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VAL VERDE COUNTY CLERK**

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VAL VERDE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2016**

VAL VERDE COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Commissioners' Court
Val Verde County, Texas

Report of the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Val Verde County, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and schedules, statistical section and the schedule of expenditures of federal and state awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards*, are presented for purpose of additional analyses and are not a required part of the basic financial statements.

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

The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of Val Verde County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Val Verde County, Texas' internal control over financial reporting and compliance.



Brownsville, Texas
June 30, 2017

VAL VERDE COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Val Verde County, Texas (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Val Verde County, Texas for the fiscal year ended September 30, 2016.

FINANCIAL HIGHLIGHTS

The net position of Val Verde County, Texas as of the close of fiscal year 2016 were \$13,457,804. Of this amount, \$2,078,829 was reported as "unrestricted net position". Unrestricted net position represent the amount available to be used to meet the County's ongoing obligations.

- The County's total net position increased by \$2,843,009.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances.

The *statement of net position* presents information of the County's assets and liabilities, with the difference between the two reported as nets assets. The reported change in financial condition is a change in cash position and not a change in the economic condition of the County.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expense are reported in this statement for some items that will not result in cash flows until future fiscal periods. This statement also presents a comparison between direct expenses and program revenues for each function of the County.

The governmental activities on the government-wide financial statements of the County are principally supported by taxes and intergovernmental receipts. The governmental activities of County include general government, legal, health and welfare, judicial, public safety, culture and recreation, roads and bridges and interest on long-term debt.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of receipts, disbursements, and changes in cash basis fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Val Verde County, Texas adopts an annual appropriated budget for its General, Road and Bridge, and Interest and Sinking Funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements that further support the information in the financial statements. The combining fund statements and schedules for non-major funds are presented immediately following the required supplementary schedule.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

VAL VERDE COUNTY'S NET POSITION

	Activities	
	2016	2015
Current and Other Assets	\$ 34,995,092	\$ 37,310,107
Capital Assets	37,416,913	36,547,396
Total assets	<u>72,412,005</u>	<u>73,857,503</u>
Deferred Outflows Related to Pensions	4,328,472	1,214,940
Total Deferred Outflows of Resources	<u>4,328,472</u>	<u>-</u>
Long Term Liabilities	22,912,701	26,052,085
Other Liabilities	40,210,955	38,348,661
Total Liabilities	<u>63,123,656</u>	<u>64,400,746</u>
Deferred Inflow of Resources	159,017	56,902
Total Deferred Inflows of Resources	<u>159,017</u>	<u>-</u>
Net position:		
Net Investment in Capital Assets	1,815,085	781,185
Restricted	9,563,890	9,182,132
Unrestricted	2,078,829	651,478
Total Net position	<u>\$ 13,457,804</u>	<u>\$ 10,614,795</u>

An additional portion of the County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

VAL VERDE COUNTY'S CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenue:		
Charges for Services	\$ 3,030,152	\$ 2,636,145
Operating Grants and Contributions	28,034,841	30,370,703
General Revenue:		
Property Taxes	10,752,923	10,079,994
Sales Taxes	2,129,606	2,085,747
Other	21,035	23,435
Investment Earnings	31,094	27,690
Miscellaneous	<u>301,545</u>	<u>413,784</u>
Total revenues	<u>44,301,196</u>	<u>45,637,498</u>
General Government	29,198,134	31,812,165
Judicial	1,509,882	1,471,807
Legal	662,112	673,454
Public Safety	5,151,850	4,713,489
Highway and Streets	807,394	3,517,124
Health and Welfare	1,095,067	1,143,242
Culture and Recreation	565,335	619,615
Public Facilities	1,978,411	1,187,430
Corrections and rehabilitation	97,153	-
Interest on long-term debt	<u>1,139,619</u>	<u>1,321,745</u>
Total expenditures	<u>42,204,957</u>	<u>46,460,071</u>
Change in net position	2,096,239	(822,573)
Net Position, beginning	10,614,795	10,610,591
Prior period adjustment	<u>746,770</u>	<u>826,777</u>
Net Position, ending	<u><u>\$ 13,457,804</u></u>	<u><u>\$ 10,614,795</u></u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the County's *governmental funds* is to provide information on cash revenues and expenditures.

At the end of fiscal year 2016, the County's *governmental funds* reported combined ending fund balances of \$10,519,710 an increase of \$811,535 in comparison with the prior year.

The General Fund is the chief operating fund of Val Verde County, Texas. At the end of fiscal year 2016, the General Fund had an ending fund balance of \$4,190,178. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

The fund balance of the County's General Fund increased by \$2,933,497 during fiscal year 2016. The Road and Bridge Fund had an ending fund balance of (\$82,742) a decrease of \$337,692.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were not significant. Additional budgetary information can be found on pages 40 to 48 of this report.

Capital Assets. The County's investment in capital assets for its governmental type activities as of September 30, 2016, amounts to \$37,416,913 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-term Debt. At the end of fiscal year 2016, Val Verde County, Texas had total debt outstanding of \$40,210,955 which includes \$29,585,000 in outstanding bonds.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Commissioners' Court adopted the County's budget for the fiscal year 2016 on September 16, 2015. The budget was adopted based on anticipated resources and estimated uses in fiscal year 2016.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Val Verde County Auditor
901 Bedell Avenue, Suite A
Del Rio, Texas 78841
Telephone: (830) 774-7584
Fax: (830) 775-9198

BASIC FINANCIAL STATEMENTS

VAL VERDE COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

Primary Government

Governmental
Activities**ASSETS**

Cash and investments	\$ 12,306,787
Taxes receivable (net of allowances)	1,562,681
Due from other governments	21,125,624
Capital assets:	
Land	140,898
Buildings and improvements	10,341,001
Equipment	9,983,203
Infrastructure	47,542,042
Construction in progress	3,555,076
Less: accumulated depreciation	(34,145,307)
Total capital assets	<u>37,416,913</u>
Total assets	<u>72,412,005</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	<u>4,328,472</u>
Total deferred outflows of resources	<u>4,328,472</u>

LIABILITIES

Accounts payable	1,510,765
Unearned revenues	21,401,936
Noncurrent liabilities:	
Due within one year	3,757,962
Due in more than one year	31,478,877
Net pension liability	<u>4,974,116</u>
Total liabilities	<u>63,123,656</u>

DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources	<u>159,017</u>
Total deferred inflows of resources	<u>159,017</u>

NET POSITION

Net investment in capital assets	1,815,085
Restricted:	
Debt service	2,769,337
Federal and state programs	25,791
San Felipe Pastures, security fees, law library, auditor special distric clerk archive, family protection, & court reporter	330,988
Capital projects	6,437,774
Unrestricted	<u>2,078,829</u>
Total net position	<u>\$ 13,457,804</u>

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

VAL VERDE COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 29,198,134	\$ 3,030,152	\$ 21,518,566	\$ (4,649,416)
Judicial	1,509,882	-	-	(1,509,882)
Legal	662,112	-	39,356	(622,756)
Public safety	5,151,850	-	1,534,884	(3,616,966)
Highways and streets	807,394	-	3,750,000	2,942,606
Health and welfare	1,095,067	-	1,050,442	(44,625)
Culture and recreation	565,335	-	35,000	(530,335)
Public facilities	1,978,411	-	106,593	(1,871,818)
Corrections and rehabilitation	97,153	-	-	(97,153)
Interest on long-term debt	1,139,619	-	-	(1,139,619)
Net program (expenses) revenues	<u>\$ 42,204,957</u>	<u>\$ 3,030,152</u>	<u>\$ 28,034,841</u>	<u>(11,139,964)</u>
General revenues:				
Taxes:				
Property				10,752,923
Sales				2,129,606
Other				21,035
Investment earnings				31,094
Miscellaneous				301,545
Total general revenue				<u>13,236,203</u>
Change in net position				2,096,239
Net position, beginning				10,614,795
Prior period adjustment				<u>746,770</u>
Net position, ending				<u>\$ 13,457,804</u>

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

VAL VERDE COUNTY, TEXAS

EXHIBIT C-1

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	General	Capital Project SL 79 Loop	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash in bank	\$ 4,459,390	\$ 172,155	\$ 6,840,923	\$ 11,472,468
Investments	2,365	-	831,954	834,319
Taxes receivables (net of allowance)	1,353,994	-	208,687	1,562,681
Due from other funds	862,131	-	199,500	1,061,631
Due from other government	-	20,399,824	725,800	21,125,624
Total assets	<u>\$ 6,677,880</u>	<u>\$ 20,571,979</u>	<u>\$ 8,806,864</u>	<u>\$ 36,056,723</u>
LIABILITIES				
Accounts payable	\$ 934,208	\$ -	\$ 576,557	\$ 1,510,765
Due to other funds	199,500	-	862,131	1,061,631
Other liabilities	-	-	-	-
Accrued liabilities	-	-	-	-
Unearned revenue	-	20,399,824	1,002,112	21,401,936
Total liabilities	<u>1,133,708</u>	<u>20,399,824</u>	<u>2,440,800</u>	<u>23,974,332</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>1,353,994</u>	<u>-</u>	<u>208,687</u>	<u>1,562,681</u>
Total deferred inflows of resources	<u>1,353,994</u>	<u>-</u>	<u>208,687</u>	<u>1,562,681</u>
FUND BALANCES				
Restricted:				
Retirement of long-term debt	-	-	2,769,337	2,769,337
Federal or state funds	-	-	25,791	25,791
Disctrict clerk archive, management and preservation	-	-	67,281	67,281
Family protection	-	-	32,719	32,719
Court reporter	-	-	41,114	41,114
San Felipe Pastures	38,260	-	-	38,260
Security fees	-	-	119,657	119,657
Law library	-	-	24,762	24,762
Auditor special account	7,195	-	-	7,195
2013 tax note	106,161	-	-	106,161
2016 tax note	2,500,000	-	-	2,500,000
Capital projects	500,000	172,155	3,159,458	3,831,613
Assigned:				
General fund subsequent year budget	652,005	-	-	652,005
Unassigned	<u>386,557</u>	<u>-</u>	<u>(82,742)</u>	<u>303,815</u>
Total fund balances	<u>4,190,178</u>	<u>172,155</u>	<u>6,157,377</u>	<u>10,519,710</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,677,880</u>	<u>\$ 20,571,979</u>	<u>\$ 8,806,864</u>	<u>\$ 36,056,723</u>

Amounts reported for 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 the funds. 37,416,913

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 1,562,681

Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Bonds payable	\$ (29,585,000)	
Tax note payable	(2,860,000)	
Capital leases	(131,344)	
Premium on bonds	(340,841)	
Net OPEB obligation	(1,772,249)	
Net pension liability	(4,974,116)	
Deferred outflow related to pensions	4,328,472	
Deferred inflow related to pensions	(159,017)	
Compensated absences	(547,405)	
Total long-term liabilities		(36,041,500)
Net position of governmental activities		<u>\$ 13,457,804</u>

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

VAL VERDE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General	Capital Project SL 79 Loop	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 8,728,611	\$ -	\$ 2,011,478	\$ 10,740,089
Sales taxes	2,129,606	-	-	2,129,606
Intergovernmental	21,482,381	3,750,000	2,802,460	28,034,841
Fees of offices	1,992,199	-	1,023,200	3,015,399
Fines and forfeitures	14,753	-	-	14,753
Investment earnings	23,791	105	7,198	31,094
Hotel tax	21,035	-	-	21,035
Miscellaneous	301,545	-	-	301,545
Total revenues	<u>34,693,921</u>	<u>3,750,105</u>	<u>5,844,336</u>	<u>44,288,362</u>
EXPENDITURES				
General government	30,317,358	-	46,290	30,363,648
Judicial	1,449,890	-	-	1,449,890
Legal	602,823	-	39,356	642,179
Public safety	3,377,385	-	1,534,884	4,912,269
Highways and streets	-	69,043	638,493	707,536
Health and welfare	24,692	-	1,050,442	1,075,134
Culture and recreation	490,276	-	35,000	525,276
Public facilities	-	-	1,918,419	1,918,419
Corrections and rehabilitation	-	-	97,153	97,153
Debt service:				
Principal	-	-	3,505,000	3,505,000
Interest and other charges	-	-	1,143,122	1,143,122
Issuance cost	45,000	-	-	45,000
Capital leases	-	-	176,175	176,175
Total expenditures	<u>36,307,424</u>	<u>69,043</u>	<u>10,184,334</u>	<u>46,560,801</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,613,503)</u>	<u>3,681,062</u>	<u>(4,339,998)</u>	<u>(2,272,439)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of short-term loan	910,000	-	-	910,000
Tax note proceeds	2,545,000	-	-	2,545,000
Transfer out (uses)	(8,050,198)	(3,750,000)	(1,071,160)	(12,871,358)
Transfer in	9,115,740	-	3,755,618	12,871,358
Short-term loan payment	-	-	(910,000)	(910,000)
Total other financing sources (uses)	<u>4,520,542</u>	<u>(3,750,000)</u>	<u>1,774,458</u>	<u>2,545,000</u>
NET CHANGE IN FUND BALANCE	<u>2,907,039</u>	<u>(68,938)</u>	<u>(2,565,540)</u>	<u>272,561</u>
FUND BALANCE, BEGINNING	<u>1,256,681</u>	<u>241,093</u>	<u>8,210,401</u>	<u>9,708,175</u>
PRIOR PERIOD ADJUSTMENT	<u>26,458</u>	<u>-</u>	<u>512,516</u>	<u>538,974</u>
FUND BALANCE, ENDING	<u>\$ 4,190,178</u>	<u>\$ 172,155</u>	<u>\$ 6,157,377</u>	<u>\$ 10,519,710</u>

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

VAL VERDE COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Amounts reported for governmental activities in the statement of activities (page 9)
are different because:

Net change in fund balances --- total governmental funds (page 11) \$ 272,561

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

Capital outlay	\$ 2,596,951	
Adjustments to capital assets	207,796	
Depreciation expense	<u>(1,935,230)</u>	
Net adjustment		869,517

Governmental funds report long term debt principal payments as expenditures. However, in the statement of activities these payments are reductions in the long term liabilities in the statement of net position.

Bond payments	3,190,000	
Tax notes	315,000	
Capital lease	175,986	
Bond proceeds	(2,545,000)	
Capital lease proceeds	<u>(177,020)</u>	
Net adjustment		958,966

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable, available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest, interest on long-term debt is not recognized as an expenditure under the modified accrual basis of accounting until due, rather than as it accrues.

Net adjustment		<u>(4,805)</u>
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Change in net position of governmental activities (page 9)		\$ <u><u>2,096,239</u></u>
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The accompanying notes are an integral part of these financial statements.

