,321	9,056	871	114,248
Other assets	44,412	20,667	-	65,079
Due from other government	1,073	-	-	1,073
<b>Total Assets and Other Debits</b>	<b>\$ 1,682,260</b>	<b>\$ 516,900</b>	<b>\$ 240,522</b>	<b>\$ 2,439,682</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 75,893	\$ 8,396	\$ 679	\$ 84,968
Wages and salaries payable	13,129	9,582	-	22,711
Total Liabilities	<b>89,022</b>	<b>17,978</b>	<b>679</b>	<b>107,679</b>
Deferred inflows:				
Deferred property taxes	<b>34,806</b>	<b>9,056</b>	<b>-</b>	<b>43,862</b>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted				
Debt service	-	-	4,845	4,845
Election	-	-	2,624	2,624
General administration	-	-	4,561	4,561
Judicial	-	-	99,362	99,362
Legal	-	-	38,761	38,761
Public safety	-	-	11,758	11,758
Records management	-	-	77,932	77,932
Committed				
Road & bridge	-	489,866	-	489,866
Unassigned	<b>1,558,432</b>	<b>-</b>	<b>-</b>	<b>1,558,432</b>
<b>Total Fund Balances</b>	<b>1,558,432</b>	<b>489,866</b>	<b>239,843</b>	<b>2,288,141</b>
Total Liabilities, Deferred inflows, and Fund Balances	<b>\$ 1,682,260</b>	<b>\$ 516,900</b>	<b>\$ 240,522</b>	<b>\$ 2,439,682</b>

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, 2017**

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Total Fund Balances- Governmental Funds \$ 2,288,141

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	\$ 31,245,754	
Accumulated depreciation	<u>(23,842,717)</u>	7,403,037

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.

(200,989)

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.

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

Office fees	15,311	
Property taxes	<u>43,862</u>	59,173

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

Net pension liability	(316,655)	
Deferred retirement contributions	86,617	
Deferred actual vs. assumption	(128,931)	
Deferred outflow-assumptions and changes	16,249	
Deferred investment experience	<u>275,494</u>	(67,226)

The statement of net position includes the County's liability for OPEB (596,295)

Net Position of Governmental Activities \$ 8,885,841

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, 2017**

	General Fund	Road and Bridge	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUE:</b>				
Taxes:				
Property taxes	\$ 2,415,685	\$ 595,340	\$ 103	\$ 3,011,128
General sales and other taxes	370,252	-	-	370,252
Intergovernmental revenue and grants	182,425	64,932	-	247,357
Charges for services	525	-	-	525
Fines and fees	577,485	85,928	80,860	744,273
Contributions	-	-	26,300	26,300
Licenses and permits	-	385,376	-	385,376
Investment earnings	30,840	-	-	30,840
Other revenue	27,028	7,068	-	34,096
Total Revenues	<u>3,604,240</u>	<u>1,138,644</u>	<u>107,263</u>	<u>4,850,147</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Public finance	454,952	-	-	454,952
General administration	685,839	-	70,586	756,425
Legal and Judicial	751,483	-	8,666	760,149
Public safety	1,499,039	-	25,809	1,524,848
Health and welfare	169,344	-	-	169,344
Road and bridge	-	1,023,967	-	1,023,967
Debt Service:				
Principal	18,806	52,323	-	71,129
Interest	696	5,229	-	5,925
Capital Outlay:				
Capital outlay	117,362	79,167	-	196,529
Total Expenditures	<u>3,697,521</u>	<u>1,160,686</u>	<u>105,061</u>	<u>4,963,268</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				
	<u>(93,281)</u>	<u>(22,042)</u>	<u>2,202</u>	<u>(113,121)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds	121,380	-	-	121,380
Other	(484)			
Total Other Financing Sources (Uses)	<u>120,896</u>	<u>-</u>	<u>-</u>	<u>121,380</u>
Net Change in Fund Balances	27,615	(22,042)	2,202	7,775
Fund Balances - Beginning	1,530,817	511,908	237,641	2,280,366
Fund Balances - Ending	<u>\$ 1,558,432</u>	<u>\$ 489,866</u>	<u>\$ 239,843</u>	<u>\$ 2,288,141</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, 2017**

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Net Change in Fund Balances-Total Governmental Funds \$ 7,775

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.

258,361

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.

