

AUSTIN COUNTY, TEXAS

Annual Financial Report

For the fiscal year ended

September 30, 2017

Austin County, Texas  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2017

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## FINANCIAL SECTION

**BEYER & Co.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Wayne R. Beyer, C.P.A.

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**INDEPENDENT AUDITOR'S REPORT**

To the County Judge and Commissioners' Court  
Austin County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Austin County, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

## **Basis for Qualified Opinion**

We were unable to satisfy ourselves as to the correctness of the beginning and ending GASB 68 receivables amounts.

## **Qualified Opinion**

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position the governmental activities, each major fund, and the aggregate remaining fund information of Austin County, Texas, as of September 30, 2017, the changes in financial position, and 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 and the Employees Retirement System Information on pages 3–12, and 66-70 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 Austin County, Texas’ basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



BEYER & COMPANY  
Certified Public Accountants  
October 7, 2018

## Management's Discussion and Analysis

As management of Austin County, Texas, we offer readers of Austin County, Texas' financial statements this narrative overview and analysis of the financial activities of Austin County, Texas for the fiscal year ended September 30, 2017.

### Financial Highlights

- . The assets of Austin County, Texas, exceeded its liabilities at the close of the most recent fiscal year by \$28,366,169 (Net Position). Of this amount, \$11,131,824 or 39% (unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total Net Position increased by \$1,763,653. This increase is mainly attributable to the following: The ad valorem taxes increased by \$994,471 and the County received capital grants of \$504,039.
- . Austin County, Texas' total restricted Net Position at September 30, 2017 is \$6,564,011 or 22% of Net Position.
- . Austin County, Texas' total debt decreased by \$147,893 (2 percent) during the current fiscal year. The key factor is the payment of bond and capital lease principle of \$255,000.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Austin County, Texas' basic financial statements. Austin County, Texas' basic 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 Austin County, Texas' finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements distinguish functions of Austin County, Texas that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Austin County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. The business-type activities of Austin County, Texas include the Internal Service Fund.

The government-wide financial statements include only Austin County, Texas itself (known as the primary government).

The government-wide financial statements can be found on pages 13-14 of this report.

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

*Governmental funds:*

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

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

Austin County, Texas maintains forty-three (43) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the F/M and lateral fund, and the road and bridge fund each of which are considered to be major funds. Data from the other forty (40) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Austin County, Texas adopts an annual appropriated budget for its general fund, the F/M and lateral fund, and the road and bridge fund. A budgetary comparison statement has been provided for the general fund, road and bridge fund. The F/M and lateral fund, and the basic governmental fund financial statements can be found on pages 15-22 of this report.

Proprietary funds: Austin County maintains one type of proprietary fund. The Internal Service Fund for Austin County, Texas, consists solely of the Employee Insurance Fund. This fund was created to provide coverage for employee health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Austin County, Texas also has seven agency funds which are fiduciary fund types. The fiduciary fund types can be found on page 27 of this report.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-65 of this report.

*Other information:*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Austin County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 66-70 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds, and the fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 71-74 and on page 75 of this report.



## Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of Austin County, Texas, assets exceeded liabilities by \$28,366,169 at the close of the most recent fiscal year.

### AUSTIN COUNTY, TEXAS NET POSITION

	Governmental Activities		Total	
	2017	2016	2017	2016
Current and Other Assets	\$18,592,742	\$15,888,670	\$18,592,742	\$15,888,670
Capital Assets:	15,729,409	15,537,619	15,729,409	15,537,619
Total Assets	34,322,151	31,426,289	34,322,151	31,426,289
Total Deferred Outflows of Resources	2,842,887	2,826,282	2,842,887	2,826,282
Long-Term Liabilities	7,032,018	6,892,604	7,032,018	6,892,604
Other Liabilities	1,529,558	725,700	1,529,558	725,700
Total Liabilities	8,561,576	7,618,304	8,561,576	7,618,304
Total Deferred Inflows of Resources	237,293	31,751	237,293	31,751
Invested in Capital Assets, Net of Related Debt	10,670,334	10,364,175	10,670,334	10,364,175
Restricted	6,564,011	7,297,235	6,564,011	7,297,235
Unrestricted	11,131,824	8,941,106	11,131,824	8,941,106
Total Net Position	\$28,366,169	\$26,602,516	\$28,366,169	\$26,602,516

A portion of Austin County, Texas' Net Position (23 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted Net Position* \$11,131,824 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Austin County, Texas is able to report positive balances in all three categories of Net Position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's total Net Position increased by \$1,763,653. This increase is mainly attributable to the following: The ad valorem taxes increased by \$994,471 and the County received capital grants of \$504,039.

**Governmental activities:** There were no business-type activities so any analysis regarding governmental activities will be the same as the analysis of the Government-wide Financial Analysis.