**FIDUCIARY FUND
FINANCIAL STATEMENTS**

VAL VERDE COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ <u>3,276,269</u>
Total assets	\$ <u><u>3,276,269</u></u>
LIABILITIES	
Due to others	\$ <u>3,276,269</u>
Total liabilities	\$ <u><u>3,276,269</u></u>

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

VAL VERDE COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The authority of the County governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

The County's basic financial statements include the cash accounts of all funds handled by the Office of the County Treasurer/County Auditor. The County has no oversight responsibility for any other governmental entity since no other entities are considered financially accountable to the County. Financial accountability is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing body.

B. Government-wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the government's funds, including its fiduciary funds. 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 nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The County reports the following major governmental funds:

General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Capital Project Fund – The capital projects fund of the County accounts for the proceeds from debt financing and revenues and expenditures related to authorized construction and related capital acquisitions

Additionally, the County reports the following fund types:

Interest and Sinking Fund is used to account for the accumulation of resources for, and the payment of, General long-term debt principal, interest and related costs.

Road and Bridge – The Road and Bridge Fund accounts for resources used in the construction and maintenance of County roads and bridges.

Special Revenue Fund are used to account for funds that are restricted as to use by Federal or State governments and to account for the proceeds of specific revenue sources that are restricted by county ordinance to expenses for specified purposes.

Fiduciary Funds - Agency funds are used to account for the assets that are held for the benefit of others or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, balances between the funds included in governmental activities are eliminated in the preparation of government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. These transfers are reported in fund financial statements but are eliminated in the preparation of government-wide financial statements.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Property taxes, sales taxes, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

D. Cash and Cash Investments

Cash includes amounts in demand deposits. Investments (invested cash) consist of short-term certificates of deposit and are stated at cost. Interest income pertaining to the certificates of deposit is recorded in the fiscal year end on an accrual basis.

In accordance with the State of Texas Statutes, County funds not immediately required to pay obligations may be invested in direct debt securities of the United States, fully collateralized security repurchase agreements purchased under a master contractual agreement that specifies the rights and obligations for which the principal and interest are guaranteed by the County depository, obligations for which the principal and interest are guaranteed by the United States and direct obligations of or participation certificates guaranteed by the Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks, or Banks for Cooperatives.

E. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Road and Bridge Fund and Interest and Sinking Fund.

F. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Capital Assets

Capital assets, which include land, buildings and improvements and equipment, are reported in the government wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimate useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Property, plant and equipment of the primary government is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Life in Years</u>
Buildings	50
Improvements	20
Furniture & Equipment	10
Automotive	8
Computer Equipment	5

H. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Fund Balance Classification

- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners Court.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

I. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges.

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Deferred Outflows/Inflows of Resources

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

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and government-wide statement of activities.

The governmental fund statement of revenue, expenditures, and change in fund balance includes reconciliation between *net changes in fund balance – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation indicates, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”.

The detail of this \$869,517 is as follows:

Capital outlay-additions	\$ 385,011
Construction in progress	2,211,940
Adjustment to capital assets	207,796
Depreciation expense	<u>(1,935,230)</u>
Net adjustment to decrease <i>net changes in fund balance -- total governmental funds</i> to arrive at change in <i>net position of governmental activities (Exhibit C-3)</i>	<u>\$ 869,517</u>

3. AUTHORIZED INVESTMENTS

The County is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

4. DEPOSITS AND INVESTMENTS

At September 30, 2016, the carrying amount of the County’s deposits was \$11,474,833 and total bank balances equaled \$11,728,046.

4. DEPOSITS AND INVESTMENTS

The fair values of investments at September 30, 2016 are summarized as follows:

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures. The County has the following risks related to deposits and investments:

Interest Rate Risk – In accordance with state law, the County does not purchase any investments with maturities greater than 10 years.

Credit Risk – In accordance with state law, investments in mutual funds and investment pools must be rated at least AAA, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. TexPool investments of the County are rated AAA by Standard & Poor's rating services

	<u>Rate</u>	<u>WAM (Days)</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>General Fund</u>				
Tex Pool	0.03%	55		\$ 2,366
				<u>2,366</u>
<u>Road & Bridge Fund</u>				
Tex Pool	0.03%	55		805
				<u>805</u>
<u>Debt Service</u>				
Tex Pool	0.04%	55		4,148
The Bank & Trust (Certificate of Deposit)	0.45%		08/02/16	207,927
The Bank & Trust (Certificate of Deposit)	0.45%		08/02/16	206,688
The Bank & Trust (Certificate of Deposit)	0.25%		05/30/16	205,987
The Bank & Trust				<u>206,399</u>
				<u>831,149</u>
Total Investments				<u>\$ 834,319</u>

Concentration of Credit Risk – The County places no limit on the amount the County may invest in any one issuer. The County is currently using the less risky pooled accounts.

5. 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 located in the County in accordance with enabling state legislation. 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.

6. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

The County provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 575 nontraditional defined benefit pension plans.

6. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034 or on their website at www.tcdrs.org.

The plan provisions are adopted by the governing body of the County, and can be amended, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 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 the County.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County'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.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	168
Active employees	<u>252</u>
	<u>531</u>

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 11.7% and 11.52% in calendar years 2014 and 2015, respectively.

6. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5% per year
Investment rate of return	8.00%, net of investment expense, including inflation

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with projected to 2014 with scale AA and then projected with 100% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

The actuarial assumptions that determined the total pension liability as of December 31, 2015, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 8.1%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

6. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2016 information for a 7 to 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	10.00%	5.45%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

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

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

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

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

6. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

Discount Rate

In order to determine the discount rate to be used by the employer, TCDRS has used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act: 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods, 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy, 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less, when this point is reached the employer is still required to contribute at least the normal cost, 4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. The long term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses. The discount rate used to measure the Total Pension Liability was 8.10%.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 41,344,030	\$ 39,604,855	\$ 1,739,175
Changes for the year:			
Service cost	1,220,164	-	1,220,164
Interest on total pension liability ⁽¹⁾	3,331,584	-	3,331,584
Effect of plan changes ⁽²⁾	(209,209)	-	(209,209)
Effect of economic/demographic gains or losses	(161,443)	-	(161,443)
Effect of assumptions changes or inputs	435,563	-	435,563
Refund of contributions	(125,627)	(125,627)	-
Benefit payments	(1,756,095)	(1,756,095)	-
Administrative expenses	-	(28,326)	28,326
Member contributions	-	657,689	(657,689)
Net investment income	-	(405,384)	405,384
Employer contributions	-	1,075,748	(1,075,748)
Other ⁽³⁾	-	81,991	(81,991)
Balance at 12/31/2015	\$ 44,078,967	\$ 39,104,851	\$ 4,974,116

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

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

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

6. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, 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 (7.10%) or 1-percentage-higher (9.10%) than the current rate:

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 49,572,169	\$ 44,078,967	\$ 39,484,023
Fiduciary net position	<u>39,104,851</u>	<u>39,104,851</u>	<u>39,104,851</u>
Net pension liability/(asset)	<u>\$ 10,467,318</u>	<u>\$ 4,974,116</u>	<u>\$ 379,172</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2016, the County recognized pension expense of \$1,281,846.

At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 159,017	\$ -
Changes of assumptions	-	326,672
Net difference between projected and actual earnings	-	3,228,571
Contributions made subsequent to measurement date	<u>-</u>	<u>773,229</u>
Total	<u>\$ 159,017</u>	<u>\$ 4,328,472</u>

6. EMPLOYEES' RETIREMENT PLAN

A. Plan Description

\$773,229 reported as deferred outflows of resources related to pension 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended December 31,	
2016	\$ 883,223
2017	883,223
2018	902,191
2019	727,589
2020	-
Thereafter	-
	<u>\$ 3,396,226</u>

6. EMPLOYEES' RETIREMENT PLAN

B. Post-employment Health Care

Program Description

In addition to the pension benefits described above, the Commissioners' Court established a medical insurance benefit plan for retirees. Eligible retirees will be provided medical insurance benefits at a set premium rate equal to the County employees' rate. Dental insurance benefits for retirees have a set premium rate equal to the County employees' rate. Eligible retirees may also cover their eligible dependents. Retirees are responsible for paying the premiums. A retiree is defined as someone who is receiving lifetime monthly Texas County and District retirement pension benefit payments and who retired directly from active employment with Val Verde County. The County will stop insurance coverage on the retiree and dependent on the last day of the month when one of the following occurs:

1. The retiree reaches age 65; or
2. The retiree fails to submit the required set premium rate.

Current retirees in the health plan and at retirement, active employees that meet the conditions for retirement from TCDRS (age 60 and above with 8 years or more of service, 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more) are eligible to remain in the health plan at the flat contribution rate for active and retiree participants.

Funding Policy

The County contributions to the Retiree Health Program consist of a pay-as-you-go monthly contribution rate of \$506 per participant. The County contributions to the plan for fiscal year 2016 were \$90,171. Current retirees contribute to the Retiree Health Program without adjustment for age and sex.

6. EMPLOYEES' RETIREMENT PLAN

B. Post-employment Health Care

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefit (OPEB) cost (expense) for the Retiree Health Program is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the fiscal year ended September 30, 2015, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Annual required contribution (ARC)	\$ 446,680
Interest on net OPEB obligation	73,988
Adjustment to annual required contribution	(93,941)
Annual OPEB cost (expense)	<u>426,727</u>
Contributions made	<u>(134,243)</u>
Change in OPEB	292,484
Net OPEB obligation (asset), beginning	<u>1,479,765</u>
Net OPEB obligation (asset), ending	<u><u>\$ 1,772,249</u></u>

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended September 30, 2016, and the two preceding fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Employer Amount Contributed	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 400,068	\$ 111,478	27.86%	\$ 1,191,175
2014	400,068	111,478	27.86%	1,479,765
2015	426,727	134,243	31.46%	1,772,249

6. EMPLOYEES' RETIREMENT PLAN

B. Post-employment Health Care

Funded Status and Funding Progress

The funded status of the Retiree Health Program as of the most recent valuations date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) /c)
10/1/2010	\$ -	\$ 3,063,637	\$ 3,063,637	0.00%	\$ 6,404,748	47.83%
10/1/2012	-	3,398,250	3,398,250	0.00%	6,789,291	50.05%
10/1/2014	-	3,560,462	3,560,462	0.00%	7,543,390	47.20%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

The ARC for the current year was determined as part of the December 31, 2015 actuarial valuation using the following methods and assumptions:

Actuarial Methods and Assumptions

Actuarial Methods and Assumptions

Actuarial valuation date	10/1/2014
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of payroll
Amortization period	Open 30-year period
Inflation rate	3.0% per year
Health care trend	Level 5% for medical and level 1.50% for dental

7. VACATION AND COMPENSATION POLICIES

All full-time employees are eligible for twelve days vacation upon the completion of their first year of employment and through year four of employment, five to ten years of employment earn fourteen days of vacation, eleven to fifteen years of employment earn eleven days of vacation and employees with fifteen or more years of employment earn twenty-two days of vacation. On the last day of the month following this first anniversary and each month thereafter, the employee shall accrue earned vacation leave at the rate of 8 to 14.66 hours per month depending on years of service.

Sick leave is accrued by full-time employees at the rate of 8 hours per month beginning the last day of the month in which the new employee is hired. Upon termination of employment, unused sick leave is cancelled without compensation. Sick leave may be accumulated up to 60 days.

At September 30, 2016, compensated absences amounted to:

Compensation time	\$ 84,008
Vacation leave	\$ 463,397

8. DEFERRED COMPENSATION PLAN

The Val Verde County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Val Verde County (without being restricted to the provisions of benefits under the plan), are subject only to the claims of the Val Verde County's general creditors. Participants' rights under the plan are equal to those general creditors of Val Verde County in the amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Val Verde County Auditor that the County has no liabilities for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Val Verde County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

9. LONG-TERM DEBT

Series 2011 Pass Through Toll Revenue and Limited Tax Bonds were issued on September 26, 2011, payable in annual installments with interest at 2% to 4%. The repayment amount beginning August 13, 2013 will include principal and interest for a total payment of \$3,703,413. This bond repayment will come from funding provided by Texas Department of Transportation in the form of a pass-through toll agreement between Val Verde County and TxDOT. The payment from TxDOT will range from a minimum of \$3,750,000 a year to a maximum of \$7,500,000 a year to be based upon the number of vehicles miles traveled on the project. Any surplus money received by Val Verde County (reimbursed money from TxDOT in excess of the stated repayment amount of the bonds) will be used to pay down the outstanding bonds issued for the project.

The County issued \$6,000,000 of Limited Tax Bonds, Series 2014 on November 6, 2014. The tax bonds have an interest rate of 2.31% and mature on August 15, 2024.

9. LONG-TERM DEBT

The County issued \$2,545,000 of Limited Tax Notes, Series 2016 on September 28, 2016. The tax notes have an interest rate of 1.97% and mature on August 15, 2023.

Capital Lease Obligations are secured by leased equipment, payable in various monthly or quarterly installments with interest at 3.70% to 7.35%.

The County has entered into certain long-term lease-purchase agreements for the purpose of financing the purchase of equipment. In as much as the leases are financing arrangements, which transfer the ownership of the assets to the County at the end of the respective lease terms.

Capital Lease Obligations at September 30, 2016 are as follows:

Equipment Description	Balance 9/30/2015	Increase	Decrease	Balance 9/30/2016
Vehicles	\$ 130,310	\$ 177,020	\$ 175,986	\$ 131,344
Total	<u>\$ 130,310</u>	<u>\$ 177,020</u>	<u>\$ 175,986</u>	<u>\$ 131,344</u>

Combined Annual Requirements to Amortize Long-Term Debt Including Interest

Year Ending September 30,	Bond Payable	Capital Leases
2017	\$ 4,319,990	\$ 113,338
2018	4,315,339	23,003
2019	4,319,056	-
2020	4,314,428	-
2021	4,314,968	-
2022-2026	<u>12,947,315</u>	<u>-</u>
Total Minimum Payments	34,531,096	136,341
Less: Amount Representing Interest	<u>4,946,096</u>	<u>4,997</u>
Present Value of Net Minimum Payments	<u>\$ 29,585,000</u>	<u>\$ 131,344</u>

9. LONG TERM DEBT

Changes in Long-term liabilities

	Balance 9/30/2015	Increase	Decrease	Balance 9/30/2016	Due Within One Year
2011 Limited Tax Bond	\$ 27,345,000	\$ -	\$ 2,640,000	\$ 24,705,000	\$ 2,720,000
2014 Limited Tax Bond	5,430,000	-	550,000	4,880,000	565,000
2013 Tax Note	630,000	-	315,000	315,000	315,000
2016 Tax Note	-	2,545,000	-	2,545,000	-
Capital Leases	130,310	177,020	175,986	131,344	109,270
Premium on Bonds	389,533	-	48,692	340,841	48,692
Net OPEB Obligation	1,772,249	-	-	1,772,249	-
Net Pension liability	1,739,175	3,234,941	-	4,974,116	-
Compensated Absences	912,394	-	364,989	547,405	-
Total	<u>\$ 38,348,661</u>	<u>\$ 5,956,961</u>	<u>\$ 4,094,667</u>	<u>\$ 40,210,955</u>	<u>\$ 3,757,962</u>

Notes Payable

The note payable outstanding at September 30, 2016, was issued for the purpose of obtaining Road and Bridge equipment and improvements. The original principal amount is \$1,240,000 is payable in annual installments with a true interest rate of 1.25%. Final maturity of the note is August 15, 2017.