(484,372)

The issuance of long-term debt 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	71,129	
Issuance of debt	<u>(83,950)</u>	(12,821)

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	(129,677)	
Property taxes	<u>968</u>	(128,709)

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.

(42,036)

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

(121,911)

Change in Net Position of Governmental Activities \$ (523,713)

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, 2017**

**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. 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, 2017**

**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.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

**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, 2017**

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

**B. 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 (\$88,635 General Fund, \$23,064 Road and Bridge 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, 2017**

**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, 2017 to finance maintenance and operations of the County, 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, 2017**

**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.

**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.

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 transaction s and reimbursements, are treated as transfers. Transfers in and transfers out are netted and presented as a single “transfers” line on the

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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 are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

**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.

**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.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

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.

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 2017.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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, 2017 consist of the following:

Cash and cash equivalents	\$ 1,772,927
Short-term investment	\$ 501,821
Certificate of deposit	\$ 500,000
	<u>\$ 2,774,748</u>

**A. Cash Deposits**

At September 30, 2017, 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.

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.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 4: Capital Assets**

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

	October 1, 2016	Increase	Decrease	September 30, 2017
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	8,771,428	51,484	-	8,822,912
Furniture and equipment	3,253,291	106,963	-	3,360,254
Vehicles	1,106,405	99,914	-	1,206,319
Infrastructure	<u>17,825,862</u>	<u>-</u>	<u>-</u>	<u>17,825,862</u>
Total depreciable assets	<u>30,956,986</u>	<u>258,361</u>	<u>-</u>	<u>31,215,347</u>
Totals at historic cost	<u>30,987,393</u>	<u>258,361</u>	<u>-</u>	<u>31,245,754</u>
Less accumulated depreciation:				
Buildings	(1,920,016)	(285,647)	-	(2,205,663)
Furniture and equipment	(3,163,786)	(120,905)	-	(3,284,691)
Vehicles	(879,682)	(47,899)	-	(927,581)
Infrastructure	<u>(17,394,861)</u>	<u>(29,921)</u>	<u>-</u>	<u>(17,424,782)</u>
Total accumulated depreciation	<u>(23,358,345)</u>	<u>(484,372)</u>	<u>-</u>	<u>(23,842,717)</u>
Total capital assets, being depreciated, net	<u>7,598,641</u>	<u>(226,011)</u>	<u>-</u>	<u>7,372,630</u>
Governmental capital assets, net	<u>\$ 7,629,048</u>	<u>\$ (226,011)</u>	<u>\$ -</u>	<u>\$ 7,403,037</u>

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

Depreciation by function:	
General administration	\$ 273,403
Highways	131,546
Public safety	79,423
Total depreciation expense	<u>\$ 484,372</u>

See independent auditors' report.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 5: Interfund Transactions**

There is no interfund activity to report for the year ending September 30, 2017.

**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, 2017, is as follows:

Changes in long-term obligations for the period ended September 30, 2017, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
OPEB obligation	474,384	121,910		596,294	-
Capital lease	188,168	83,950	(71,129)	200,989	61,474
<b>Total Governmental Activities</b>	<b><u>\$ 662,552</u></b>	<b><u>\$ 205,860</u></b>	<b><u>\$ (71,129)</u></b>	<b><u>\$ 797,283</u></b>	<b><u>\$ 61,474</u></b>

**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 \$334,950 and amortized value of \$226,770. Amortization expense has been included in depreciation expense for the year ended September 30, 2017.

<u>Purpose</u>	<u>Cost</u>	<u>Year Acquired</u>	<u>Year Matures</u>	<u>Annual Payment</u>	<u>Interest Rate</u>	<u>Balance 9/30/2017</u>
Volvo Motor Grader- Pct. 4	101,000	2014	2012	16,089	2.80%	60,462
Motor Grader-Pct. 3	120,000	2016	2018	20,196	2.89%	41,033
Financial System	83,950	2017	2020	22,880	3.74%	83,950
Cat Roller	30,000	2015	2019	8,206	3.70%	15,444
						<b><u>\$ 200,889</u></b>

See independent auditors' report.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 7: Commitments Under Capital Lease (cont.)**

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, 2017:

<b>Government Activities</b>		
<b>Due Fiscal</b>	<b>Year Ending</b>	<b>Amount</b>
	September 30,	
	2018	62,372
	2019	64,056
	2020	36,484
	2021	38,077
	Total payments	200,989
	Less Interest	(18,932)
	Present value of minimum lease payments	<u><u>\$ 182,057</u></u>

**NOTE 8: 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, 2017, 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.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9: 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.