**AUSTIN COUNTY, TEXAS  
CHANGE IN NET POSITION**

	Governmental Activities		Total	
	2017	2016	2017	2016
Revenues:				
Program Revenues:				
Charges for Services	\$4,684,323	\$4,154,138	\$4,684,323	\$4,154,138
Operating Grants and Contributions	668,006	446,517	668,006	446,517
Capital Grants and Contributions	504,039	0	504,039	0
General Revenues:				
Maintenance and Operations Taxes	15,465,912	14,471,441	15,465,912	14,471,441
Sales Taxes	1,490,091	1,563,261	1,490,091	1,563,261
Other Taxes	22,035	0	22,035	0
Unrestricted Investment Earnings	164,569	102,431	164,569	102,431
Miscellaneous	924,837	1,305,726	924,837	1,305,726
Total Revenue	23,923,812	22,043,514	23,923,812	22,043,514
Expenses:				
General Administration	4,844,912	3,455,771	4,844,912	3,455,771
Legal	424,634	448,364	424,634	448,364
Judicial	1,183,268	1,632,983	1,183,268	1,632,983
Financial Administration	637,350	879,165	637,350	879,165
Public Facilities	732,286	543,739	732,286	543,739
Public Safety	7,770,555	7,719,809	7,770,555	7,719,809
Public Transportation	5,958,215	6,505,064	5,958,215	6,505,064
Culture and Recreation	123,787	139,820	123,787	139,820
Health and Welfare	135,679	49,347	135,679	49,347
Conservation - Agriculture	144,727	140,666	144,727	140,666
Interest and Fiscal Charges	204,746	331,199	204,746	331,199
Total Expenses	22,160,159	21,845,927	22,160,159	21,845,927
Increase in Net Position Before Transfers and Special Items	1,763,653	197,587	1,763,653	197,587
Transfers	0	0	0	0
Increase in Net Position	1,763,653	197,587	1,763,653	197,587
Net Position at 9/30/2016 - Restated	26,602,516	26,404,929	26,602,516	26,404,929
Net Position at 9/30/2017	\$28,366,169	\$26,602,516	\$28,366,169	\$26,602,516

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$4,844,912	\$1,177,351	\$162,659	\$0
Legal	424,634			
Judicial	1,183,268	876,888	7,582	
Financial Administration	637,350	478,211		
Public Facilities	732,286			
Public Safety	7,770,555	1,129,496	193,474	
Public Transportation	5,958,215	1,022,377	245,727	504,039
Culture and Recreation	123,787			
Health and Welfare	135,679		58,559	
Environmental Protection			5	
Conservation - Agriculture	144,727			
Interest and Fiscal Charges	204,746			
Total Government Activities	22,160,159	4,684,323	668,006	504,039
Total Primary Government	\$22,160,159	\$4,684,323	\$668,006	\$504,039

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$4,684,323	20%
Operating Grants and Contributions	668,006	3%
Capital Grants and Contributions	504,039	2%
Maintenance and Operations Taxes	15,465,912	64%
Sales Taxes	1,490,091	6%
Other Taxes	22,035	0%
Unrestricted Investment Earnings	164,569	1%
Miscellaneous	924,837	4%
	\$23,923,812	100%

For the most part, the increases and decreases in expenses closely paralleled inflation and growth in the demand for services.

## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Austin County, Texas' governmental funds reported combined ending fund balances of \$15,227,152, an increase of \$1,008,536 in comparison with the prior year. Approximately 56% of this total amount \$8,567,796 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or committed*.

The general fund is the chief operating fund of Austin County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,658,718, while total fund balance reached a balance of \$8,682,859. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 69 percent of total general fund expenditures, while total fund balance represents 69 percent of that same amount.

The fund balance of the general fund increased by \$1,795,192 during the current fiscal year. This is a result of ad valorem taxes increasing by \$1,086,857, capital grants of \$504,039, and careful budget management.

At the end of the current fiscal year, restricted fund balance of the road and bridge fund was \$3,607,104, while total fund balance reached a balance of \$3,614,174. As a measure of the road and bridge fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Restricted fund balance represents 129 percent of total road and bridge fund expenditures, while total fund balance represents 129 percent of that same amount.

The fund balance of the road and bridge fund increased by \$372,349 during the current fiscal year. Key factors in this increase are as follows:

. The revenues increased by \$493,411.

At the end of the current fiscal year, restricted fund balance of the F/M and Lateral fund was \$2,187,442, while total fund balance reached a balance of \$2,187,442. As a measure of the F/M and Lateral fund fund's liquidity, it may be useful to compare both restricted fund balance and total fund balance to total fund expenditures. Unrestricted balance represents 0 percent of total F/M and Lateral fund expenditures, while total fund balance represents 59 percent of that same amount.

The fund balance of the F/M and Lateral Fund decreased by \$1,020,990 during the current fiscal year. Key factors in this decrease are as follows:

- . The transportation expenditures increased by \$1,046,342.

#### Budgetary Highlights:

Differences between the original budget and the final amended budget in the general fund were a decrease of \$5,198 in appropriations. This decrease is immaterial.

## Capital Asset and Debt Administration

### *Capital assets:*

Austin County, Texas' investment in capital assets for its governmental activities as of September 30, 2017, amounts to \$15,729,409 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities. The total increase in Austin County, Texas' investment in capital assets for the current fiscal year was 1 percent.

The County had natural disaster expenditures and road maintenance and improvement expenditures during the current fiscal year.