The annual debt service requirements to maturity for notes payable are as follows:

Year ended September 30,	Principal	Interest	Total
2016	<u>\$ 315,000</u>	<u>\$ 3,938</u>	<u>\$ 318,938</u>
Total	<u>\$ 315,000</u>	<u>\$ 3,938</u>	<u>\$ 318,938</u>

10. SHORT-TERM DEBT

Short-term debt provides financing for governmental activities. On May 24, 2016, the County obtained short-term notes in the amount of \$910,000. This debt was issued for interim financing for settlement and special projects. On August 25, 2016, the County repaid the note plus \$2,077 in interest at a rate of 4.90%.

11. CAPITAL ASSETS

Capital asset activity for the County for the year ended September 30, 2016, under governmental activities is as follows:

	Balance	Changes During Year		Balance
	<u>9/30/2015</u>	<u>Additions</u>	<u>Adjustments</u>	<u>9/30/2016</u>
Land - nondepreciable	\$ 140,898	\$ -	\$ -	\$ 140,898
Buildings & improvements	10,341,001	-	-	10,341,001
Furniture & equipment	9,070,897	385,011	527,295	9,983,203
Infrastructure	47,542,042	-	-	47,542,042
Construction in progress	1,343,136	2,211,940	-	3,555,076
Total depreciable assets, cost	<u>68,297,076</u>	<u>2,596,951</u>	<u>527,295</u>	<u>71,421,322</u>
Less accumulated depreciation:				
Buildings & improvements	25,490,348	1,408,463	29,997	26,928,808
Furniture & equipment	6,400,230	526,767	289,502	7,216,499
Total accum. depreciation	<u>31,890,578</u>	<u>1,935,230</u>	<u>319,499</u>	<u>34,145,307</u>
Total depreciable assets, net	<u>36,406,498</u>	<u>661,721</u>	<u>207,796</u>	<u>37,276,015</u>
Governmental activities				
Capital assets, net	<u>\$ 36,547,396</u>	<u>\$ 661,721</u>	<u>\$ 207,796</u>	<u>\$ 37,416,913</u>

Depreciation expense for FY 2016 was charged to functions/programs of the County as follows:

General government	\$ 1,395,881
Judicial	59,992
Legal	19,933
Highways and streets	239,581
Public facilities	19,933
Public safety	99,858
Health and welfare	59,992
Culture and recreation	40,059
Totals	<u>\$ 1,935,230</u>

12. EXPENDITURES EXCEEDING BUDGET

During the year ended September 30, 2016, expenditures exceeded the budget in the following departments:

<u>Fund</u>	<u>Department</u>	<u>Expenditures Over Budget</u>
General Fund	Road and Bridge	\$ 221
General Fund	County Auditor	21,464
General Fund	Tax Collector	13,500
General Fund	IT Department	739
General Fund	Community Center	438

13. DEFICIT FUND EQUITY

As of September 30, 2016, the Road and Bridge Fund, a nonmajor fund, had a deficit fund balance of \$82,742.

14. LITIGATION

The county attorney reports some significant pending or threatened lawsuits, claims or assessments. While the outcome of the above noted proceedings cannot be predicted, the opinion of management of these lawsuits may not have not have a material adverse effect on the accompanying financial statements.

15. CONTINGENT LIABILITIES AND COMMITMENTS

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

16. PRIOR PERIOD ADJUSTMENT

Adjustments to the fund balance and net position during the 2015-2016 year consisted of the following:

Description	General Fund	Other Nonmajor Funds	Total
To close out balance sheet items that never materialized	<u>\$ 26,458</u>	<u>\$ 512,516</u>	<u>\$ 538,974</u>
Total per Exhibit C-2	<u>\$ 26,458</u>	<u>\$ 512,516</u>	<u>538,974</u>
Adjustments to capital assets			<u>207,796</u>
Total per Exhibit B-1			<u>\$ 746,770</u>

REQUIRED SUPPLEMENTARY INFORMATION

VAL VERDE COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Property taxes	\$ 8,611,955	\$ 8,611,955	\$ 8,728,611	\$ 116,656
Sales tax	2,000,000	2,000,000	2,129,606	129,606
Intergovernmental	20,000,000	20,000,000	21,482,381	1,482,381
Fee of offices	1,695,500	1,695,500	1,992,199	296,699
Fines and forfeiture	-	-	14,753	14,753
Investment earnings	14,000	14,000	23,791	9,791
Hotel tax	15,500	15,500	21,035	5,535
Miscellaneous	338,205	338,205	301,545	(36,660)
Total revenues	<u>32,675,160</u>	<u>32,675,160</u>	<u>34,693,921</u>	<u>2,018,761</u>
EXPENDITURES				
Current:				
General government	30,841,648	31,906,631	30,317,358	1,589,273
Judicial	1,533,346	1,533,346	1,449,890	83,456
Legal	666,643	666,643	602,823	63,820
Public safety	3,656,593	3,667,093	3,377,385	289,708
Health and welfare	25,200	25,200	24,692	508
Culture and recreation	572,553	572,553	490,276	82,277
Total expenditures	<u>37,295,985</u>	<u>38,371,468</u>	<u>36,262,424</u>	<u>2,109,044</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,620,825)</u>	<u>(5,696,308)</u>	<u>(1,568,503)</u>	<u>4,127,805</u>
OTHER FINANCING SOURCES (USES)				
Issuance of short-term loan	910,000	910,000	910,000	-
Tax note proceeds	-	-	2,545,000	2,545,000
Bond issuance cost	-	-	(45,000)	(45,000)
Transfers out (uses)	-	-	(8,050,198)	(8,050,198)
Transfers in	1,129,784	1,129,784	9,115,740	7,985,956
Total other financing sources and (uses)	<u>1,820,000</u>	<u>1,820,000</u>	<u>4,475,542</u>	<u>2,655,542</u>
NET CHANGE IN FUND BALANCE	<u>(2,800,825)</u>	<u>(3,876,308)</u>	<u>2,907,039</u>	<u>6,563,563</u>
FUND BALANCE, BEGINNING	<u>1,256,681</u>	<u>1,256,681</u>	<u>1,256,681</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>26,458</u>	<u>26,458</u>	<u>26,458</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ (1,517,686)</u></u>	<u><u>\$ (2,593,169)</u></u>	<u><u>\$ 4,190,178</u></u>	<u><u>\$ 6,563,563</u></u>

VAL VERDE COUNTY, TEXAS
NOTES TO BUDGETARY SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

A. BUDGETARY INFORMATION

The County Judge is, by state 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 to assist him and the Commissioners' Court on budgetary matters. The County Judge reviews budget requests, holds informal hearings when needed, and fills in columns in budget preparation forms, setting out his budget recommendations to the Commissioners' Court.

The Commissioners' Court holds a public hearing on the budget and department heads may appear. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Expenditure amounts finally budgeted may not exceed the estimate of budgeted revenues and available fund balance.

When 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 the members of the Commissioners' Court advised of the condition of the various funds and accounts. Level of control is on a line-item basis.

The following individual funds had adopted budgets for the fiscal year ended September 30, 2016:

- (a) General Fund
- (b) Road and Bridge Fund
- (c) Interest and Sinking Fund

VAL VERDE COUNTY, TEXAS

SCHEDULE OF CHANGES IN
NET PENSION LIABILITY AND RELATED RATIOS

SEPTEMBER 30, 2016

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 1,220,164	\$ 1,204,990
Interest on total pension liability	3,331,584	3,123,845
Effect of plan changes	(209,209)	-
Effect of assumption changes or inputs	435,563	-
Effect of economic/demographic (gains) or losses	(161,443)	(75,870)
Benefit payments/refunds of contributions	<u>(1,881,722)</u>	<u>(1,734,541)</u>
Net change in pension liability	2,734,937	2,518,424
Total pension liability, beginning	<u>41,344,030</u>	<u>38,825,606</u>
Total pension liability, ending (a)	<u>\$ 44,078,967</u>	<u>\$ 41,344,030</u>
Fiduciary Net Position		
Employer contributions	\$ 1,075,748	\$ 1,023,076
Member contributions	657,689	612,096
Investment income net of investment expenses	(405,384)	2,507,651
Benefit payments/refunds of contributions	(1,881,722)	(1,734,541)
Administrative expenses	(28,326)	(29,587)
Other	<u>81,991</u>	<u>43,045</u>
Net change in fiduciary net position	(500,004)	2,421,739
Fiduciary net position, beginning	<u>39,604,855</u>	<u>37,183,116</u>
Fiduciary net position, ending (b)	<u>\$ 39,104,851</u>	<u>\$ 39,604,855</u>
Net pension liability / (assets), ending = (a) - (b)	<u>\$ 4,974,116</u>	<u>\$ 1,739,175</u>
Fiduciary net position as a % of total pension liability	88.72%	95.79%
Pensionable covered payroll	\$ 9,364,142	\$ 8,744,223
Net pension liability as a % of covered payroll	53.12%	19.89%

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST TEN FISCAL YEARS

Year Ending September 31,	Acturially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2006	\$ 581,712	\$ 581,712	\$ -	\$ 6,717,233	8.7%
2007	647,150	647,150	-	7,127,206	9.1%
2008	652,129	652,129	-	7,368,685	8.9%
2009	674,479	674,479	-	7,452,802	9.1%
2010	801,485	801,485	-	7,706,583	10.4%
2011	821,885	821,885	-	7,910,361	10.4%
2012	888,403	888,403	-	8,210,745	10.8%
2013	922,737	922,737	-	8,335,455	11.1%
2014	1,023,076	1,023,076	-	8,744,223	11.7%
2015	1,075,748	1,075,748	-	9,364,142	11.5%

VAL VERDE COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.5 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

VAL VERDE COUNTY, TEXAS

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

SEPTEMBER 30, 2016

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2010	\$ -	\$ 3,063,637	\$ 3,063,637	0.00%	\$ 6,404,748	47.83%
10/1/2012	-	3,398,250	3,398,250	0.00%	6,789,291	50.05%
10/1/2014	-	3,560,462	3,560,462	0.00%	7,543,390	47.20%

SUPPPLEMENTARY INFORMATION

VAL VERDE COUNTY, TEXAS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Current tax	\$ 8,216,955	\$ 8,216,955	\$ 8,292,416	\$ 75,461
Delinquent tax	395,000	395,000	436,195	41,195
State comptroller	134,000	134,000	123,553	(10,447)
Environmental health	32,000	32,000	26,394	(5,606)
U.S. Marshall	20,000,000	20,000,000	21,482,381	1,482,381
County sheriff	70,000	70,000	178,060	108,060
County attorney	15,000	15,000	2,003	(12,997)
County clerk	180,000	180,000	216,011	36,011
Tax assessor collector	550,000	550,000	638,402	88,402
District clerk	150,000	150,000	127,473	(22,527)
Justice of the peace #1	36,000	36,000	45,185	9,185
Justice of the peace #2	100,000	100,000	80,509	(19,491)
Justice of the peace #3	140,000	140,000	107,851	(32,149)
Justice of the peace #4	21,000	21,000	32,288	11,288
Court at law	125,000	125,000	96,319	(28,681)
Interest	14,000	14,000	20,120	6,120
Fairground lease	80,000	80,000	76,710	(3,290)
Miscellaneous (Sundry)	85,000	85,000	213,729	128,729
County and district board	27,500	27,500	27,712	212
Sales tax revenue	2,000,000	2,000,000	2,129,606	129,606
Hot tax administration	3,875	3,875	-	(3,875)
Library revenue	15,000	15,000	29,004	14,004
Hotel tax	15,500	15,500	21,035	5,535
Court at law judge contribution	81,900	81,900	84,000	2,100
County judge supplement	25,200	25,200	25,200	-
County prosecutor supplement	23,333	23,333	23,333	-
District attorney grant	118,897	118,897	3,918	(114,979)
Lease of livestock pens	20,000	20,000	34,300	14,300
Grant receipts	-	-	61,911	61,911
Miscellaneous	-	-	58,303	58,303
Total revenues	<u>\$ 32,675,160</u>	<u>\$ 32,675,160</u>	<u>\$ 34,693,921</u>	<u>\$ 2,018,761</u>

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES				
General government:				
County Judge:				
Salaries	\$ 369,737	\$ 369,737	\$ 333,734	\$ 36,003
Office supplies	9,900	9,900	4,970	4,930
Copier expense	1,875	1,875	1,891	(16)
Travel and training	10,500	10,500	7,492	3,008
Emergency management	15,500	15,500	4,775	10,725
Total county judge:	407,512	407,512	352,862	54,650
Road Bridge				
Pct 1				
Salaries	303,669	303,669	278,158	25,511
Total pct 1:	303,669	303,669	278,158	25,511
Pct 2				
Salaries	315,323	315,323	307,768	7,555
Total commissioner pct 2:	315,323	315,323	307,768	7,555
Pct 3				
Salaries	298,886	298,886	291,147	7,739
Total commissioner pct 3:	298,886	298,886	291,147	7,739
Pct 4				
Salaries	262,765	262,765	254,851	7,914
Total commissioner pct 4:	262,765	262,765	254,851	7,914
Road and Bridge				
Salaries	29,162	29,162	29,383	(221)
Total road and bridge:	29,162	29,162	29,383	(221)
County Clerk:				
Salaries	384,435	384,435	372,805	11,630
Office supplies	25,000	25,000	19,870	5,130
Copier expense	7,628	7,628	7,628	-
Travel and training	7,500	7,500	7,030	470
Computer maintenance	41,000	41,000	40,765	235
Total county clerk:	465,563	465,563	448,098	17,465
Veterans Office:				
Salaries	77,385	77,385	77,935	(550)
Office supplies	3,500	3,850	3,636	214
Copier expense	2,988	2,650	2,987	(337)
Travel and training	3,000	2,650	2,341	309
Current Rent	6,240	6,240	6,240	-
Total veterans office:	93,113	92,775	93,139	(364)
District Clerk:				
Salaries	351,622	351,622	346,877	4,745
Office supplies	20,000	20,000	18,059	1,941
Copier expense	11,032	11,032	11,027	5
Travel and training	6,000	6,000	3,912	2,088
Storage	1,060	1,060	825	235
Software maintenance	10,000	10,000	10,000	-
Total district clerk:	399,713	399,713	390,700	9,013