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, 2016 valuation and measurement date, the following employees were covered by the benefits terms:

Inactive employees of beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	78
Active employees	49
	<u><u>175</u></u>

**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.

See independent auditors' report.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9: Pension Plan (cont.)**

The employer contributed using the actuarially determined rate of 6.51% for the calendar year ending in 2017. The deposit rate payable by the employee members for calendar year 2017 is the rate of 6% 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, 2017, was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:*

The Total Pension Liability in the December 31, 2016 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	8.0%, net of pension plan investment expense, including inflation
Actuarial Cost Method	Entry Age
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.

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB 68.

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 2017 information for a 7-10 year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2012 for more details.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9: Pension Plan (cont.)**

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	13.5%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.0%	7.70%
Global Equities	MSCI World (net) Index	1.5%	5.00%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	10.0%	4.70%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	7.0%	5.70%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.0%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.0%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.0%	3.83%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	10.0%	8.50%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.0%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.0%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.0%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.0%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.0%	3.85%
Total		100.0%	

*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.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9: Pension Plan (cont.)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	\$ 5,343,634	\$ 4,973,843	\$ 369,791
Changes for the year:			
Service cost	174,734	-	174,734
Interest on total pension liability	427,875	-	427,875
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(117,821)	-	(117,821)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(58,056)	(58,056)	-
Benefit payments	(241,574)	(241,574)	-
Administrative expenses	-	(4,002)	4,002
Member contributions	-	101,068	(101,068)
Net investment income	-	367,191	(367,191)
Employer contributions	-	122,965	(122,965)
Other	-	(49,298)	49,298
Net changes	\$ 185,158	\$ 238,294	\$ (53,136)
<b>Balance at 12/31/2016</b>	<b>\$ 5,528,792</b>	<b>\$ 5,212,137</b>	<b>\$ 316,655</b>

*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:

	1% Decrease in Discount Rate (7.1%)	Current Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
Total pension liability	\$ 6,210,013	\$ 5,528,792	\$ 4,962,745
Fiduciary net position	5,212,137	5,212,137	5,212,137
Net pension liability (asset)	\$ 997,876	\$ 316,655	\$ (249,392)

**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](http://www.tcdrs.org).

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

For the year ended September 30, 2017, the County recognized pension expense of 156,978.

As of September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

See independent auditors' report.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9: Pension Plan (cont.)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 128,931	\$ -
Changes of assumptions	-	16,249
Net difference between projected and actual earnings	-	275,494
Contributions subsequent to the measurement date	N/A	86,617

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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Valuation year ended December 31:</b>		
2017	\$ 20,468	
2018	54,603	
2019	81,627	
2020	6,114	
2021	-	
Thereafter	-	

**NOTE 10: 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 money received may be required and collectability of any related receivable at September 30, 2017, 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.

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 11: Other Postemployment Benefit Obligation (OPEB)**

**A. Plan Description**

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, 2017. 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

**HAMILTON COUNTY, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear

**NOTE 11: Other Postemployment Benefit Obligation (OPEB) (cont.)**

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 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, 2017 is as follows:

	<u>2017</u>
Service cost	\$ 94,419
Interest on total pension liability	16,603
Amortization of UAAL ( for past service cost)	62,080
ARC adjustment	<u>(22,198)</u>
Annual OPEB cost	150,904
Employer contributions	<u>(28,994)</u>
Change in OPEB	121,910
NOPEB - October 1	474,384
NOPEB - September	<u><u>\$ 596,294</u></u>