#### **AUSTIN COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)**

	Governmental Activities		Total	
	2017	2016	2017	2016
Land	\$500,506	\$500,506	\$500,506	\$500,506
Construction in Progress	1,622,718	0	1,622,718	0
Building and Improvements	4,907,619	5,133,232	4,907,619	5,133,232
Machinery and Equipment	1,871,413	1,932,482	1,871,413	1,932,482
Infrastructure	6,808,985	7,967,835	6,808,985	7,967,835
Intangible	18,168	3,563	18,168	3,563
Total	<u>\$15,729,409</u>	<u>\$15,537,618</u>	<u>\$15,729,409</u>	<u>\$15,537,618</u>

Additional information on Austin County, Texas' capital assets can be found in note IV C on page 41 of this report.

### *Long-term debt:*

At the end of the current fiscal year, Austin County, Texas had the following bonded debt.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$4,550,000	\$0	\$255,000	\$4,295,000	\$270,000	\$4,025,000
	4,550,000	0	255,000	4,295,000	270,000	4,025,000
Grand Total	<u>\$4,550,000</u>	<u>\$0</u>	<u>\$255,000</u>	<u>\$4,295,000</u>	<u>\$270,000</u>	<u>\$4,025,000</u>

Austin County, Texas' total bonded debt decreased by \$255,000 (5.60 percent) during the current fiscal year. The key factor in this decrease was the payment of bonds of \$255,000.

Additional information on Austin County, Texas' long-term debt can be found in note IV F on pages 43-47 of this report.

### Future Outlook

The County expects its finances to remain approximately the same as in the past. Inflation will play a factor but will affect both revenues and expenditures equally. There are no major events planned in the future.

### Requests for Information

This financial report is designed to provide our citizen's taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If questions are encountered regarding this report; contact the Austin County Judge's Office, Austin County Courthouse, One East Main Street, Bellville, Texas 77418-1521, or (979) 865-5911.

## BASIC FINANCIAL STATEMENTS



## GOVERNMENT-WIDE FINANCIAL STATEMENTS

AUSTIN COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

	Primary Governmental Activities	Total
<b>ASSETS</b>		
Cash and Cash Equivalents	\$16,557,725	\$16,557,725
Receivables (net of allowance for uncollectibles)	2,003,806	2,003,806
Prepaid Items	31,211	31,211
Capital assets not being depreciated:		
Land	500,506	500,506
Construction in Progress	1,622,718	1,622,718
Total Capital assets being depreciated, net		
Building and Improvements	4,907,619	4,907,619
Machinery and Equipment	1,871,413	1,871,413
Infrastructure	6,808,985	6,808,985
Intangible	18,168	18,168
Total Assets	<u>\$34,322,151</u>	<u>\$34,322,151</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>GASB</b>		
Contributions (after 12/31/16)	993,196	993,196
Changes of assumptions	163,518	163,518
Net difference between projected and actual earnings	1,686,173	1,686,173
Total Deferred Outflows of Resources	<u>2,842,887</u>	<u>2,842,887</u>
<b>LIABILITIES:</b>		
Accounts Payable	\$1,255,075	\$1,255,075
Accrued Wages	242,981	242,981
Accrued Interest Payable	31,502	31,502
Noncurrent Liabilities:		
Due within one year	858,539	858,539
Due in more than one year	6,173,479	6,173,479
Total Liabilities	<u>8,561,576</u>	<u>8,561,576</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
<b>GASB</b>		
Differences between expected and actual experience	237,293	237,293
Total Deferred Inflows of Resources	<u>237,293</u>	<u>237,293</u>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	10,670,334	10,670,334
Restricted		
Administrative	14,738	14,738
Archives	68,697	68,697
Construction	2,740	2,740
Debt Service	4,744	4,744
Environmental Protection	930	930
Health	89,952	89,952
Judicial	153,496	153,496
Public Safety	434,168	434,168
Public Transportation	5,794,546	5,794,546
Unrestricted	11,131,824	11,131,824
Total Net Position	<u>\$28,366,169</u>	<u>\$28,366,169</u>

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
					Governmental Activities	Total
Primary Government						
Government Activities:						
General Administration	\$4,844,912	\$1,177,351	\$162,659		(\$3,504,902)	(\$3,504,902)
Legal	424,634				(424,634)	(424,634)
Judicial	1,183,268	876,888	7,582		(298,798)	(298,798)
Financial Administration	637,350	478,211			(159,139)	(159,139)
Public Facilities	732,286				(732,286)	(732,286)
Public Safety	7,770,555	1,129,496	193,474		(6,447,585)	(6,447,585)
Public Transportation	5,958,215	1,022,377	245,727	504,039	(4,186,072)	(4,186,072)
Culture and Recreation	123,787				(123,787)	(123,787)
Health and Welfare	135,679		58,559		(77,120)	(77,120)
Enviromental Protection	0		5		5	5
Conservation - Agriculture	144,727				(144,727)	(144,727)
Interest and Fiscal Charges	204,746				(204,746)	(204,746)
Total Government Activities	22,160,159	4,684,323	668,006	504,039	(16,303,791)	(16,303,791)
Total Primary Government	\$22,160,159	\$4,684,323	\$668,006	\$504,039	(16,303,791)	(16,303,791)
General Revenues						
Property Taxes, Levies for General Purposes					15,465,912	15,465,912
Sales Taxes					1,490,091	1,490,091
Other Taxes					22,035	22,035
Unrestricted Investment Earnings					164,569	164,569
Miscellaneous					924,837	924,837
Total General Revenues and Transfers					18,067,444	18,067,444
Change in Net Position					1,763,653	1,763,653
Net Position - Beginning - Restated					26,602,516	26,602,516
Net Position - Ending					\$28,366,169	\$28,366,169

The accompanying notes are an integral part of this statement.