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES(continued)				
General government: (continued)				
County Auditor:				
Salaries	299,940	313,552	345,582	(32,030)
Office supplies	12,500	12,500	9,195	3,305
Copier expense	5,912	5,912	5,843	69
Travel & training	7,500	7,500	308	7,192
Rent	18,000	18,000	18,000	-
Total county auditor:	343,852	357,464	378,928	(21,464)
County Treasurer:				
Salaries	\$ 127,986	\$ 127,986	\$ 128,200	\$ (214)
Office supplies	5,500	4,000	1,973	2,027
Copier expense	1,644	1,644	1,644	-
Travel & training	3,600	5,100	3,560	1,540
Rent	12,000	12,000	12,000	-
Total county treasurer:	150,730	150,730	147,377	3,353
Tax Collector:				
Salaries	419,969	419,969	437,888	(17,919)
Computer maintenance	24,686	24,686	24,458	228
Office supplies	23,000	23,000	22,132	868
Copier expense	3,315	3,315	2,963	352
Travel & training	11,045	11,045	10,200	845
Postage	33,000	33,000	30,873	2,127
Total tax collector:	515,014	515,014	528,514	(13,500)
Purchasing:				
Salaries	153,112	154,312	150,737	3,575
Office supplies	1,000	1,000	1,042	(42)
Copier expense	1,954	2,170	1,971	199
Travel & training	3,410	3,410	3,402	8
Total purchasing:	159,476	160,891	157,152	3,739
Agriculture: County Agent				
Salaries	136,573	136,573	132,893	3,680
Office supplies	2,000	2,000	1,762	238
1/2 Internet	725	725	725	-
Equipment maintenance	3,000	3,000	2,999	1
Copier expense	1,444	1,444	1,444	-
Travel	13,500	13,500	11,659	1,841
Total agriculture:	157,242	157,242	151,482	5,760
Parks & Building Maintenance:				
Salaries	307,964	307,964	300,737	7,227
Contract services	50,000	50,000	40,258	9,742
Broadway repairs	10,000	10,000	8,556	1,444
Fairgrounds improvements	20,000	20,000	19,828	172
Materials	30,000	30,000	28,110	1,890
Fuel	25,000	25,000	19,191	5,809
Building repairs	35,000	35,000	25,205	9,795
Office supplies	1,000	1,000	989	11
Repairs	70,000	70,000	62,293	7,707
Elevator	190,000	190,000	-	190,000
Equipment maintenance	80,000	80,000	67,991	12,009
Utilities	455,000	455,000	417,177	37,823
Total parks & building maintenance:	1,273,964	1,273,964	990,335	283,629

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES (continued)				
General Government: (continued)				
Risk Management:				
Salaries	\$ 130,244	\$ 130,244	\$ 131,002	\$ (758)
Travel & training	7,000	5,000	2,547	2,453
Postage	1,500	500	147.00	353
Auto expense	5,000	5,000	3,146	1,854
Copier expense	1,408	1,408	1,408	-
Office supplies	2,500	5,500	3,594	1,906
Total risk management:	147,652	147,652	141,844	5,808
IT Department:				
Salaries	143,872	143,872	144,986	(1,114)
Travel & training	6,200	6,200	6,022	178
Office supplies	4,500	4,500	4,520	(20)
Auto Expense	3,000	3,000	2,783	217
Rent	5,400	5,400	5,400	-
Total IT department:	162,972	162,972	163,711	(739)
Community Center:				
Salaries	26,011	26,011	26,207	(196)
Supplies	2,000	2,000	2,242	(242)
Copier expense	540	540	578	(38)
Fuel	1,000	1,000	588	412
Total community center:	29,551	29,551	29,615	(438)
Human Resource:				
Salaries	90,629	90,629	92,419	(1,790)
Travel & training	6,968	6,968	3,781	3,187
Staff development/promotional	5,000	5,000	2,170	2,830
Office supplies	5,000	4,784	4,210	574
Total human resource department:	107,597	107,381	102,580	4,801
Animal Control:				
Salaries	-	19,000	-	19,000
Office supplies	-	8,800	-	8,800.00
Travel & training	-	4,000	-	4,000
Equipment	-	4,000	1,000	3,000
Building	-	50,000	20,129	29,871
Total animal control:	-	85,800	21,129	64,671
Non-Departmental:				
Insurance - employee and other	1,800,000	1,800,000	1,542,262	257,738
Section 125 administration fees	6,000	6,000	7,031	(1,031)
Membership dues	35,000	35,000	25,033	9,967
Surveyor	1,200	1,200	1,200	-
Grant funds	150,000	150,000	-	150,000
Sub-total non-departmental:	1,992,200	1,992,200	1,575,526	416,674

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES (continued)				
General Government: (continued)				
Non-Departmental:				
Appraisal offices	\$ 268,599	\$ 268,599	\$ 264,579	\$ 4,020
Advertising	15,000	15,000	8,705	6,295
Election expense	70,000	70,000	69,721	279
Autopsy- mental	95,000	95,000	90,120	4,880
Trapper's salary	25,000	25,000	25,000	-
Attorneys	400,000	400,000	437,631	(37,631)
District attorney allocation	406,943	406,943	406,943	-
Audit	35,000	35,000	31,400	3,600
Juvenile center	250,000	250,000	250,000	-
Contingencies	500,000	340,088	50,046	290,042
Juvenile probation	33,000	33,000	33,000	-
Adult probation	40,000	40,000	40,000	-
Historical commission	3,000	3,000	-	3,000
Museum	65,000	65,000	65,000	-
Casa de la Cultura	2,500	2,500	2,500	-
Animal control	2,000	2,000	1,177	823
Food bank	18,000	18,000	18,000	-
Computer expense	39,628	39,628	14,589	25,039
Second international bridge study	-	-	-	-
Family violence contract	130,000	130,000	130,000	-
Inventory	5,000	5,000	-	5,000
GEO operational fee	18,500,000	18,500,000	20,548,829	(2,048,829)
Local prisoner cost	170,000	170,000	304,736	(134,736)
GASB 34	2,000	2,000	-	2,000
GASB 45	1,000	1,000	-	1,000
Special events	10,000	10,000	10,000	-
2013 tax note	-	-	157,919	(157,919)
Solid waste	5,000	5,000	-	5,000
Madison government affairs	42,000	42,000	42,000	-
Fire Responders	25,000	25,000	-	25,000
Hail Damage Building Repair	-	141,060	37,384	103,676
Val Verde County administration - 25%	3,875	3,875	-	3,875
Del Rio chamber of commerce - 40%	6,200	8,414	8,414	-
Hispanic chamber of commerce	1,550	2,103	2,103	-
Shumla school - 5%	775	1,052	1,052	-
Laughlin historic heritage - 2%	310	421	421	-
Del Rio art league	155	210	210	-
Special events - 17%	2,635	2,635	-	2,635
Capital expenditures	59,320	1,019,320	383,391	635,929
Prior year hot tax	-	20,351	11,061	9,290
Miscellaneous	-	-	37,128	(37,128)
Total non-departmental	23,225,690	24,190,399	25,058,585	(868,186)
 Total general government	 30,841,648	 31,906,631	 30,317,358	 1,589,273

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES (continued)				
Judicial:				
District Courts:				
Salaries	\$ 386,100	\$ 386,100	\$ 374,284	\$ 11,816
Supplies & staff travel	18,500	22,500	18,472	4,028
Judge insurance	4,000	2,000	1,500	500
Court reporter	2,400	2,400	1,343	1,057
Copier expense	4,545	4,545	4,634	(89)
Jurors	45,000	43,000	34,170	8,830
Total district courts	460,544	460,544	434,403	26,141
Justices of the Peace:				
Salaries	596,860	596,860	591,920	4,940
Office supplies	22,000	22,000	21,660	340
Computer/software maintenance	16,400	16,400	10,794	5,606
Copier expense	3,132	3,132	3,132	-
Travel & training	29,500	29,500	21,120	8,380
Total justices of the peace	667,892	667,892	648,626	19,266
County Court at Law:				
Salaries	377,691	377,691	346,027	31,664
Office supplies	9,000	9,000	8,486	514
Travel & training	6,500	6,500	3,947	2,553
Pitney Bowes	900	900	600	300
Water & coffee	615	615	152	463
Copier expense	3,104	3,104	2,899	205
Postage	2,250	2,250	750	1,500
Software maintenance	4,850	4,850	4,000	850
Total county court at law	404,910	404,910	366,861	38,049
Total judicial	1,533,346	1,533,346	1,449,890	83,456
Legal:				
County Attorney:				
Salaries	509,494	509,494	547,347	(37,853)
Office supplies	21,000	21,000	18,944	2,056
Travel & training	7,500	7,500	3,804	3,696
Copier expense	4,470	4,470	4,470	-
Civil litigation	5,000	5,000	838	4,162
Total county attorney	547,464	547,464	575,403	(27,939)
District Attorney:				
Salaries	99,200	99,200	26,881	72,319
Other fringe	7,330	7,330	-	7,330
Office supplies	1,650	1,650	-	1,650
Travel & training	11,000	11,000	539	10,461
Total district attorney	119,180	119,180	27,420	91,760
Total legal	666,643	666,643	602,823	63,820

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES (continued)				
Public safety:				
Rural Fire and EMS				
Salaries	\$ 163,062	\$ 156,139	\$ 137,204	\$ 18,935
Office supplies	40,000	46,923	36,872	10,051
Travel & training	6,460	16,960	15,820	1,140
Uniforms	3,000	3,000	1,892	1,108
Total Rural Fire and EMS	212,522	223,022	191,788	31,234
Sheriff:				
Salaries	2,718,282	2,718,282	2,482,844	235,438
Communications	33,000	33,000	40,959	(7,959)
Gun range	2,500	2,500	2,499	1
Auto expense	240,000	240,000	213,444	26,556
Ammunition	20,000	20,000	28,268	(8,268)
Uniforms	30,000	30,000	26,703	3,297
Operating supplies	50,000	50,000	42,581	7,419
Doctor and medications	10,000	10,000	5,507	4,493
Copier expense	11,922	11,922	11,921	1
Travel & training	50,000	50,000	42,864	7,136
Software Maintenance	54,945	54,945	71,745	(16,800)
Total sheriff	3,220,648	3,220,648	2,969,335	251,313
Constables:				
Salaries	212,923	212,923	213,535	(612)
Travel & training	5,500	5,500	1,442	4,058
Office supplies	5,000	5,000	1,285	3,715
Total constables	223,423	223,423	216,262	7,161
Total public safety	3,656,593	3,667,093	3,377,385	289,708

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES (continued)				
Health and Welfare:				
Welfare:				
Burials	\$ 2,500	\$ 2,500	\$ 2,385	\$ 115
Hospital, etc.	20,000	20,000	19,607	393
Child welfare	1,500	1,500	1,500	-
County welfare	1,200	1,200	1,200	-
Total welfare	25,200	25,200	24,692	508
Total health and welfare	25,200	25,200	24,692	508
Library:				
Salaries	416,889	415,889	356,619	59,270
Office supplies	20,000	21,500	21,413	87
Computer maintenance	24,700	24,700	22,331	2,369
Travel & training	5,000	4,500	1,907	2,593
Copier maintenance	10,000	10,000	2,594	7,406
Copier expense	2,964	2,964	2,717	247
Books, publication and dues	93,000	93,000	82,695	10,305
Total library	572,553	572,553	490,276	82,277
Total culture and recreation	572,553	572,553	490,276	82,277
Total expenditures	37,295,985	38,371,468	36,262,424	2,109,044

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	<u>\$ (4,620,825)</u>	<u>\$ (5,696,308)</u>	<u>\$ (1,568,503)</u>	<u>\$ 4,127,805</u>
OTHER FINANCING SOURCES (USES)				
Issuance of short-term loan	910,000	910,000	910,000	-
Tax note proceeds	-	-	2,545,000	2,545,000
Bond issuance cost	-	-	(45,000)	(45,000)
Transfers out (uses)	-	-	(8,050,198)	(8,050,198)
Transfer in	<u>1,129,784</u>	<u>1,129,784</u>	<u>9,115,740</u>	<u>7,985,956</u>
Total other financing sources (uses)	<u>2,039,784</u>	<u>2,039,784</u>	<u>4,475,542</u>	<u>2,435,758</u>
NET CHANGE IN FUND BALANCE	(2,581,041)	(3,656,524)	2,907,039	6,563,563
FUND BALANCE, BEGINNING	1,256,681	1,256,681	1,256,681	-
PRIOR PERIOD ADJUSTMENT	<u>26,458</u>	<u>26,458</u>	<u>26,458</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ (1,297,902)</u>	<u>\$ (2,373,385)</u>	<u>\$ 4,190,178</u>	<u>\$ 6,563,563</u>

VAL VERDE COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

INTEREST AND SINKING

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Current tax	\$ 1,442,135	\$ 1,442,135	1,529,415	\$ 87,280
Delinquent tax	125,346	125,346	101,648	(23,698)
Investment earnings	10,000	10,000	5,266	(4,734)
Total revenues	<u>1,577,481</u>	<u>1,577,481</u>	<u>1,636,329</u>	<u>58,848</u>
EXPENDITURES				
Debt service:				
Principal	3,855,000	3,855,000	3,505,000	350,000
Interest	1,144,742	1,144,742	1,142,872	1,870
Capital leases	206,739	206,739	176,175	30,564
Other fees	20,000	20,000	250	19,750
Total expenditures	<u>5,226,481</u>	<u>5,226,481</u>	<u>4,824,297</u>	<u>402,184</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,649,000)	(3,649,000)	(3,187,968)	461,032
OTHER FINANCING SOURCES				
Transfer in	3,750,000	3,750,000	3,755,238	5,238
Total other financing sources	<u>3,750,000</u>	<u>3,750,000</u>	<u>3,755,238</u>	<u>5,238</u>
OTHER FINANCING (USES)				
Short-term loan payment	910,000	910,000	(910,000)	-
Total other financing sources and (uses)	<u>2,840,000</u>	<u>2,840,000</u>	<u>2,845,238</u>	<u>5,238</u>
NET CHANGE IN FUND BALANCE	(809,000)	(809,000)	(342,730)	466,270
FUND BALANCE, BEGINNING	<u>3,112,067</u>	<u>3,112,067</u>	<u>3,112,067</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,303,067</u>	<u>\$ 2,303,067</u>	<u>\$ 2,769,337</u>	<u>\$ 466,270</u>