## **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, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>		<b>Variance With</b>	
			<b>Original</b>	<b>Final</b>	<b>GAAP BASIS</b>	
			<b>(See Note)</b>		<b>Final Budget -</b>	
<b>REVENUE:</b>						
Taxes:						
Property taxes	\$ 2,480,130	\$ 2,480,130	\$ 2,415,685	\$ (64,445)		
General sales and other taxes	342,500	342,500	370,252	27,752		
Intergovernmental revenue and grants	169,524	169,524	182,425	12,901		
Charges for services	-	-	525	525		
Fines and fees	374,349	454,349	577,485	123,136		
Investment earnings	5,000	5,000	30,840	25,840		
Other revenue	106,900	109,946	27,028	(82,918)		
Total Revenues	<u>3,478,403</u>	<u>3,561,449</u>	<u>3,604,240</u>	<u>42,791</u>		
<b>EXPENDITURES:</b>						
Current:						
General Government:						
Public finance	469,829	474,258	454,952	(19,306)		
General administration	758,142	744,148	685,839	(58,309)		
Judicial	750,424	810,799	751,483	(59,316)		
Public safety	1,373,798	1,536,065	1,499,039	(37,026)		
Health and welfare	184,356	184,356	169,344	(15,012)		
Principal	18,807	18,807	18,806	(1)		
Interest	3,287	3,287	696	(2,591)		
Capital Outlay:						
Capital outlay	<u>46,000</u>	<u>120,336</u>	<u>117,362</u>	<u>(2,974)</u>		
Total Expenditures	<u>3,604,643</u>	<u>3,892,056</u>	<u>3,697,521</u>	<u>(194,535)</u>		
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126,240)	(330,607)	(93,281)	(389,070)		
<b>OTHER FINANCING SOURCES (USES):</b>						
Loan Proceeds	-	121,380	121,380	-		
Other	-	-	42	42		
Total Other Financing Sources (Uses)	-	<u>121,380</u>	<u>121,422</u>	<u>42</u>		
Net Change in Fund Balances	-	-	28,141			
Fund Balances - Beginning	-	-	1,530,817			
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,558,958</u>	<u>\$ -</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, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP BASIS (See Note)</b>	<b>Positive (Negative)</b>
<b>REVENUES:</b>				
Property taxes, penalties and interest	\$ 596,400	\$ 596,400	\$ 595,340	\$ (1,060)
Fees and fines	80,000	80,000	85,928	5,928
Intergovernmental	80,000	80,000	64,932	(15,068)
Licenses and permits	364,000	364,000	385,376	21,376
Investment earnings	400	400	-	(400)
Miscellaneous	-	-	7,068	7,068
<b>Total Revenues</b>	<b>1,120,800</b>	<b>1,120,800</b>	<b>1,138,644</b>	<b>17,844</b>
<b>EXPENDITURES:</b>				
Salaries	702,738	697,108	669,706	27,402
Equipment	47,100	99,099	79,167	19,932
Equipment repair	91,000	127,733	121,146	6,587
Fuel	95,000	89,761	72,942	16,819
Road expense	166,500	149,962	117,289	32,673
Operating	57,720	56,326	42,884	13,442
Debt- principal	52,257	52,324	52,323	1
Debt- interest	5,294	5,294	5,229	65
<b>Total Expenditures</b>	<b>1,217,609</b>	<b>1,277,607</b>	<b>1,160,686</b>	<b>116,921</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,809)	(156,807)	(22,042)	134,765
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Changes in Fund Balances	(96,809)	(156,807)	(22,042)	134,765
Fund Balance-Beginning	-	-	511,908	511,908
Fund Balance-Ending	<b>\$ (96,809.00)</b>	<b>\$ (156,807.00)</b>	<b>\$ 489,866</b>	<b>\$ 646,673</b>

**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)**

<b>Total Pension Liability</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Service Cost	\$ 174,734	\$ 161,122	\$ 178,410
Interest on total pension liability	427,875	415,154	394,186
Effect of plan changes	-	(22,650)	-
Effect of assumption changes or inputs	-	48,748	-
Effect of economic/demographic (gains) or losses	(117,821)	(151,152)	(61,704)
Benefit payments/refunds of contributions	(299,629)	(276,927)	(236,552)
<b>Net Change in Total Pension Liability</b>	<b>185,159</b>	<b>174,295</b>	<b>274,340</b>
<b>Total Pension Liability, beginning</b>	<b>5,343,634</b>	<b>5,169,339</b>	<b>4,895,000</b>
<b>Total Pension Liability, ending (a)</b>	<b>\$ 5,528,793</b>	<b>\$ 5,343,634</b>	<b>\$ 5,169,340</b>
 <b>Fiduciary Net Position</b>			
Employer contributions	\$ 122,965	\$ 118,979	\$ 124,944
Member contributions	101,068	101,836	106,831
Investment income net of investment expenses	367,191	31,990	327,395
Benefit payments/refunds of contributions	(299,629)	(276,927)	(236,552)
Administrative expenses	(4,002)	(3,618)	(3,788)
Other	(49,298)	(77,053)	8,555
<b>Net Change in Fiduciary Net Position</b>	<b>238,295</b>	<b>(104,793)</b>	<b>327,385</b>
<b>Fiduciary Net Position, beginning</b>	<b>4,973,843</b>	<b>5,078,636</b>	<b>4,751,251</b>
<b>Fiduciary Net Position, ending (b)</b>	<b>\$ 5,212,138</b>	<b>\$ 4,973,843</b>	<b>\$ 5,078,636</b>
 <b>Net Pension Liability (Asset), ending = (a) - (b)</b>	<b>\$ 316,655</b>	<b>\$ 369,791</b>	<b>\$ 90,704</b>
<b>Fiduciary net position as a % of total pension liability</b>	<b>94.27%</b>	<b>93.08%</b>	<b>98.25%</b>
<b>Pensionable covered payroll</b>	<b>\$ 1,684,462</b>	<b>\$ 1,697,265</b>	<b>\$ 1,742,616</b>
<b>Net pension liability as a % of covered payroll</b>	<b>18.80%</b>	<b>21.79%</b>	<b>5.21%</b>