## FUND FINANCIAL STATEMENTS

AUSTIN COUNTY, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017

	General Fund	Road and Bridge	F/M and Lateral Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$8,912,725	\$3,859,203	\$2,904,422	\$839,151	\$16,515,501
Receivables (net of allowance for uncollectibles)	639,848	140,018	91,377	5,537	876,780
Prepaid Items	24,141	7,070			31,211
Due from Other Funds		24,399			24,399
Total Assets	<u>\$9,576,714</u>	<u>\$4,030,690</u>	<u>\$2,995,799</u>	<u>\$844,688</u>	<u>\$17,447,891</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities</b>					
Accounts Payable	\$215,244	\$301,997	\$716,980	\$12,812	\$1,247,033
Accrued Wages	204,164	38,817			242,981
Due to Other Funds	24,399				24,399
Bank Overdraft				89,199	89,199
Total Liabilities	<u>443,807</u>	<u>340,814</u>	<u>716,980</u>	<u>102,011</u>	<u>1,603,612</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Taxes					
Total deferred inflows of resources	<u>450,048</u>	<u>75,702</u>	<u>91,377</u>	<u>0</u>	<u>617,127</u>
<b>Fund Balances:</b>					
Non-Spendable					
Prepaid Items	24,141	7,070			31,211
Restricted					
Administrative				14,738	14,738
Archives				68,697	68,697
Construction				2,740	2,740
Debt Service				4,744	4,744
Environmental Protection				930	930
Health				89,952	89,952
Judicial				153,496	153,496
Public Safety				434,168	434,168
Public Transportation		3,607,104	2,187,442		5,794,546
Committed					
Culture and Recreation				64,134	64,134
Unassigned	8,658,718			(90,922)	8,567,796
Total Fund Balance	<u>8,682,859</u>	<u>3,614,174</u>	<u>2,187,442</u>	<u>742,677</u>	<u>15,227,152</u>
Total Liabilities and Fund Balances	<u>\$9,576,714</u>	<u>\$4,030,690</u>	<u>\$2,995,799</u>	<u>\$844,688</u>	<u>\$17,447,891</u>

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

Total Fund Balances - governmental funds balance sheet	\$15,227,152
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Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:

Capital assets used in governmental activities are not reported in the funds.	15,729,409
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,732,620
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	123,381
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	617,127
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(7,063,520)

Net Position of governmental activities - statement of Net Position	<u>\$28,366,169</u>
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The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Road and Bridge	F/M and Lateral Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$10,750,491	\$1,872,038	\$2,256,566	\$398,198	\$15,277,293
Sales	1,490,091				1,490,091
Other	22,035				22,035
Intergovernmental	350,365	504,039	215,906	101,735	1,172,045
Licenses and Permits	78,950	747,184			826,134
Charges for Services	874,669			220,221	1,094,890
Fines and Forfeitures	1,492,180	196,243			1,688,423
Interest	104,655	39,256	15,620	3,211	162,742
Miscellaneous	660,187	110,247	430	148,528	919,392
Total Revenues	15,823,623	3,469,007	2,488,522	871,893	22,653,045
<b>EXPENDITURES</b>					
Current:					
General Administration	1,955,581			92,167	2,047,748
Legal	394,883			28,545	423,428
Judicial	1,117,525			49,273	1,166,798
Financial Administration	638,998				638,998
Public Facilities	706,721				706,721
Public Safety	7,351,547			252,408	7,603,955
Public Transportation		2,740,680	3,512,658	29,822	6,283,160
Culture and Recreation	111,011			6,991	118,002
Health and Welfare	41,629			93,399	135,028
Conservation - Agriculture	144,286				144,286
Debt Service					
Principal Retirement	74,228	52,394	155,642	255,000	537,264
Interest Retirement	4,480	3,584	10,593	197,019	215,676
Total Expenditures	12,540,889	2,796,658	3,678,893	1,004,624	20,021,064
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,282,734	672,349	(1,190,371)	(132,731)	2,631,981
<b>OTHER FINANCING SOURCES (USES):</b>					
Other Financing Sources - Capital Lease			55,647		55,647
Other Financing Sources - Notes Payable	136,995		83,913		220,908
Operating Transfers In	41,000	36,859	29,821	70,537	178,217
Operating Transfers Out	(1,665,537)	(336,859)		(75,821)	(2,078,217)
Total Other Financing Sources (Uses)	(1,487,542)	(300,000)	169,381	(5,284)	(1,623,445)
Net Changes in Fund Balances	1,795,192	372,349	(1,020,990)	(138,015)	1,008,536
Fund Balances - Beginning	6,887,667	3,241,825	3,208,432	880,692	14,218,616
Fund Balances - Ending	8,682,859	3,614,174	2,187,442	742,677	15,227,152