VAL VERDE COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ROAD AND BRIDGE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Fee of offices	\$ 1,100,000	\$ 1,100,000	\$ 990,840	\$ (109,160)
Taxes - Current Farm to Market	346,940	346,940	359,805	12,865
Taxes - Delinquent Farm to Market	20,000	20,000	20,610	610
Investment earnings	500	500	326	(174)
Total revenues	<u>1,467,440</u>	<u>1,467,440</u>	<u>1,371,581</u>	<u>(95,859)</u>
EXPENDITURES				
Pct 1:				
Pct 1 out of county travel	8,500	8,500	6,907	1,593
Pct 1 operating expense	67,500	67,500	56,899	10,601
Pct 1 paving	<u>48,000</u>	<u>48,000</u>	<u>6,442</u>	<u>41,558</u>
Total Pct 1	<u>124,000</u>	<u>124,000</u>	<u>70,248</u>	<u>53,752</u>
Pct 2:				
Pct 2 out of county travel	8,500	8,500	3,902	4,598
Pct 2 operating expense	101,000	101,000	93,395	7,605
Pct 2 paving	80,000	80,000	78,814	1,186
Auction Reserve	-	1,050	-	1,050
Total Pct 2	<u>189,500</u>	<u>190,550</u>	<u>176,111</u>	<u>14,439</u>
Pct 3:				
Pct 3 out of county travel	8,500	8,500	2,541	5,959
Pct 3 operating expense	106,000	106,000	81,788	24,212
Pct 3 paving	83,000	83,000	82,999	1
Auction Reserve	-	4,813	4,521	292
Total Pct 3	<u>197,500</u>	<u>202,313</u>	<u>171,849</u>	<u>30,464</u>
Pct 4:				
Pct 4 out of county travel	8,500	2,900	2,421	479
Pct 4 operating expense	106,000	111,600	108,975	2,625
Pct 4 paving	<u>101,000</u>	<u>101,000</u>	<u>101,361</u>	<u>(361)</u>
Total Pct 4	<u>215,500</u>	<u>215,500</u>	<u>212,757</u>	<u>2,743</u>
Road and Bridge				
Commissioners office supplies	6,500	6,500	3,231	3,269
Right of way fencing - R & B	1,500	1,500	1,500	-
Copier expense	<u>3,156</u>	<u>3,156</u>	<u>2,797</u>	<u>359</u>
Total Road and Bridge	<u>11,156</u>	<u>11,156</u>	<u>7,528</u>	<u>3,628</u>
Total expenditures	<u>737,656</u>	<u>743,519</u>	<u>638,493</u>	<u>105,026</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>729,784</u>	<u>723,921</u>	<u>733,088</u>	<u>(9,167)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	380	(380)
Transfer out	<u>1,129,784</u>	<u>1,129,784</u>	<u>(1,071,160)</u>	<u>58,624</u>
Total other financing sources and (uses)	<u>1,129,784</u>	<u>1,129,784</u>	<u>(1,070,780)</u>	<u>58,244</u>
NET CHANGE IN FUND BALANCE	(400,000)	(405,863)	# (337,692)	# (68,171)
FUND BALANCE, BEGINNING	<u>254,950</u>	<u>254,950</u>	<u>254,950</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ (145,050)</u>	<u>\$ (150,913)</u>	<u>\$ (82,742)</u>	<u>\$ (68,171)</u>

**NON MAJOR
GOVERNMENTAL FUNDS**

VAL VERDE COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	Road & Bridge	Interest and Sinking	Capital Project Library	Special Revenue	Total Nonmajor Governmental Funds
ASSETS					
Cash in bank	\$ 421,440	\$ 1,938,188	\$ 2,959,958	\$ 1,521,337	\$ 6,840,923
Investments	805	831,149	-	-	831,954
Taxes receivables (net of allowance)	58,243	150,444	-	-	208,687
Due from other funds	-	-	199,500	-	199,500
Due from other governments	-	-	-	725,800	725,800
Total assets	<u>\$ 480,488</u>	<u>\$ 2,919,781</u>	<u>\$ 3,159,458</u>	<u>\$ 2,247,137</u>	<u>\$ 8,806,864</u>
LIABILITIES					
Accounts payable	162,267	-	-	414,290	576,557
Due to to other funds	342,720	-	-	519,411	862,131
Unearned revenue	-	-	-	1,002,112	1,002,112
Total liabilities	<u>504,987</u>	<u>-</u>	<u>-</u>	<u>1,935,813</u>	<u>2,440,800</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	<u>58,243</u>	<u>150,444</u>	<u>-</u>	<u>-</u>	<u>208,687</u>
Total deferred inflows of resources	<u>58,243</u>	<u>150,444</u>	<u>-</u>	<u>-</u>	<u>208,687</u>
FUND BALANCES					
Restricted for:					
Retirement of long-term debt	-	2,769,337	-	-	2,769,337
Federal or state funds	-	-	-	25,791	25,791
District clerk archive, management and preservation	-	-	-	67,281	67,281
Family protection	-	-	-	32,719	32,719
Court reporter	-	-	-	41,114	41,114
Security fees	-	-	-	119,657	119,657
Law library	-	-	-	24,762	24,762
Capital projects	-	-	3,159,458	-	3,159,458
Unassigned	<u>(82,742)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,742)</u>
Total fund balances	<u>(82,742)</u>	<u>2,769,337</u>	<u>3,159,458</u>	<u>311,324</u>	<u>6,157,377</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 480,488</u>	<u>\$ 2,919,781</u>	<u>\$ 3,159,458</u>	<u>\$ 2,247,137</u>	<u>\$ 8,806,864</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Road & Bridge	Interest and Sinking	Capital Project Library	Special Revenue	Total Nonmajor Governmental Funds
REVENUES					
Property taxes	\$ 380,415	\$1,631,063	\$ -	\$ -	\$ 2,011,478
Intergovernmental	-	-	-	2,802,460	2,802,460
Fees of offices	990,840	-	-	32,360	1,023,200
Investment earnings	326	5,266	-	1,606	7,198
Total revenues	<u>1,371,581</u>	<u>1,636,329</u>	<u>-</u>	<u>2,836,426</u>	<u>5,844,336</u>
EXPENDITURES					
General Government	-	-	-	46,290	46,290
Legal	-	-	-	39,356	39,356
Public safety	-	-	-	1,534,884	1,534,884
Culture and recreation	-	-	-	35,000	35,000
Highways and streets	638,493	-	-	-	638,493
Health and welfare	-	-	-	1,050,442	1,050,442
Public facilities	-	-	1,811,826	106,593	1,918,419
Corrections and rehabilitation	-	-	-	97,153	97,153
Debt service:					
Principal	-	3,505,000	-	-	3,505,000
Interest and other charges	-	1,143,122	-	-	1,143,122
Capital leases	-	176,175	-	-	176,175
Total expenditures	<u>638,493</u>	<u>4,824,297</u>	<u>1,811,826</u>	<u>2,909,718</u>	<u>10,184,334</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>733,088</u>	<u>(3,187,968)</u>	<u>(1,811,826)</u>	<u>(73,292)</u>	<u>(4,339,998)</u>
OTHER FINANCING SOURCES (USES)					
Short-term loan payment	-	(910,000)	-	-	(910,000)
Transfer in	380	3,755,238	-	-	3,755,618
Transfer out	<u>(1,071,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,071,160)</u>
Total other financing sources (uses)	<u>(1,070,780)</u>	<u>2,845,238</u>	<u>-</u>	<u>-</u>	<u>1,774,458</u>
CHANGE IN FUND BALANCE	(337,692)	(342,730)	(1,811,826)	(73,292)	(2,565,540)
FUND BALANCE, BEGINNING	254,950	3,112,067	4,771,784	71,600	8,210,401
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>199,500</u>	<u>313,016</u>	<u>512,516</u>
FUND BALANCE, ENDING	<u>\$ (82,742)</u>	<u>\$2,769,337</u>	<u>\$ 3,159,458</u>	<u>\$ 311,324</u>	<u>6,157,377</u>

FIDUCIARY FUNDS

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES

SEPTEMBER 30, 2016

	County Clerk	County Clerk Criminal Account	County Clerk Civil Account	County Clerk Probate Account
ASSETS				
Cash and investments	\$ 25,462	\$ 12,018	\$ 8,189	\$ 4,448
Total assets	<u>\$ 25,462</u>	<u>\$ 12,018</u>	<u>\$ 8,189</u>	<u>\$ 4,448</u>
LIABILITIES				
Liabilities:				
Due to others	\$ 25,462	\$ 12,018	\$ 8,189	\$ 4,448
Total liabilities	<u>\$ 25,462</u>	<u>\$ 12,018</u>	<u>\$ 8,189</u>	<u>\$ 4,448</u>

EXHIBIT H-3

<u>County Clerk Generosa Ramon Record Management</u>	<u>County Clerk Generosa Ramon Record Archive</u>	<u>County Clerk Miscellaneous Account</u>	<u>Court At Law Escrow Account</u>	<u>Court At Law Civil Cases</u>	<u>Court At Law Criminal Account</u>	<u>Court At Law Justice Technology Fee</u>
\$ 362,877	\$ 282,460	\$ 30	\$ 15,144	\$ 34,421	\$ 2,044	\$ 1,331
<u>\$ 362,877</u>	<u>\$ 282,460</u>	<u>\$ 30</u>	<u>\$ 15,144</u>	<u>\$ 34,421</u>	<u>\$ 2,044</u>	<u>\$ 1,331</u>
\$ 362,877	\$ 282,460	\$ 30	\$ 15,144	\$ 34,421	\$ 2,044	\$ 1,331
<u>\$ 362,877</u>	<u>\$ 282,460</u>	<u>\$ 30</u>	<u>\$ 15,144</u>	<u>\$ 34,421</u>	<u>\$ 2,044</u>	<u>\$ 1,331</u>

VAL VERDE COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES
(Continued)
SEPTEMBER 30, 2016

	District Clerk Court Reporter	District Clerk Court Costs	District Clerk Registry Accounts	District Clerk MOP 2006 Court Costs
ASSETS				
Cash and investments	\$ 40,258	\$ 276,093	\$ 605,108	\$ 71,586
Total assets	<u>\$ 40,258</u>	<u>\$ 276,093</u>	<u>\$ 605,108</u>	<u>\$ 71,586</u>
LIABILITIES				
Liabilities:				
Due to others	\$ 40,258	\$ 276,093	\$ 605,108	\$ 71,586
Total liabilities	<u>\$ 40,258</u>	<u>\$ 276,093</u>	<u>\$ 605,108</u>	<u>\$ 71,586</u>

EXHIBIT H-3

District Clerk MOP Registry Account	Justice of the Peace 1	Justice of the Peace 2	Justice of the Peace 3	Justice of the Peace 4	County Attorney Special Account
\$ 65,028	\$ 9,866	\$ 9,210	\$ 29,231	\$ 4,403	\$ 28,125
<u>\$ 65,028</u>	<u>\$ 9,866</u>	<u>\$ 9,210</u>	<u>\$ 29,231</u>	<u>\$ 4,403</u>	<u>\$ 28,125</u>
\$ 65,028	\$ 9,866	\$ 9,210	\$ 29,231	\$ 4,403	\$ 28,125
<u>\$ 65,028</u>	<u>\$ 9,866</u>	<u>\$ 9,210</u>	<u>\$ 29,231</u>	<u>\$ 4,403</u>	<u>\$ 28,125</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES

(Continued)

SEPTEMBER 30, 2016

	County Attorney Collection Account	County Attorney Merchant Account	Tax Assessor Property Tax	Tax Assessor Escrow Account #2	Tax Assessor Vit Escrow Account	Tax Assessor Collector of Taxes
ASSETS						
Cash and investments	\$ 25,518	\$ 17,196	\$ 438,868	\$ 142,504	\$ 228,936	\$ 285,147
Total assets	<u>\$ 25,518</u>	<u>\$ 17,196</u>	<u>\$ 438,868</u>	<u>\$ 142,504</u>	<u>\$ 228,936</u>	<u>\$ 285,147</u>
LIABILITIES						
Liabilities:						
Due to others	\$ 25,518	\$ 17,196	\$ 438,868	\$ 142,504	\$ 228,936	\$ 285,147
Total liabilities	<u>\$ 25,518</u>	<u>\$ 17,196</u>	<u>\$ 438,868</u>	<u>\$ 142,504</u>	<u>\$ 228,936</u>	<u>\$ 285,147</u>

EXHIBIT H-3

<u>Sheriff's Account</u>	<u>Sheriff's Account Eight Liners</u>	<u>Sheriff's Account Forfeiture DOJ Account</u>	<u>Sheriff's Account Texas Forfeiture Account</u>	<u>Sheriff's Account Cash bonds</u>
\$ 15,694	\$ 63	\$ 9,074	\$ 45	\$ 2,000
<u>\$ 15,694</u>	<u>\$ 63</u>	<u>\$ 9,074</u>	<u>\$ 45</u>	<u>\$ 2,000</u>
\$ 15,694	\$ 63	\$ 9,074	\$ 45	\$ 2,000
<u>\$ 15,694</u>	<u>\$ 63</u>	<u>\$ 9,074</u>	<u>\$ 45</u>	<u>\$ 2,000</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES
(Continued)
SEPTEMBER 30, 2016

	Sheriff's Account TUSC Account	Sheriff's Reserve Deputy Unit	County Welfare	District Clerk Record Preservation	Justice of Peace 1 Tech Fund
ASSETS					
Cash and investments	\$ 9,908	\$ 5,481	\$ 24,341	\$ 24,696	\$ 7,024
Total assets	<u>\$ 9,908</u>	<u>\$ 5,481</u>	<u>\$ 24,341</u>	<u>\$ 24,696</u>	<u>\$ 7,024</u>
LIABILITIES					
Liabilities:					
Due to others	\$ 9,908	\$ 5,481	\$ 24,341	\$ 24,696	\$ 7,024
Total liabilities	<u>\$ 9,908</u>	<u>\$ 5,481</u>	<u>\$ 24,341</u>	<u>\$ 24,696</u>	<u>\$ 7,024</u>