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
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%
2015	118,979	118,879	-	1,697,265	7.0%
2016	122,965	122,965	-	1,684,462	7.3%

**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***

<b>Actuarial Cost Method</b>	Entry Age
<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Remaining Amortization Period</b>	12.0 years (based on contribution rate calculated in 12/31/2016 valuation)
<b>Asset Valuation Method</b>	5 - year smoothed market
<b>Inflation</b>	3.0%
<b>Salary Increases</b>	Varies by age and service. 4.9% average over career including inflation.
<b>Investment Rate of Return</b>	8.00%, net of investment expenses, including inflation
<b>Retirement Age</b>	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.
<b>Mortality</b>	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, 2017**

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4	Total Road and Bridge Funds
<b>ASSETS</b>					
Cash and investments	\$ 182,178	\$ 76,545	\$ 108,113	\$ 120,341	\$ 487,177
Receivables (net of Allowance for Uncollectible)	2,264	2,264	2,264	2,264	9,056
Other Assets	4,965	5,357	5,146	5,199	20,667
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 189,407</b>	<b>\$ 84,166</b>	<b>\$ 115,523</b>	<b>\$ 127,804</b>	<b>\$ 516,900</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 3,372	\$ 2,502	\$ 1,730	\$ 792	\$ 8,396
Salary payable	2,115	2,447	2,561	2,459	9,582
<b>Total Liabilities</b>	<b>5,487</b>	<b>4,949</b>	<b>4,291</b>	<b>3,251</b>	<b>17,978</b>
Deferred inflows:					
Deferred property taxes	2,264	2,264	2,264	2,264	9,056
Fund Balances:					
Nonspendable	-	-	-	-	-
Committed	181,656	76,953	108,968	122,289	489,866
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>181,656</b>	<b>76,953</b>	<b>108,968</b>	<b>122,289</b>	<b>489,866</b>
<b>Total Liabilities, Deferred inflows, and Fund Balances</b>	<b>\$ 189,407</b>	<b>\$ 84,166</b>	<b>\$ 115,523</b>	<b>\$ 127,804</b>	<b>\$ 516,900</b>

**HAMILTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - ROAD AND BRIDGE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4	Total Road and Bridge Funds
<b>REVENUES:</b>					
Property taxes, penalties and interest	\$ 148,835	\$ 148,835	\$ 148,835	\$ 148,835	\$ 595,340
Fee and fines	21,482	21,482	21,482	21,482	85,928
Intergovernmental	16,233	16,233	16,233	16,233	64,932
Licenses and permits	96,344	96,344	96,344	96,344	385,376
Investment earnings	-	-	-	-	-
Miscellaneous	-	(4,171)	(93)	11,332	7,068
Total Revenues	<u>282,894</u>	<u>278,723</u>	<u>282,801</u>	<u>294,226</u>	<u>1,138,644</u>
<b>EXPENDITURES:</b>					
Salaries	143,795	176,514	178,888	170,509	669,706
Equipment	29,065	29,602	-	20,500	79,167
Equipment repair	28,291	28,519	28,744	35,592	121,146
Fuel	19,802	26,421	-	26,719	72,942
Road expense	16,617	40,431	53,721	6,520	117,289
Operating	11,706	7,619	13,601	9,958	42,884
Debt- principal	11,383	7,359	19,567	14,014	52,323
Debt- interest	364	848	1,939	2,078	5,229
Total Expenditures	<u>261,023</u>	<u>317,313</u>	<u>296,460</u>	<u>285,890</u>	<u>1,160,686</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,871</u>	<u>(38,590)</u>	<u>(13,659)</u>	<u>8,336</u>	<u>(22,042)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	21,871	(38,590)	(13,659)	8,336	(22,042)
Fund Balance-Beginning	<u>159,785</u>	<u>115,543</u>	<u>122,627</u>	<u>113,953</u>	<u>511,908</u>
Fund Balance-Ending	<u>\$ 181,656</u>	<u>\$ 76,953</u>	<u>\$ 108,968</u>	<u>\$ 122,289</u>	<u>\$ 489,866</u>