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2017

Net Changes in Fund Balances - total governmental funds \$1,008,536

Amounts reported for governmental activities in the statement of Net Position  
("SNA") are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	191,791
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. This is the change in these amounts this year.	380,814
(Increase) decrease in Compensated absences from beginning of period to end of period.	(59,249)
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	(6,362)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	188,619
Increase in loan principal are receipts in the funds but not revenue in the SOA.	(276,555)
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	(1,833,086)
Deferred Outflow-Changes of assumptions. This is the change in these amounts this year.	163,518
Deferred Outflow-Net difference between projected and actual earnings. This is the change in these amounts this year.	1,686,173
Deferred Inflow-Differences between expected and actual experience. This is the change in these amounts this year.	(205,542)
Net Pension Payable. This is the change in these amounts this year.	153,931
Internal Service funds are used by management to account for funds for Self-Insurance. The net revenue of certain activities of Internal service funds is reported with governmental activities.	(188,936)
Amortization of and Premiums is an income in the SOA but not an expense in the funds.	17,292
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	542,709
	<hr/>
Change in Net Position of governmental activities - statement of activities	<u>\$1,763,653</u>

The accompanying notes are an integral part of this statement.



## AUSTIN COUNTY, TEXAS

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (BUDGETARY BASIS) - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Budgetary	Variance with Final Budget - Positive (Negative)
	Original	Final	Basis	
<b>REVENUES</b>				
Taxes				
Property	\$10,668,644	\$10,668,644	\$10,750,491	\$81,847
Sales	1,300,000	1,300,000	1,490,091	190,091
Other	11,000	11,000	22,035	11,035
Intergovernmental	224,238	240,921	232,268	(8,653)
License and Permits	56,000	56,000	78,950	22,950
Charges for Services	849,500	852,680	874,669	21,989
Fines and Forfeitures	1,062,742	1,067,821	1,492,180	424,359
Interest	40,000	40,000	104,655	64,655
Miscellaneous	381,164	415,070	660,187	245,117
Total Revenues	14,593,288	14,652,136	15,705,526	1,053,390

**EXPENDITURES**

## Current:

General Administration				
County Clerk	356,126	466,624	334,910	131,714
County Judge	331,103	356,303	333,650	22,653
Human Resources	62,571	62,571	61,034	1,537
Other	1,210,344	1,135,905	1,007,218	128,687
System Tech.	215,166	215,166	208,046	7,120
Veteran's Service	11,791	11,791	10,723	1,068
Legal				
County/ District Attorney	384,305	389,931	394,883	(4,952)
Judicial				
County Court at Law	247,289	231,527	229,167	2,360
County, District, Justice, Juvenile Courts	350,003	350,007	287,096	62,911
District Clerk	151,655	151,655	137,847	13,808
District Judge	87,264	87,570	88,154	(584)
Justice of the Peace No. 1	95,572	95,572	93,868	1,704
Justice of the Peace No. 2	29,358	29,358	29,778	(420)
Justice of the Peace No. 3	135,842	135,842	135,617	225
Justice of the Peace No. 4	117,675	117,675	115,998	1,677
Financial Administration				
County Auditor	211,910	211,603	191,256	20,347
County Treasurer	111,535	123,535	119,838	3,697
Tax Assessor-Collector	318,249	334,249	327,904	6,345
Public Facilities				
Buildings and Yards	357,814	361,614	242,207	119,407
Capital Repairs	709,910	573,974	444,306	129,668
Wendt Street Building	33,600	33,600	20,208	13,392
Public Safety				
Constable No. 1	18,686	18,686	13,047	5,639
Constable No. 2	18,686	18,686	17,698	988
Constable No. 3	18,686	22,369	19,568	2,801
Constable No. 4	18,686	18,686	18,916	(230)
Emergency Management	41,853	41,853	38,678	3,175
EMS	2,040,186	2,041,309	2,047,690	(6,381)
Jail	1,781,528	1,782,064	1,593,684	188,380
Juvenile Probation	130,985	134,325	118,476	15,849
Sheriff	3,375,786	3,414,916	3,228,698	186,218

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation				
Knox Library	\$63,867	\$63,318	\$52,532	\$10,786
West End Library	53,108	53,657	54,732	(1,075)
History and Visitor Information Center	5,800	5,800	3,747	2,053
Health and Welfare				
County Health Department	5,966	5,966	4,732	1,234
Other Health and Child Care	39,000	39,000	36,897	2,103
Conservation - Agriculture				
Agriculture Extension Service	179,456	179,456	144,286	35,170
Debt Service				
Principal Retirement	80,000	80,000	74,228	5,772
Interest Retirement	9,910	9,910	4,480	5,430
Total Expenditures	13,411,271	13,406,073	12,285,797	1,120,276
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,182,017	1,246,063	3,419,729	2,173,666
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	41,000	41,000	41,000	0
Operating Transfers Out	(1,400,000)	(1,603,658)	(1,665,537)	(61,879)
Total Other Financing Sources (Uses)	(1,359,000)	(1,562,658)	(1,624,537)	(61,879)
Net Changes in Fund Balances - Budgetary Basis	(\$176,983)	(\$316,595)	1,795,192	\$2,111,787
Reconciliation from cash basis to modified accrual basis:				
Other Financing Sources - Notes Payable			136,995	
Homeland Security Grant - Revenue			118,097	
Homeland Security Grant - Expenditures			(118,097)	
Purchase of Sheriff Vehicle			(136,995)	
Net Changes in Fund Balances - Modified Accrual Basis			1,795,192	
Fund Balances - Beginning			6,887,667	
Fund Balances - Ending			<u>\$8,682,859</u>	