EXHIBIT H-3

<u>Justice of Peace 2 Tech Fund</u>	<u>Justice of Peace 3 Tech Fund</u>	<u>Justice of Peace 4 Tech Fund</u>	<u>County Clerk Trust Fund</u>	<u>Election Service Contract</u>	<u>District Clerk Record Archive</u>	<u>Total Agency Funds</u>	<u>Total Agency Funds</u>
\$ 8,965	\$ 12,301	\$ 5,157	\$ 97,242	\$ 10,821	\$ 17,955	\$ 3,276,269	\$ 3,276,269
<u>\$ 8,965</u>	<u>\$ 12,301</u>	<u>\$ 5,157</u>	<u>\$ 97,242</u>	<u>\$ 10,821</u>	<u>\$ 17,955</u>	<u>\$ 3,276,269</u>	<u>\$ 3,276,269</u>
\$ 8,965	\$ 12,301	\$ 5,157	\$ 97,242	\$ 10,821	\$ 17,955	\$ 3,276,269	\$ 3,276,269
<u>\$ 8,965</u>	<u>\$ 12,301</u>	<u>\$ 5,157</u>	<u>\$ 97,242</u>	<u>\$ 10,821</u>	<u>\$ 17,955</u>	<u>\$ 3,276,269</u>	<u>\$ 3,276,269</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND
LIABILITIES - ALL FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>10/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2016</u>
<u>COUNTY CLERK</u>				
Assets:				
Cash and investments	<u>\$ 29,027</u>	<u>\$ 328,946</u>	<u>\$ 332,511</u>	<u>\$ 25,462</u>
Total Assets	<u>\$ 29,027</u>	<u>\$ 328,946</u>	<u>\$ 332,511</u>	<u>\$ 25,462</u>
Liabilities:				
Due to others	<u>\$ 29,027</u>	<u>\$ 328,946</u>	<u>\$ 332,511</u>	<u>\$ 25,462</u>
Bank overdraft	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 29,027</u>	<u>\$ 328,946</u>	<u>\$ 332,511</u>	<u>\$ 25,462</u>
<u>COUNTY CLERK CRIMINAL ACCOUNT</u>				
Assets:				
Cash and investments	<u>\$ 17,930</u>	<u>\$ 131,041</u>	<u>\$ 136,952</u>	<u>\$ 12,018</u>
Total Assets	<u>\$ 17,930</u>	<u>\$ 131,041</u>	<u>\$ 136,952</u>	<u>\$ 12,018</u>
Liabilities:				
Due to others	<u>\$ 17,930</u>	<u>\$ 131,041</u>	<u>\$ 136,952</u>	<u>\$ 12,018</u>
Total Liabilities	<u>\$ 17,930</u>	<u>\$ 131,041</u>	<u>\$ 136,952</u>	<u>\$ 12,018</u>
<u>COUNTY CLERK CIVIL ACCOUNT</u>				
Assets:				
Cash and investments	<u>\$ 3,919</u>	<u>\$ 60,360</u>	<u>\$ 56,090</u>	<u>\$ 8,189</u>
Total Assets	<u>\$ 3,919</u>	<u>\$ 60,360</u>	<u>\$ 56,090</u>	<u>\$ 8,189</u>
Liabilities:				
Due to others	<u>\$ 3,919</u>	<u>60,360</u>	<u>56,090</u>	<u>\$ 8,189</u>
Total Liabilities	<u>\$ 3,919</u>	<u>\$ 60,360</u>	<u>\$ 56,090</u>	<u>\$ 8,189</u>
<u>COUNTY CLERK PROBATE ACCOUNT</u>				
Assets:				
Cash and investments	<u>\$ 5,052</u>	<u>\$ 32,062</u>	<u>\$ 32,666</u>	<u>\$ 4,448</u>
Total Assets	<u>\$ 5,052</u>	<u>\$ 32,062</u>	<u>\$ 32,666</u>	<u>\$ 4,448</u>
Liabilities:				
Due to others	<u>\$ 5,052</u>	<u>\$ 32,062</u>	<u>\$ 32,666</u>	<u>\$ 4,448</u>
Total Liabilities	<u>\$ 5,052</u>	<u>\$ 32,062</u>	<u>\$ 32,666</u>	<u>\$ 4,448</u>
<u>COUNTY CLERK -GENEROSA RAMON - RECORD MANAGEMENT FUND</u>				
Assets:				
Cash and investments	<u>\$ 302,170</u>	<u>\$ 73,847</u>	<u>\$ 13,141</u>	<u>\$ 362,877</u>
Total Assets	<u>\$ 302,170</u>	<u>\$ 73,847</u>	<u>\$ 13,141</u>	<u>\$ 362,877</u>
Liabilities:				
Due to others	<u>\$ 302,170</u>	<u>\$ 73,847</u>	<u>\$ 13,141</u>	<u>\$ 362,877</u>
Total Liabilities	<u>\$ 302,170</u>	<u>\$ 73,847</u>	<u>\$ 13,141</u>	<u>\$ 362,877</u>
<u>COUNTY CLERK -GENEROSA RAMON - RECORD ARCHIVE FUND</u>				
Assets:				
Cash and investments	<u>\$ 300,779</u>	<u>\$ 69,701</u>	<u>\$ 88,020</u>	<u>\$ 282,460</u>
Total Assets	<u>\$ 300,779</u>	<u>\$ 69,701</u>	<u>\$ 88,020</u>	<u>\$ 282,460</u>
Liabilities:				
Due to others	<u>\$ 300,779</u>	<u>\$ 69,701</u>	<u>\$ 88,020</u>	<u>\$ 282,460</u>
Total Liabilities	<u>\$ 300,779</u>	<u>\$ 69,701</u>	<u>\$ 88,020</u>	<u>\$ 282,460</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL FIDUCIARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	10/1/2015	Additions	Deductions	9/30/2016
<u>COUNTY CLERK MISCELLANEOUS ACCOUNT</u>				
Assets:				
Cash and investments	\$ 30	\$ -	\$ -	\$ 30
Total Assets	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>
Liabilities:				
Due to others	\$ 30	\$ -	\$ -	\$ 30
Total Liabilities	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>
<u>COURT AT LAW ESCROW ACCOUNT</u>				
Assets:				
Cash and investments	\$ 15,144	\$ -	\$ -	\$ 15,144
Total Assets	<u>\$ 15,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,144</u>
Liabilities:				
Due to others	\$ 15,144	\$ -	\$ -	\$ 15,144
Total Liabilities	<u>\$ 15,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,144</u>
<u>COURT AT LAW CIVIL CASES</u>				
Assets:				
Cash and investments	\$ 34,421	\$ -	\$ -	\$ 34,421
Total Assets	<u>\$ 34,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,421</u>
Liabilities:				
Due to others	\$ 34,421	\$ -	\$ -	\$ 34,421
Total Liabilities	<u>\$ 34,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,421</u>
<u>COURT AT LAW CRIMINAL ACCOUNT</u>				
Assets:				
Cash and investments	\$ 2,044	\$ -	\$ -	\$ 2,044
Total Assets	<u>\$ 2,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,044</u>
Liabilities:				
Due to others	\$ 2,044	\$ -	\$ -	\$ 2,044
Total Liabilities	<u>\$ 2,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,044</u>
<u>COURT AT LAW JUSTICE TECHNOLOGY FEE</u>				
Assets:				
Cash and investments	\$ 2,361	\$ 804	\$ 1,834	\$ 1,331
Total Assets	<u>\$ 2,361</u>	<u>\$ 804</u>	<u>\$ 1,834</u>	<u>\$ 1,331</u>
Liabilities:				
Due to others	\$ 2,361	\$ 804	\$ 1,834	\$ 1,331
Total Liabilities	<u>\$ 2,361</u>	<u>\$ 804</u>	<u>\$ 1,834</u>	<u>\$ 1,331</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL FIDUCIARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>10/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/2016</u>
<u>DISTRICT CLERK COURT REPORTER</u>				
Assets:				
Cash and investments	\$ 52,038	\$ 1,772	\$ 13,552	\$ 40,258
Total Assets	<u>\$ 52,038</u>	<u>\$ 1,772</u>	<u>\$ 13,552</u>	<u>\$ 40,258</u>
Liabilities:				
Due to others	\$ 52,038	\$ 1,772	\$ 13,552	\$ 40,258
Total Liabilities	<u>\$ 52,038</u>	<u>\$ 1,772</u>	<u>\$ 13,552</u>	<u>\$ 40,258</u>
<u>DISTRICT CLERK COURT COSTS</u>				
Assets:				
Cash and investments	\$ 135,974	\$ 394,628	\$ 254,508	\$ 276,093
Total Assets	<u>\$ 135,974</u>	<u>\$ 394,628</u>	<u>\$ 254,508</u>	<u>\$ 276,093</u>
Liabilities:				
Due to others	\$ 135,974	\$ 394,628	\$ 254,508	\$ 276,093
Total Liabilities	<u>\$ 135,974</u>	<u>\$ 394,628</u>	<u>\$ 254,508</u>	<u>\$ 276,093</u>
<u>DISTRICT CLERK REGISTRY ACCOUNTS</u>				
Assets:				
Cash and investments	\$ 298,172	\$ 434,742	\$ 127,805	\$ 605,108
Total Assets	<u>\$ 298,172</u>	<u>\$ 434,742</u>	<u>\$ 127,805</u>	<u>\$ 605,108</u>
Liabilities:				
Due to others	\$ 298,172	\$ 434,742	\$ 127,805	\$ 605,108
Total Liabilities	<u>\$ 298,172</u>	<u>\$ 434,742</u>	<u>\$ 127,805</u>	<u>\$ 605,108</u>
<u>DISTRICT CLERK - MOP 2006 COURT COSTS</u>				
Assets:				
Cash and investments	\$ 71,586	\$ -	\$ -	\$ 71,586
Total Assets	<u>\$ 71,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,586</u>
Liabilities:				
Due to others	\$ 71,586	\$ -	\$ -	\$ 71,586
Total Liabilities	<u>\$ 71,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,586</u>
<u>DISTRICT CLERK - MOP REGISTRY ACCOUNT</u>				
Assets:				
Cash and investments	\$ 65,028	\$ -	\$ -	\$ 65,028
Total Assets	<u>\$ 65,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,028</u>
Liabilities:				
Due to others	\$ 65,028	\$ -	\$ -	\$ 65,028
Total Liabilities	<u>\$ 65,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,028</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL FIDUCIARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	10/1/2015	Additions	Deductions	9/30/2016
<u>JUSTICE OF THE PEACE 1</u>				
Assets:				
Cash and investments	\$ 11,891	\$ 94,290	\$ 96,315	\$ 9,866
Total Assets	<u>\$ 11,891</u>	<u>\$ 94,290</u>	<u>\$ 96,315</u>	<u>\$ 9,866</u>
Liabilities:				
Due to others	\$ 11,891	\$ 94,290	\$ 96,315	\$ 9,866
Total Liabilities	<u>\$ 11,891</u>	<u>\$ 94,290</u>	<u>\$ 96,315</u>	<u>\$ 9,866</u>
<u>JUSTICE OF THE PEACE 2</u>				
Assets:				
Cash and investments	\$ 20,405	\$ 198,094	\$ 209,289	\$ 9,210
Total Assets	<u>\$ 20,405</u>	<u>\$ 198,094</u>	<u>\$ 209,289</u>	<u>\$ 9,210</u>
Liabilities:				
Due to others	\$ 20,405	\$ 198,094	\$ 209,289	\$ 9,210
Total Liabilities	<u>\$ 20,405</u>	<u>\$ 198,094</u>	<u>\$ 209,289</u>	<u>\$ 9,210</u>
<u>JUSTICE OF THE PEACE 3</u>				
Assets:				
Cash and investments	\$ 33,829	\$ 217,601	\$ 222,200	\$ 29,231
Total Assets	<u>\$ 33,829</u>	<u>\$ 217,601</u>	<u>\$ 222,200</u>	<u>\$ 29,231</u>
Liabilities:				
Due to others	\$ 33,829	\$ 217,601	\$ 222,200	\$ 29,231
Total Liabilities	<u>\$ 33,829</u>	<u>\$ 217,601</u>	<u>\$ 222,200</u>	<u>\$ 29,231</u>
<u>JUSTICE OF THE PEACE 4</u>				
Assets:				
Cash and investments	\$ 7,506	\$ 70,261	\$ 73,364	\$ 4,403
Total Assets	<u>\$ 7,506</u>	<u>\$ 70,261</u>	<u>\$ 73,364</u>	<u>\$ 4,403</u>
Liabilities:				
Due to others	\$ 7,506	\$ 70,261	\$ 73,364	\$ 4,403
Total Liabilities	<u>\$ 7,506</u>	<u>\$ 70,261</u>	<u>\$ 73,364</u>	<u>\$ 4,403</u>
<u>COUNTY ATTORNEY PRE-TRIAL DIVERSION</u>				
Assets:				
Cash and investments	\$ 8,914	\$ 20,509	\$ 1,298	\$ 28,125
Total Assets	<u>\$ 8,914</u>	<u>\$ 20,509</u>	<u>\$ 1,298</u>	<u>\$ 28,125</u>
Liabilities:				
Due to others	\$ 8,914	\$ 20,509	\$ 1,298	\$ 28,125
Total Liabilities	<u>\$ 8,914</u>	<u>\$ 20,509</u>	<u>\$ 1,298</u>	<u>\$ 28,125</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL FIDUCIARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	10/1/2015	Additions	Deductions	9/30/2016
<u>COUNTY ATTORNEY COLLECTION ACCOUNT</u>				
Assets:				
Cash and investments	\$ 24,344	\$ 1,966	\$ 791	\$ 25,518
Total Assets	<u>\$ 24,344</u>	<u>\$ 1,966</u>	<u>\$ 791</u>	<u>\$ 25,518</u>
Liabilities:				
Due to others	\$ 24,344	\$ 1,966	\$ 791	\$ 25,518
Total Liabilities	<u>\$ 24,344</u>	<u>\$ 1,966</u>	<u>\$ 791</u>	<u>\$ 25,518</u>
<u>COUNTY ATTORNEY MERCHANT ACCOUNT</u>				
Assets:				
Cash and investments	\$ 17,382	\$ 18,338	\$ 18,524	\$ 17,196
Total Assets	<u>\$ 17,382</u>	<u>\$ 18,338</u>	<u>\$ 18,524</u>	<u>\$ 17,196</u>
Liabilities:				
Due to others	\$ 17,382	\$ 18,338	\$ 18,524	\$ 17,196
Total Liabilities	<u>\$ 17,382</u>	<u>\$ 18,338</u>	<u>\$ 18,524</u>	<u>\$ 17,196</u>
<u>TAX ASSESSOR PROPERTY TAX</u>				
Assets:				
Cash and investments	\$ 485,939	\$ 35,233,393	\$ 35,280,464	\$ 438,868
Total Assets	<u>\$ 485,939</u>	<u>\$ 35,233,393</u>	<u>\$ 35,280,464</u>	<u>\$ 438,868</u>
Liabilities:				
Due to others	\$ 485,939	\$ 35,233,393	\$ 35,280,464	\$ 438,868
Total Liabilities	<u>\$ 485,939</u>	<u>\$ 35,233,393</u>	<u>\$ 35,280,464</u>	<u>\$ 438,868</u>
<u>TAX ASSESSOR ESCROW ACCOUNT #2</u>				
Assets:				
Cash and investments	\$ 141,219	\$ 95,903	\$ 94,618	\$ 142,504
Total Assets	<u>\$ 141,219</u>	<u>\$ 95,903</u>	<u>\$ 94,618</u>	<u>\$ 142,504</u>
Liabilities:				
Due to others	\$ 141,219	\$ 95,903	\$ 94,618	\$ 142,504
Total Liabilities	<u>\$ 141,219</u>	<u>\$ 95,903</u>	<u>\$ 94,618</u>	<u>\$ 142,504</u>
<u>TAX ASSESSOR VIT ESCROW ACCOUNT</u>				
Assets:				
Cash and investments	\$ 233,991	\$ 281,994	\$ 287,049	\$ 228,936
Total Assets	<u>\$ 233,991</u>	<u>\$ 281,994</u>	<u>\$ 287,049</u>	<u>\$ 228,936</u>
Liabilities:				
Due to others	\$ 233,991	\$ 281,994	\$ 287,049	\$ 228,936
Total Liabilities	<u>\$ 233,991</u>	<u>\$ 281,994</u>	<u>\$ 287,049</u>	<u>\$ 228,936</u>
<u>TAX ASSESSOR COLLECTOR OF TAXES</u>				
Assets:				
Cash and investments	\$ 174,325	\$ 10,622,172	\$ 10,511,350	\$ 285,147
Total Assets	<u>\$ 174,325</u>	<u>\$ 10,622,172</u>	<u>\$ 10,511,350</u>	<u>\$ 285,147</u>
Liabilities:				
Due to others	\$ 174,325	\$ 10,622,172	\$ 10,511,350	\$ 285,147
Total Liabilities	<u>\$ 174,325</u>	<u>\$ 10,622,172</u>	<u>\$ 10,511,350</u>	<u>\$ 285,147</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL FIDUCIARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	10/1/2015	Additions	Deductions	9/30/2016
<u>SHERIFF'S ACCOUNT</u>				
Assets:				
Cash and investments	\$ 15,674	\$ 208,672	\$ 208,652	\$ 15,694
Total Assets	<u>\$ 15,674</u>	<u>\$ 208,672</u>	<u>\$ 208,652</u>	<u>\$ 15,694</u>
Liabilities:				
Due to others	\$ 15,674	\$ 208,672	\$ 208,652	\$ 15,694
Total Liabilities	<u>\$ 15,674</u>	<u>\$ 208,672</u>	<u>\$ 208,652</u>	<u>\$ 15,694</u>
<u>SHERIFF'S ACCOUNT EIGHT LINERS</u>				
Assets:				
Cash and investments	\$ 63	\$ -	\$ -	\$ 63
Total Assets	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63</u>
Liabilities:				
Due to others	\$ 63	\$ -	\$ -	\$ 63
Total Liabilities	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63</u>
<u>SHERIFF'S ACCOUNT FORFEITURE DOJ ACCOUNT</u>				
Assets:				
Cash and investments	\$ 20,675	\$ 7	\$ 11,607	\$ 9,074
Total Assets	<u>\$ 20,675</u>	<u>\$ 7</u>	<u>\$ 11,607</u>	<u>\$ 9,074</u>
Liabilities:				
Due to others	\$ 20,675	\$ 7	\$ 11,607	\$ 9,074
Total Liabilities	<u>\$ 20,675</u>	<u>\$ 7</u>	<u>\$ 11,607</u>	<u>\$ 9,074</u>
<u>SHERIFF'S ACCOUNT TEXAS FORFEITURE ACCOUNT</u>				
Assets:				
Cash and investments	45	-	\$ -	45
Total Assets	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45</u>
Liabilities:				
Due to others	45	\$ -	\$ -	45
Total Liabilities	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45</u>
<u>SHERIFF'S ACCOUNT CASH BONDS</u>				
Assets:				
Cash and investments	2,000	\$ -	\$ -	2,000
Total Assets	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>
Liabilities:				
Due to others	2,000	\$ -	\$ -	2,000
Total Liabilities	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL FIDUCIARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	10/1/2015	Additions	Deductions	9/30/2016
<u>SHERIFF'S ACCOUNT TUSC ACCOUNT</u>				
Assets:				
Cash and investments	\$ 15,058	\$ 2,206	\$ 7,356	\$ 9,908
Total Assets	<u>\$ 15,058</u>	<u>\$ 2,206</u>	<u>\$ 7,356</u>	<u>\$ 9,908</u>
Liabilities:				
Due to others	\$ 15,058	\$ 2,206	\$ 7,356	\$ 9,908
Total Liabilities	<u>\$ 15,058</u>	<u>\$ 2,206</u>	<u>\$ 7,356</u>	<u>\$ 9,908</u>
<u>SHERIFF'S RESERVE DEPUTY UNIT</u>				
Cash and investments	\$ 9,008	\$ 100	\$ 3,627	\$ 5,481
Total Assets	<u>\$ 9,008</u>	<u>\$ 100</u>	<u>\$ 3,627</u>	<u>\$ 5,481</u>
Liabilities:				
Due to others	\$ 9,008	\$ 100	\$ 3,627	\$ 5,481
Total Liabilities	<u>\$ 9,008</u>	<u>\$ 100</u>	<u>\$ 3,627</u>	<u>\$ 5,481</u>
<u>COUNTY WELFARE</u>				
Assets:				
Cash and investments	\$ 25,640	\$ 1,468	\$ 2,767	\$ 24,341
Total Assets	<u>\$ 25,640</u>	<u>\$ 1,468</u>	<u>\$ 2,767</u>	<u>\$ 24,341</u>
Liabilities:				
Due to others	\$ 25,640	\$ 1,468	\$ 2,767	\$ 24,341
Total Liabilities	<u>\$ 25,640</u>	<u>\$ 1,468</u>	<u>\$ 2,767</u>	<u>\$ 24,341</u>
<u>DISTRICT CLERK RECORD PRESERVATION</u>				
Assets:				
Cash and investments	\$ 24,696	\$ -	\$ -	\$ 24,696
Total Assets	<u>\$ 24,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,696</u>
Liabilities:				
Due to others	\$ 24,696	\$ -	\$ -	\$ 24,696
Total Liabilities	<u>\$ 24,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,696</u>
<u>JUSTICE OF PEACE 1 TECHNOLOGY FUND</u>				
Assets:				
Cash and investments	\$ 5,563	\$ 1,613	\$ 152	\$ 7,024
Total Assets	<u>\$ 5,563</u>	<u>\$ 1,613</u>	<u>\$ 152</u>	<u>\$ 7,024</u>
Liabilities:				
Due to others	\$ 5,563	\$ 1,613	\$ 152	\$ 7,024
Total Liabilities	<u>\$ 5,563</u>	<u>\$ 1,613</u>	<u>\$ 152</u>	<u>\$ 7,024</u>
<u>JUSTICE OF PEACE 2 TECHNOLOGY FUND</u>				
Assets:				
Cash and investments	\$ 10,037	\$ 4,146	\$ 5,219	\$ 8,965
Total Assets	<u>\$ 10,037</u>	<u>\$ 4,146</u>	<u>\$ 5,219</u>	<u>\$ 8,965</u>
Liabilities:				
Due to others	\$ 10,037	\$ 4,146	\$ 5,219	\$ 8,965
Total Liabilities	<u>\$ 10,037</u>	<u>\$ 4,146</u>	<u>\$ 5,219</u>	<u>\$ 8,965</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL FIDUCIARY FUNDS
(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