**HAMILTON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	Vital Statistics	County Clerk Records Management	District Clerk Vital Statistics	District Clerk Records Management	District Clerk Records Archive Fee
<b>ASSETS</b>					
Cash and investments	\$ 3,634	\$ 47,492	\$ 927	\$ 140	\$ 192
Receivables (net of Allowance for Uncollectible)	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,634</b>	<b>\$ 47,492</b>	<b>\$ 927</b>	<b>\$ 140</b>	<b>\$ 192</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salary payable	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred inflows:					
Deferred property taxes	-	-	-	-	-
Fund Balances:					
Restricted					
Committed	-	-	-	-	-
Debt service	-	-	-	-	-
Election	-	-	-	-	-
General administration	3,634	-	927	-	-
Judicial	-	-	-	-	-
Legal	-	-	-	-	-
Public safety	-	-	-	-	-
Records management	-	47,492	-	140	192
<b>Total Fund Balances</b>	<b>3,634</b>	<b>47,492</b>	<b>927</b>	<b>140</b>	<b>192</b>
<b>Total Liabilities, Deferred inflows, and Fund Balances</b>	<b>\$ 3,634</b>	<b>\$ 47,492</b>	<b>\$ 927</b>	<b>\$ 140</b>	<b>\$ 192</b>

**HAMILTON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	County Clerk Records Archive	Justice Court Technology #3	Justice Court Technology	County Clerk Probate	Election Contracting
<b>ASSETS</b>					
Cash and investments	\$ 12,529	\$ 1,928	\$ 20,280	\$ 2,323	\$ 2,220
Receivables (net of Allowance for Uncollectible)	-	-	-	-	404
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 12,529</b>	<b>\$ 1,928</b>	<b>\$ 20,280</b>	<b>\$ 2,323</b>	<b>\$ 2,624</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 110	\$ -	\$ -
Salary payable	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>-</b>	<b>-</b>
Deferred inflows:					
Deferred property taxes	-	-	-	-	-
Fund Balances:					
Restricted					
Election	-	-	-	-	-
Debt service	-	-	-	-	-
Election	-	-	-	-	2,624
General administration	-	-	-	-	-
Judicial	-	1,928	20,170	-	-
Legal	-	-	-	2,323	-
Public safety	-	-	-	-	-
Records management	12,529	-	-	-	-
<b>Total Fund Balances</b>	<b>12,529</b>	<b>1,928</b>	<b>20,170</b>	<b>2,323</b>	<b>2,624</b>
<b>Total Liabilities, Deferred inflows, and Fund Balances</b>	<b>\$ 12,529</b>	<b>\$ 1,928</b>	<b>\$ 20,280</b>	<b>\$ 2,323</b>	<b>\$ 2,624</b>

**HAMILTON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	County Court Technology	District Court Technology	Sheriff's Office LEOSE	LEOSE Special	Law Library
<b>ASSETS</b>					
Cash and investments	\$ 1,578	\$ 4,206	\$ 653	\$ 262	\$ 22,462
Receivables (net of Allowance for Uncollectible)	-	-	466	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,578</b>	<b>\$ 4,206</b>	<b>\$ 1,119</b>	<b>\$ 262</b>	<b>\$ 22,462</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salary payable	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred inflows:					
Deferred property taxes	-	-	-	-	-
Fund Balances:					
Restricted					
Election	-	-	-	-	-
Debt service	-	-	-	-	-
Election	-	-	-	-	-
General administration	-	-	-	-	-
Judicial	1,578	4,206	-	-	-
Legal	-	-	-	-	22,462
Public safety	-	-	1,119	262	-
Records management	-	-	-	-	-
<b>Total Fund Balances</b>	<b>1,578</b>	<b>4,206</b>	<b>1,119</b>	<b>262</b>	<b>22,462</b>
<b>Total Liabilities, Deferred inflows, and Fund Balances</b>	<b>\$ 1,578</b>	<b>\$ 4,206</b>	<b>\$ 1,119</b>	<b>\$ 262</b>	<b>\$ 22,462</b>