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS  
ROAD AND BRIDGE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes				
Property	\$1,860,875	\$1,860,875	\$1,872,038	\$11,163
Intergovernmental	0	440,673	504,039	63,366
Licenses and Permits	760,000	760,000	747,184	(12,816)
Fines and Forfeitures	100,000	100,000	196,243	96,243
Interest	11,500	11,500	39,256	27,756
Miscellaneous	3,000	68,049	110,247	42,198
Total Revenues	2,735,375	3,241,097	3,469,007	227,910
<b>EXPENDITURES</b>				
Current				
Public Transportation				
Road and Bridge	2,375,615	4,908,426	2,740,680	2,167,746
Debt Service				
Principal Retirement	55,000	55,000	52,394	2,606
Interest Retirement	4,760	4,760	3,584	1,176
Total Expenditures	2,435,375	4,968,186	2,796,658	2,171,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,000	(1,727,089)	672,349	2,399,438
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	36,859	36,859	36,859	0
Operating Transfers Out	(336,859)	(336,859)	(336,859)	0
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(300,000)	0
Net Changes in Fund Balances	0	(2,027,089)	372,349	2,399,438
Fund Balances - Beginning	3,241,825	3,241,825	3,241,825	
Fund Balances - Ending	\$3,241,825	\$1,214,736	\$3,614,174	\$2,399,438

The accompanying notes are an integral part of this statement.

AUSTIN COUNTY, TEXAS  
F/M LATERAL AND ROAD FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Budgetary	Variance with Final Budget - Positive (Negative)
	Original	Final	Basis	
<b>REVENUES</b>				
Taxes				
Property	\$2,243,094	\$2,243,094	\$2,256,566	\$13,472
Intergovernmental	0	215,906	215,906	0
Interest	8,000	8,000	15,620	7,620
Miscellaneous	8,500	8,500	430	(8,070)
Total Revenues	2,259,594	2,475,500	2,488,522	13,022
<b>EXPENDITURES</b>				
Current				
Public Transportation				
Road and Bridge	2,106,365	5,130,487	3,512,658	1,617,829
Debt Service				
Principal Retirement	136,153	155,642	155,642	(0)
Interest Retirement	17,076	10,594	10,593	1
Total Expenditures	2,259,594	5,296,723	3,678,893	1,617,830
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	0	(2,821,223)	(1,190,371)	1,630,852
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - Capital Lease	0	0	55,647	55,647
Other Financing Sources - Notes Payable	0	0	83,913	83,913
Operating Transfers In	0	0	29,821	29,821
Total Other Financing Sources (Uses)	0	0	169,381	169,381
Net Changes in Fund Balances	0	(2,821,223)	(1,020,990)	1,800,233
Fund Balances - Beginning	3,208,432	3,208,432	3,208,432	
Fund Balances - Ending	\$3,208,432	\$387,209	\$2,187,442	\$1,800,233

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

AUSTIN COUNTY, TEXAS  
 COMBINING STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$131,423	\$312,317	\$131,423
Receivables (net of allowance for uncollectibles)			0
Total Current Assets	131,423	312,317	131,423
TOTAL ASSETS	\$131,423	\$312,317	\$131,423
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities			
Current Liabilities (Payable from Current Assets)	\$8,042	\$0	\$8,042
Total Current Liabilities	8,042	0	8,042
TOTAL LIABILITIES	8,042	0	8,042
NET POSITION			
Restricted - Expendable	123,381	312,317	123,381
TOTAL NET POSITION	\$123,381	\$312,317	\$123,381

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

AUSTIN COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
OPERATING REVENUES:			
Charges for Services	\$323,680	\$794,801	\$323,680
Reinsurance	370,382	221,950	370,382
TOTAL OPERATING REVENUES	694,062	1,016,751	694,062
OPERATING EXPENSES			
Administrative Fees	531,023	316,903	531,023
Claims paid	8,761		8,761
Other		6,025	0
Prescriptions	2,245,041	1,937,107	2,245,041
Reinsurrer		232,125	0
TOTAL OPERATING EXPENSES	2,784,825	2,492,160	2,784,825
OPERATING INCOME (LOSS)	(2,090,763)	(1,475,409)	(2,090,763)
NON-OPERATING REVENUES (EXPENSES):			
Interest Income	1,827	1,701	1,827
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,827	1,701	1,827
Income Before Transfers	(2,088,936)	(1,473,708)	(2,088,936)
Transfers In	1,900,000	900,480	1,900,000
Change in Net Position	(188,936)	(573,228)	(188,936)
Total Net Position - Beginning	312,317	885,545	312,317
Total Net Position - Ending	\$123,381	\$312,317	\$123,381

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

AUSTIN COUNTY, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Internal Service Self Insurance	Internal Service Self Insurance	Total Proprietary Funds
	Current Year	Prior Year	Current Year
Cash flows from Operating Activities			
Receipts from Customers and Users	\$694,062	\$1,016,751	\$694,062
Payments to Suppliers	(2,776,783)	(2,492,160)	(2,776,783)
Net Cash Provided(Used) By Operating Activities:	(2,082,721)	(1,475,409)	(2,082,721)
Cash Flows from Non-Capital and Related Financing Activities			
Transfers Out	1,900,000	900,480	1,900,000
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	1,900,000	900,480	1,900,000
Cash Flows from Investing Activities			
Interest Received	1,827	1,701	1,827
Net Cash Provided(Used) By Investing Activities	1,827	1,701	1,827
Net Increase (Decrease) in Cash Equivalents	(180,894)	(573,228)	(180,894)
Cash and Cash Equivalents at Beginning of Year	312,317	885,545	312,317
Cash and Cash Equivalents at End of Year	\$131,423	\$312,317	\$131,423
	0	0	0