JUSTICE OF PEACE 3 TECHNOLOGY FUND

Assets:

Cash and investments	\$ 8,839	\$ 3,557	\$ 95	\$ 12,301
Total Assets	<u>\$ 8,839</u>	<u>\$ 3,557</u>	<u>\$ 95</u>	<u>\$ 12,301</u>

Liabilities:

Due to others	\$ 8,839	\$ 3,557	\$ 95	\$ 12,301
Total Liabilities	<u>\$ 8,839</u>	<u>\$ 3,557</u>	<u>\$ 95</u>	<u>\$ 12,301</u>

JUSTICE OF PEACE 4 TECHNOLOGY FUND

Assets:

Cash and investments	\$ 6,576	\$ 1,114	\$ 2,533	\$ 5,157
Total Assets	<u>\$ 6,576</u>	<u>\$ 1,114</u>	<u>\$ 2,533</u>	<u>\$ 5,157</u>

Liabilities:

Due to others	\$ 6,576	\$ 1,114	\$ 2,533	\$ 5,157
Total Liabilities	<u>\$ 6,576</u>	<u>\$ 1,114</u>	<u>\$ 2,533</u>	<u>\$ 5,157</u>

COUNTY CLERK TRUST FUND

Assets:

Cash and investments	\$ 81,726	\$ 43,393	\$ 27,877	\$ 97,242
Total Assets	<u>\$ 81,726</u>	<u>\$ 43,393</u>	<u>\$ 27,877</u>	<u>\$ 97,242</u>

Liabilities:

Due to others	\$ 81,726	\$ 43,393	\$ 27,877	\$ 97,242
Total Liabilities	<u>\$ 81,726</u>	<u>\$ 43,393</u>	<u>\$ 27,877</u>	<u>\$ 97,242</u>

ELECTION SERVICE CONTRACT

Assets:

Cash and investments	\$ 6,195	\$ 57,813	\$ 53,187	\$ 10,821
Total Assets	<u>\$ 6,195</u>	<u>\$ 57,813</u>	<u>\$ 53,187</u>	<u>\$ 10,821</u>

Liabilities:

Due to others	\$ 6,195	\$ 57,813	\$ 53,187	\$ 10,821
Total Liabilities	<u>\$ 6,195</u>	<u>\$ 57,813</u>	<u>\$ 53,187</u>	<u>\$ 10,821</u>

VAL VERDE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
 LIABILITIES - ALL FIDUCIARY FUNDS
 (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

DISTRICT CLERK RECORD ARCHIVE

Assets:

Cash and investments	\$ 16,445	\$ 1,510	\$ -	\$ 17,955
Total Assets	<u>\$ 16,445</u>	<u>\$ 1,510</u>	<u>\$ -</u>	<u>\$ 17,955</u>

Liabilities:

Due to others	\$ 16,445	\$ 1,510	\$ -	\$ 17,955
Total Liabilities	<u>\$ 16,445</u>	<u>\$ 1,510</u>	<u>\$ -</u>	<u>\$ 17,955</u>

TOTAL-AGENCY FUNDS

Assets:

Cash and investments	\$ 2,743,660	\$ 48,708,022	\$ 48,175,414	\$ 3,276,269
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Total assets	<u>\$ 2,743,660</u>	<u>\$ 48,708,022</u>	<u>\$ 48,175,414</u>	<u>\$ 3,276,269</u>
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Liabilities:

Due to others	\$ 2,743,661	\$ 48,708,022	\$ 48,175,414	\$ 3,276,269
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Total liabilities	<u>\$ 2,743,661</u>	<u>\$ 48,708,022</u>	<u>\$ 48,175,414</u>	<u>\$ 3,276,269</u>
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STATISTICAL SECTION

VAL VERDE COUNTY, TEXAS
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST EIGHT FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government	\$ 29,198,134	\$31,812,165	\$32,199,908	\$ 30,716,829	\$ 32,388,331	\$ 29,129,708	\$ 28,464,724	\$ 29,525,712
Public safety	5,151,850	4,713,489	4,602,634	3,794,558	4,275,125	5,814,134	3,944,982	5,013,805
Judicial	1,509,882	1,471,807	1,533,477	1,424,295	1,563,253	1,496,456	1,311,948	1,331,200
Public works	-	-	24,176	20,431	19,925	18,615	603,647	1,525,405
Public facilities	1,978,411	1,187,430	1,297,788	805,352	1,169,173	736,170	57,492	49,381
Legal	662,112	673,454	514,428	493,827	495,575	495,479	426,053	366,633
Highways and streets	807,394	3,517,124	2,767,175	2,878,894	13,310,130	1,945,640	1,519,546	1,627,446
Health and welfare	1,095,067	1,143,242	2,279,491	452,048	468,568	611,067	628,319	1,368,179
Culture and recreation	565,335	619,615	647,545	728,707	799,923	773,470	679,250	750,975
Corrections and rehabilitation	97,153	-	-	-	-	-	-	-
Debt service - interest on debt	<u>1,139,619</u>	<u>1,321,745</u>	<u>1,256,458</u>	<u>1,230,133</u>	<u>1,103,435</u>	<u>62,328</u>	<u>67,447</u>	<u>67,013</u>
 TOTAL	 <u>\$ 42,204,957</u>	 <u>\$ 46,460,071</u>	 <u>\$ 47,123,081</u>	 <u>\$ 42,545,074</u>	 <u>\$ 55,593,438</u>	 <u>\$ 41,083,067</u>	 <u>\$ 37,703,408</u>	 <u>\$ 41,625,749</u>

Note: * GASB 34 was not in effect. No data available.