**HAMILTON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	Records Management Preservation	Courthouse Security	District Clerk Records Preservation	Justice Court Building Security	Probate Supplemental Guardianship
<b>ASSETS</b>					
Cash and investments	\$ 4,599	\$ 55,209	\$ 12,980	\$ 16,271	\$ 8,851
Receivables (net of Allowance for Uncollectible)	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,599</b>	<b>\$ 55,209</b>	<b>\$ 12,980</b>	<b>\$ 16,271</b>	<b>\$ 8,851</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salary payable	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred inflows:					
Deferred property taxes	-	-	-	-	-
Fund Balances:					
Restricted					
Election	-	-	-	-	-
Debt service	-	-	-	-	-
Election	-	-	-	-	-
General administration	-	-	-	-	-
Judicial	-	55,209	-	16,271	-
Legal	-	-	-	-	8,851
Public safety	-	-	-	-	-
Records management	4,599	-	12,980	-	-
<b>Total Fund Balances</b>	<b>4,599</b>	<b>55,209</b>	<b>12,980</b>	<b>16,271</b>	<b>8,851</b>
<b>Total Liabilities, Deferred inflows, and Fund Balances</b>	<b>\$ 4,599</b>	<b>\$ 55,209</b>	<b>\$ 12,980</b>	<b>\$ 16,271</b>	<b>\$ 8,851</b>

**HAMILTON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

	Debt Service	Sheriff's Trust	County Attorney Check Collection	Total
<b>ASSETS</b>				
Cash and investments	\$ 4,844	\$ 10,946	\$ 5,125	\$ 239,651
Receivables (net of Allowance for Uncollectible)	1	-	-	871
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,845</b>	<b>\$ 10,946</b>	<b>\$ 5,125</b>	<b>\$ 240,522</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 569	\$ -	\$ 679
Salary payable	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>569</b>	<b>-</b>	<b>679</b>
Deferred inflows:				
Deferred property taxes	-	-	-	-
Fund Balances:				
Restricted				
Election	-	-	-	-
Debt service	4,845	-	-	4,845
Election	-	-	-	2,624
General administration	-	-	-	4,561
Judicial	-	-	-	99,362
Legal	-	-	5,125	38,761
Public safety	-	10,377	-	11,758
Records management	-	-	-	77,932
<b>Total Fund Balances</b>	<b>4,845</b>	<b>10,377</b>	<b>5,125</b>	<b>239,843</b>
<b>Total Liabilities, Deferred inflows, and Fund Balances</b>	<b>\$ 4,845</b>	<b>\$ 10,946</b>	<b>\$ 5,125</b>	<b>\$ 240,522</b>

**HAMILTON COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Vital Statistics	County Clerk Records Management	District Clerk Vital Statistics	District Clerk Records Management	District Clerk Records Archive Fee
<b>REVENUES:</b>					
Property taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	619	21,646	108	140	20
Contributions	-	-	-	-	-
Investment earnings	-	-	-	-	-
Total Revenues	<u>619</u>	<u>21,646</u>	<u>108</u>	<u>140</u>	<u>20</u>
<b>EXPENDITURES:</b>					
General Government	-	2,146	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Administration of justice	-	-	-	-	-
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>2,146</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>619</u>	<u>19,500</u>	<u>108</u>	<u>140</u>	<u>20</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	619	19,500	108	140	20
Fund Balance-Beginning	3,015	27,992	819	-	172
Fund Balance-Ending	<u>\$ 3,634</u>	<u>\$ 47,492</u>	<u>\$ 927</u>	<u>\$ 140</u>	<u>\$ 192</u>