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

(continued)

(continued)

	Internal Service Self Insurance Current Year	Internal Service Self Insurance Prior Year	Total Proprietary Funds Current Year
Reconciliation of Operating Income to net cash provided(Used) By Operating Activities			
Operating Income (Loss)	(\$2,090,763)	(\$1,475,409)	(\$2,090,763)
Changes in Current Items			
Decrease(Increase) in Accounts Receivable	0	0	0
Increase(Decrease) in Accounts Payable	8,042	0	8,042
Net Cash Provided(Used) by Operating Activities	<u>(\$2,082,721)</u>	<u>(\$1,475,409)</u>	<u>(\$2,082,721)</u>
Noncash Investing, Capital, and Financing Activities:			
Borrowing from capital debt	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Note: The above funds are all Enterprise Funds.

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



AUSTIN COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$2,866,915</u>
Receivables (net of allowance for uncollectibles)	5,368
Due from Others	<u>0</u>
Total Assets	<u><u>\$2,872,283</u></u>
<b>LIABILITIES</b>	
Accounts Payable	\$131,592
Due from Other Funds	0
Due to Others	<u>2,740,691</u>
Total Liabilities	<u><u>\$2,872,283</u></u>

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

AUSTIN COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

I. Summary of Significant Accounting Policies

A. Reporting entity

Austin County operates under a County Judge – Commissioners’ Court type of government and provides the following services throughout the County: public safety (fire, ambulance, and law enforcement), environmental protection (sanitation), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

B. Government-Wide and Fund Financial Statements

The County’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the County accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the County’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities, which are presented as internal balances and eliminated in the total primary government column.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The County has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The County reports the following major governmental funds:

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

The *Road and Bridge Fund* accounts for certain revenues and expenditures related to the construction and maintenance of roads and bridges within all County precincts.

The *Road and Bridge F/M and Lateral Fund* account for certain revenues and expenditures related to the construction and maintenance of roads and bridges within all County precincts.

## C. Assets, Liabilities, and Net Position or Equity

### 1. Deposits and Investments

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

State statutes authorize the Government and the District to invest in obligations of the U.S. Treasury. Investments for the Government are reported at fair value.

### 2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

C. Assets, Liabilities, and Net Position or Equity (continued)

2. Receivables and Payables (continued)

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

All property tax receivables are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2017 and 10 percent of the delinquent outstanding property taxes at September 30, 2017.

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2017.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. There were prepaid items at September 30, 2017.

4. Restricted Assets

There were no restricted assets at September 30, 2017.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County had natural disaster expenditures and road maintenance and improvement expenditures during the current fiscal year.

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

Assets	Years
Buildings	50
Building Improvements	20
System Infrastructure	30
Heavy Equipment	7
Vehicles	5
Office Equipment	5
Computer Equipment	5

#### 6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government-wide financial statements.

#### 7. 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, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## 8. Fund Balances – Governmental Funds

As of September 30, 2017, fund balances of the governmental funds are classified as follows:

***Nonspendable*** — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

***Committed*** — amounts that can be used only for specific purposes determined by a formal action of Commissioners' Court. Commissioners' Court is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Commissioners' Court.

***Unassigned*** — all other spendable amounts.

As of September 30, 2017, fund balances are composed of the following:

Fund Balances:	
Non-Spendable	
Prepaid Items	\$31,211
Restricted	
Administrative	14,738
Archives	68,697
Construction	2,740
Debt Service	4,744
Environmental Protection	930
Health	89,952
Judicial	153,496
Public Safety	434,168
Public Transportation	5,794,546
Committed	
Culture and Recreation	64,134
Unassigned	8,567,796
Total Fund Balance	<u>\$15,227,152</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Commissioners' Court or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2011, the Commissioners' Court adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 25 percent of the subsequent year's budgeted General Fund expenditures.

9. Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

10. 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 government only has one item that qualifies for reporting in this category. It is deferred under GASB 68. 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 government only has one item that qualifies for reporting in this category. It is deferred under GASB 68. The County reports unearned revenue on its fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the County and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized. Pursuant to GASB 65 we have included deferred ad valorem taxes as deferred inflows in the fund financial statements.

11. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary 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 - net position to have been depleted before unrestricted - net position is applied.