VAL VERDE COUNTY

GOVERNMENT-WIDE REVENUES

LAST EIGHT FISCAL YEARS

PROGRAM REVENUES			GENERAL REVENUES		
Fiscal Year	Charges for Services	Operating Grants and Contributions	Taxes	Interest	Miscellaneous
2016	\$ 3,030,152	\$ 28,034,841	\$ 12,903,564	\$ 31,094	\$ 301,545
2015	2,636,145	30,370,703	12,189,176	27,690	413,784
2014	3,263,423	31,449,773	11,352,293	21,454	1,195,217
2013	2,665,576	27,875,151	10,706,043	12,130	997,068
2012	2,870,191	38,353,529	10,488,345	14,372	151,533
2011	3,214,399	27,955,547	9,968,683	100	310,352
2010	3,096,100	23,958,527	9,559,667	13,975	66,169
2009	8,703,473	23,291,666	9,758,138	21,255	474,814

Note: * GASB 34 was not in effect for years prior to 2009. No data available

VAL VERDE COUNTY, TEXAS

**EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES**

**LAST TEN FISCAL YEARS
(Unaudited)**

FUNCTION	2016	2015	2014	2013
General government	\$ 30,363,648	\$ 31,184,169	\$ 31,397,040	\$ 29,201,513
Judicial	1,449,890	1,408,847	1,460,950	1,363,005
Legal	642,179	652,535	490,252	473,396
Public safety	4,912,269	4,608,692	4,312,524	4,557,005
Health and welfare	1,075,134	1,080,282	2,206,964	390,758
Highway and streets	707,536	3,265,692	2,646,296	2,776,743
Culture and recreation	525,276	577,574	599,194	687,848
Public facilities	1,918,419	1,166,512	1,297,788	805,352
Corrections and rehabilitatio	97,153	-	-	-
Redemption of principal	3,505,000	3,445,000	2,800,000	2,500,000
Debt service interest other cl	1,188,122	1,298,520	1,177,803	1,204,440
Capital leases	<u>176,175</u>	<u>158,703</u>	<u>115,936</u>	<u>125,105</u>
Totals	\$ <u>46,560,801</u>	\$ <u>48,846,526</u>	\$ <u>48,504,747</u>	\$ <u>44,085,165</u>

	2012		2011		2010		2009		2008		2007
\$	31,074,205	\$	28,536,710	\$	26,871,092	\$	28,377,690	\$	25,778,151	\$	25,277,697
	1,503,480		1,440,612		1,311,948		1,274,281		1,306,886		1,321,520
	475,650		476,864		426,053		350,957		364,137		388,541
	4,323,502		6,367,742		4,179,771		5,015,161		3,059,597		3,125,504
	408,795		147,825		628,319		1,309,679		66,195		64,276
	13,210,508		2,204,121		2,192,061		3,581,693		1,435,452		1,376,125
	760,074		736,241		679,250		718,865		690,455		869,718
	1,169,173		736,170		57,492		47,270		-		-
	-		-		-		-		-		-
	910,000		185,000		345,000		335,000		615,000		615,000
	1,087,160		3,904		67,447		67,013		53,545		65,883
	<u>153,209</u>		<u>209,129</u>		<u>173,340</u>		<u>132,759</u>		<u>95,032</u>		<u>71,738</u>
\$	<u>55,075,756</u>	\$	<u>41,044,318</u>	\$	<u>36,931,773</u>	\$	<u>41,210,368</u>	\$	<u>33,464,450</u>	\$	<u>33,176,002</u>

VAL VERDE COUNTY, TEXAS

REVENUES BY SOURCES
ALL GOVERNMENTAL FUND TYPES

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended	Taxes		Intergovernmental		Fee of Offices		Fines and Forfeitures		Interest		Miscellaneous		Total	
2016	\$	12,869,695	\$	28,034,841	\$	3,015,399	\$	14,753	\$	31,094	\$	322,580	\$	44,288,362
2015		12,170,846		30,149,493		2,615,038		21,107		27,690		658,429		45,642,603
2014		11,186,858		31,430,735		3,204,060		19,976		21,454		1,215,229		47,078,312
2013		10,780,903		27,875,151		2,645,057		20,518		12,130		1,032,484		42,366,243
2012		10,488,345		38,802,568		2,850,104		20,086		14,372		151,533		52,327,008
2011		10,102,502		27,955,547		2,945,371		-		20,706		579,379		41,603,505
2010		9,559,667		23,958,527		2,668,936		-		13,975		493,333		36,694,438
2009		9,758,138		23,291,666		1,947,225		422,628		21,255		6,658,711		42,099,623
2008		8,636,346		19,712,321		2,331,272		585,396		103,101		2,385,253		33,753,689
2007		8,615,564		22,068,990		2,236,879		506,513		110,603		278,978		33,817,527

VAL VERDE COUNTY, TEXAS

PROPERTY TAX RATES

**LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Interest & Sinking Fund</u>	<u>Farm to Market Fund</u>	<u>Hospital</u>	<u>Total Tax Rate</u>
2016	\$ 0.3888	\$ 0.0930	\$ 0.0180	\$ -	\$ 0.4998
2015	0.3888	0.0930	0.0180	-	0.4998
2014	0.3657	0.0800	0.0180	-	0.4637
2013	0.3657	0.0800	0.0180	-	0.4637
2012	0.3657	0.0800	0.0180	-	0.4637
2011	0.3657	0.0800	0.0180	-	0.4637
2010	0.3657	0.0800	0.0180	-	0.4637
2009	0.3657	0.0800	0.0180	-	0.4637
2008	0.3680	0.0800	0.0180	-	0.4660
2007	0.3680	0.0800	0.0180	-	0.4660

VAL VERDE COUNTY, TEXAS

ASSESSED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year Ended September 30,</u>	<u>Real Property</u>	<u>Total</u>
2016	\$ 2,233,444,048	\$ 2,233,444,048
2015	2,105,180,781	2,105,180,781
2014	2,042,432,896	2,042,432,896
2013	1,921,668,780	1,921,668,780
2012	1,904,886,027	1,904,886,027
2011	1,842,766,566	1,842,766,566
2010	1,710,477,503	1,710,477,503
2009	1,574,948,215	1,574,948,215
2008	1,630,746,974	1,630,746,974
2007	1,411,261,756	1,411,261,756

FEDERAL AWARDS SECTION



PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

The Honorable County Judge and
Commissioners' Court
Val Verde County, Texas

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

Internal Control over Financial Reporting

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

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

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**Governmental Audit
Quality Center**

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Val Verde County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which we have reported to management of the County in a separate letter dated June 30, 2017.

Purpose of this Report

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

Pattillo, Brown & Hill, C.P.A.

Brownsville, Texas
June 30, 2017



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE
OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

To the Honorable County Judge and
the Honorable County Commissioners
Val Verde County, Texas

Report on Compliance for Each Major Federal Program

We have audited Val Verde County, Texas' ("the County's") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the State of Texas *Uniform Grants Management Standards* that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2016. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

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

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

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

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

Pattillo, Brown & Hill, LLP

Brownsville, Texas

June 30, 2017

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2016

Federal Grantor/Pass-Through Grant/ Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
<u>U.S. Department of Housing & Urban Development</u>			
<i>Pass Through Texas Department of Agriculture:</i>			
Community Development Block Grant - Comstock	14.228	713125	\$ 389,600
Community Development Block Grant - Comstock	14.228	713076	217,424
Community Development Block Grant - Comstock	14.228	713157	4,000
Community Development Block Grant - Comstock	14.228	713479	98,755
Community Development Block Grant - Comstock	14.228	7215499	125,750
Community Development Block Grant - Selp Help Center	14.228	7214013	109,887
Total U.S. Department of Housing & Urban Development			<u>945,416</u>
<u>U.S. Department of Agriculture</u>			
USDA-Livestock Pens	10.025	15-9100-1520-GR	<u>105,026</u>
Total U.S. Department of Agriculture			<u>105,026</u>
<u>U.S. Department of Homeland Security</u>			
<i>Pass Through Office of the Governor - Emergency Management Division:</i>			
Homeland Security Grants (Operation Stonegarden 2014)	97.067	15-DRTDRT-12-001	440,840
Homeland Security Grants (Operation Stonegarden 2015)	97.067	16-DRTDRT-12-005	72,941
Total U.S. Department of Homeland Security			<u>513,781</u>
<u>Executive Office of the President</u>			
<i>Pass Through Office of the National Drug Control Policy & Through the South Texas HIDTA Assistance Center:</i>			
HIDTA Intel '15 Amistad Intelligence Center	95.001	G15SS0008A	103,677
HIDTA Del Rio Task Force 2015	95.001	G15SS0008A	54,248
HIDTA Eagle Pass Task Force 2015	95.001	G15SS0008A	45,686
HIDTA Intel '16 Amistad Intelligence Center	95.001	G16SS0008A	3,970
HIDTA Del Rio Task Force 2016	95.001	G16SS0008A	11,084
HIDTA Eagle Pass Task Force 2016	95.001	G16SS0008A	24,199
Total Executive Office of the President			<u>242,864</u>
Total Federal Awards			<u>\$ 1,807,087</u>

VAL VERDE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2016

State Grantor/Pass-Through Grant/ Program Title	Grant Number	State Expenditures
<u>STATE OF TEXAS</u>		
<i>Texas Department of Transportation:</i>		
Coordinated Border Infrastructure-Frontera Road	CSJ: 099-11-032	\$ 36,409
Grant Amistad Acres	0922-11-038	15,900
County Transportation Infrastructure Fund Grant	CTIF 01-233	13,599
Total Texas Department of Transportation		<u>65,908</u>
<i>Texas Department of State Health Services:</i>		
Discretionary Indigent Defense Fund	FY 2013	31,233
Total Texas Department of State Health Services		<u>31,233</u>
<i>National Park Service:</i>		
National Park Service	H7100100001	
Grant	(FBMC No. P16AC00035)	35,000
Total National Park Service		<u>35,000</u>
<i>Texas A&M Forest Service:</i>		
Texas A&M Forest Service Grant	503686	44,245
Total Texas A&M Forest Service		<u>44,245</u>
<i>Office of the Governor - Criminal Justice Division</i>		
DWI/Drug Court Grant	2881201	97,153
Total Office of the Governor - Criminal Justice Division		<u>97,153</u>
<i>Office of the Governor</i>		
Defense Economic Adjustment Assistance - West Gate Grant	DEAAG-01	519,412
Total Office of the Governor		<u>519,412</u>
<i>Office of the Governor - Division of Emergency Management:</i>		
Local Border Security FY 12 (LBSP 12)	Local Border Security Program (LBSP-15)	13,327
Local Border Security FY 12 (LBSP 12)	Local Border Security Program (LBSP-16)	104,711
Administered by Texas Border Sheriff's Coalition		
Total Office of the Governor Division of Emergency Management		<u>118,038</u>
<i>Bureau of Justice Assistance (BJA):</i>		
Bullet Proof Vest Partnership Grant (BVP)	FY -2016 Bullet Proof Vest	748
Total Bureau of Justice Assistance (BJA)		<u>748</u>
<i>Office of the Governor - Homeland Security Division</i>		
Border Prosecution Unit	2537705	43,636
Total Office of the Governor - Homeland Security Division		<u>43,636</u>
Total State Awards		<u>\$ 955,373</u>

VAL VERDE COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2016

1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state financial assistance programs of Val Verde County, Texas, for the year ended September 30, 2016. The County's reporting entity is defined in Note 1 to the County's financial statements. Federal financial assistance received directly from federal agencies and other agencies are included in the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements.

3. INDIRECT COSTS

The County did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

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

I. Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unmodified
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Internal control over financial reporting:

Material weakness(es) identified?	No
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Significant deficiency(ies) identified?	None reported
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Noncompliance material to financial statements noted?	None
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Federal and State Awards:

Internal control over major programs:

Material weakness(es) identified?	No
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Significant deficiency(ies) identified?	None reported
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Type of auditors' report issued on compliance for major federal and state programs	Unmodified
--	------------

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of Uniform Guidance or Texas Uniform Grant Management Standards?	None
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Identification of major federal and state programs:

<u>CFDA Number:</u>	<u>Name of Federal or State Program:</u>
14.228	Community Development Block Grant
95.001	High Intensity Drug Trafficking Area (HIDTA)
State	Defense Economic Adjustment Assistance Grant

Dollar threshold used to distinguish between type A and type B federal programs	\$ 750,000
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Dollar threshold used to distinguish between type A and B type state programs	\$ 300,000
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Auditee qualified as low-risk auditee:

Uniform Guidance	Yes
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Texas Uniform Grant Management Standards	Yes
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II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

III. Findings and Questioned Costs for Federal Awards

None

IV. Findings and Questioned Costs for State Awards

None

VAL VERDE COUNTY, TEXAS

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Item 2015-01

Bank Reconciliations

Criteria:	The County did not properly reconcile bank accounts to the general ledger at year end. The County had outstanding transactions that were not reconciled.
Condition:	Bank reconciliations for bank accounts were not properly reconciled to the general ledger. However, after several journal entries the accounts were reconciled to reflect appropriate balances at year end.
Effect:	The County's general ledger did not reflect an accurate cash balance at year end and there is a possibility that errors went undetected for periods of time.
Recommendation:	Bank reconciliations should be prepared and reviewed in a timely manner in order to ensure that errors or irregularities are detected and corrected.
Current Year Status:	Improvement noted.

Item 2015-02

Interfund Receivables and Payables

Condition:	The County has numerous transactions between funds which involve receipts and disbursements by one fund for amounts for another. Those transactions which require one fund to reimburse another are classified in the balance sheets of the various funds as "due to/due from other funds," as appropriate.
Criteria:	The County has not engaged in a formal process to assess interfund payables and receivables.
Effect:	Transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County, are accounted for as revenues, expenditures, or expenses in the funds involved.
Recommendation:	We recommend that a formal assessment of interfund balances occur on a quarterly basis.
Current Year Status:	Improvement noted.

VAL VERDE COUNTY, TEXAS

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Item 2015-03

Closing of Financial Statements

Criteria:	Controls relative to timely close-out of financial statements at year-end should be in place, in order to provide management and other third-party stakeholders with the necessary financial information to make appropriate decisions, and to ensure compliance with state reporting deadlines.
Condition:	Time lapsed after year-end before the financial statements were properly closed-out. Additionally, significant adjustments were necessary across various financial statement accounts in order for the financial statements to be presented in accordance with generally accepted accounting principles (GAAP).
Effect:	Financial statements prepared on a monthly basis and at year-end were not closed-out properly and did not present the County's financial position, or operations in accordance with GAAP.
Recommendation:	The County should review its internal controls relating to financial statement accounting and reporting to ensure that timely financial statements in accordance with GAAP are prepared and available for management use, as well as for audit purposes.
Current Year Status:	No exceptions noted.

Item 2015-04

Unrecorded Bank Account

Condition:	The County has been receiving a monthly bank statement with a \$942,000 balance for six months, however the balance was not reflected on the County's financial records. The account is to pay for grant related expenses which have not been brought to the County for payment. Subsequent to year-end a journal entry was posted to reflect monies at hand at year-end.
Criteria:	The County should record cash accounts owned by the County in the general ledger in a timely basis.
Effect:	The County does not have proper controls over its bank accounts and the financial information is not properly stated if they are not properly recorded in the general ledger.
Recommendation:	The County should record the bank account in the general ledger and reconcile the account on a monthly basis.
Current Year Status:	No exceptions noted.