HAMILTON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	County Clerk Records Archive	Justice Court Technology #3	Justice Court Technology	County Clerk Probate	Election Contracting
<b>REVENUES:</b>					
Property taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	19,310	7	11,362	180	-
Contributions	-	-	-	-	-
Investment earnings	-	-	-	-	-
<b>Total Revenues</b>	<b>19,310</b>	<b>7</b>	<b>11,362</b>	<b>180</b>	<b>-</b>
<b>EXPENDITURES:</b>					
General Government	52,579	16	3,288	-	1,217
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Administration of justice	-	-	-	-	-
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total Expenditures</b>	<b>52,579</b>	<b>16</b>	<b>3,288</b>	<b>-</b>	<b>1,217</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,269)	(9)	8,074	180	(1,217)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
<b>Total other financing sources (uses):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(33,269)	(9)	8,074	180	(1,217)
Fund Balance-Beginning	45,798	1,937	12,096	2,143	3,841
<b>Fund Balance-Ending</b>	<b>\$ 12,529</b>	<b>\$ 1,928</b>	<b>\$ 20,170</b>	<b>\$ 2,323</b>	<b>\$ 2,624</b>

**HAMILTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	County Court Technology	District Court Technology	Sheriff's Office LEOSE	LEOSE Special	Law Library
<b>REVENUES:</b>					
Property taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	255	1,665	1,618	-	4,935
Contributions	-	-	-	-	-
Investment earnings	-	-	-	-	-
Total Revenues	<u>255</u>	<u>1,665</u>	<u>1,618</u>	<u>-</u>	<u>4,935</u>
<b>EXPENDITURES:</b>					
General Government	-	3,177	-	-	5,613
Public safety	-	-	2,183	-	-
Highways and streets	-	-	-	-	-
Administration of justice	-	-	-	-	-
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>3,177</u>	<u>2,183</u>	<u>-</u>	<u>5,613</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>255</u>	<u>(1,512)</u>	<u>(565)</u>	<u>-</u>	<u>(678)</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	255	(1,512)	(565)	-	(678)
Fund Balance-Beginning	1,323	5,718	1,684	262	23,140
Fund Balance-Ending	<u>\$ 1,578</u>	<u>\$ 4,206</u>	<u>\$ 1,119</u>	<u>\$ 262</u>	<u>\$ 22,462</u>

**HAMILTON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Records Management Preservation	Courthouse Security	District Clerk Records Preservation	Justice Court Building Security	Probate Supplemental Guardianship
<b>REVENUES:</b>					
Property taxes, penalties and interest	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	1,138	11,926	2,304	2,751	66
Contributions	-	-	-	-	-
Investment earnings	-	-	-	-	-
Total Revenues	<b>1,138</b>	<b>11,926</b>	<b>2,304</b>	<b>2,751</b>	<b>66</b>
<b>EXPENDITURES:</b>					
General Government	1,275	-	1,275	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Administration of justice	-	8,666	-	-	-
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<b>1,275</b>	<b>8,666</b>	<b>1,275</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>(137)</b>	<b>3,260</b>	<b>1,029</b>	<b>2,751</b>	<b>66</b>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Total other financing sources (uses):	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(137)	3,260	1,029	2,751	66
Fund Balance-Beginning	4,736	51,949	11,951	13,520	8,785
Fund Balance-Ending	<b>\$ 4,599</b>	<b>\$ 55,209</b>	<b>\$ 12,980</b>	<b>\$ 16,271</b>	<b>\$ 8,851</b>

**HAMILTON COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**

**FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Debt Service	Sheriff's Trust	County Attorney Check Collection	Total
<b>REVENUES:</b>				
Property taxes, penalties and interest	\$ 103	\$ -	\$ -	\$ 103
Fees and fines	-	-	810	80,860
Contributions	-	26,300	-	26,300
Investment earnings	-	-	-	-
<b>Total Revenues</b>	<b>103</b>	<b>26,300</b>	<b>810</b>	<b>107,263</b>
<b>EXPENDITURES:</b>				
General Government	-	-	-	70,586
Public safety	-	23,626	-	25,809
Highways and streets	-	-	-	-
Administration of justice	-	-	-	8,666
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>23,626</b>	<b>-</b>	<b>105,061</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>103</b>	<b>2,674</b>	<b>810</b>	<b>2,202</b>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Capital lease proceeds	-	-	-	-
<b>Total other financing sources (uses):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	103	2,674	810	2,202
Fund Balance-Beginning	4,742	7,703	4,315	237,641
<b>Fund Balance-Ending</b>	<b>\$ 4,845</b>	<b>\$ 10,377</b>	<b>\$ 5,125</b>	<b>\$ 239,843</b>