## II. Reconciliation of Government-Wide and Fund Financial Statements

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of Net Position.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$7,063,520 difference are as follows:

Bonds Payable	\$4,295,000
Unamortized Bond Premium	207,499
Notes Payable	190,907
Capital Lease Payable	365,669
Accrued Interest Payable	31,502
TMRS GASB 38 Payable	1,612,673
Compensated Absences	360,270
	<u>\$7,063,520</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 details of this \$15,729,409 difference are as follows:

Capital Assets Not Being Depreciated	\$2,123,224
Capital Assets Being Depreciated	99,977,385
Depreciation Expense	(86,371,200)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$15,729,409</u>



The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles)." The details of this \$617,127 difference are as follows:

Property Taxes Receivable	\$660,435
Allowance for Doubtful Accounts	(43,308)
Net	<u>\$617,127</u>

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and Net Position - governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$3,732,620 difference are as follows:

Fines and Fees Receivable	\$2,767,967
Allowance for Doubtful Accounts	(1,640,941)
<b>GASB 68</b>	
Contributions (after 12/31/16)	993,196
Changes of assumptions	163,518
Net difference between projected and actual earnings	1,686,173
Differences between expected and actual experience	(237,293)
Net	<u>\$3,732,620</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in Net Position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 details of this \$191,791 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$1,622,718
Capital Outlay - Additions - Being Depreciated	1,434,291
Capital Outlay - Deletions - Net	(54,941)
Depreciation Expense	(2,810,277)

Net Adjustment to  
Increase Net Changes  
in Fund Balances - Total  
Governmental Funds to  
Arrive at Changes in  
Net Position of  
Governmental Activities

<u>\$191,791</u>
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### III. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year on approval by the Commissioners' Court.

The final amended budget is used in this report.

The budget should not be exceeded in any expenditure category under State law. Unused appropriations lapse at the end of each year.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Auditor prepares an estimate of revenues and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the departments' budget requests. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the County Auditor's estimate of revenues and available cash. The final budget can be legally amended by the Commissioners' Court to whatever extent the Court desires as long as the amended figures do not exceed the County Auditor's estimate of revenues and available cash.

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. The level of control for each legally adopted annual operating budget is the fund.

Budgets for all budgeted General and Special Revenue Funds are adopted on a budgetary basis which is in conformity with generally accepted accounting principles (GAAP). Budgets for the 2017 fiscal year were adopted for the General Fund, the F/M and Lateral Fund, and the Road and Bridge Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2017, expenditures did not exceed appropriations in any fund.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2017 except for the 2007 PSIC Grant Event fund which had a deficit fund balance of \$70,769 and the Courthouse Security fund which had a deficit fund balance of \$20,153. These deficits are expected to be liquidated by future resources of the funds.

#### IV. Detailed Notes on All Funds

##### A. DEPOSITS AND INVESTMENTS

###### Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in compliance with the requirements of the Act and with local policies.

###### Policies Governing Deposits and Investments

The County has adopted a deposit and investment policy. That policy does address the following risks:

###### Cash

At year end, the carrying amount of the County's cash on hand and deposits was \$1,999,647, and the bank balance was \$19,994,786. All of the bank balance was covered by federal deposit insurance and collateralized by the pledging financial institution with marketable securities held by an agent in the County's name. The amount of securities pledged and held by the County's depository in the County's name is \$28,420,495 and the FDIC coverage is \$250,000. The book balance of the cash and cash equivalents was \$16,552,864.

## Investments

As of September 30, 2017, the County had the following investments:

Investment type	Rating*	Fair Value	Days to Maturity
Government sponsored investment pool (TexPool)	AAAm	\$ 4,861	1
Total Fair Value		<u>\$ 4,861</u>	

\* Standard and Poors

*Interest Rate Risk.* In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its portfolio to less than three years.

*Credit Risk.* State law limits investments as described previously in Note I D.

*Concentration of Credit Risk.* The County's investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the County's total investments.

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the County's depository in the County's name and held by the depository's agent.

*Custodial Credit Risk - Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's policy for investments does not restrict the amount which can be invested with an external investment pool created under the Texas Public Funds Investment Act. TexPool is an external investment pool and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investment Act provide for creation of public funds investments pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The fair value of investments in the pool is independently reviewed monthly. At September 30, 2017 the fair value of the position in TexPool approximates the fair value of the shares.

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road and Bridge	F/M and Lateral Fund	Other Govern- mental	Total
<u>Receivables</u>					
Taxes					
Property	\$481,609	\$81,022	\$97,804	\$0	\$660,435
Sales	150,312				150,312
Officers Fees	34,656	64,316		5,537	104,509
GASB 34 Fees and Fines	2,767,967				2,767,967
Other Receivable	4,832				4,832
Gross Receivables	3,439,376	145,338	97,804	5,537	3,688,055
Less: Allowance for Uncollectibles	1,672,502	5,320	6,427		1,684,249
Net Total Receivables	\$1,766,874	\$140,018	\$91,377	\$5,537	\$2,003,806

## C. Capital Assets

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

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$500,506		\$0	\$500,506
Construction in Progress	0	1,622,718		1,622,718
Total capital assets not being depreciated:	500,506	1,622,718	0	2,123,224
Capital assets being depreciated:				
Building and Improvements	11,105,480	46,268		11,151,748
Machinery and Equipment	11,891,120	820,333	197,015	12,514,438
Infrastructure	75,731,039	550,043		76,281,082
Intangibles	12,470	17,647		30,117
Total capital assets being depreciated:	98,740,109	1,434,291	197,015	99,977,385
Less: Accumulated Depreciation for:				
Building and Improvements	5,972,248	271,881		6,244,129
Machinery and Equipment	9,958,638	826,461	142,074	10,643,025
Infrastructure	67,763,204	1,708,893		69,472,097
Intangibles	8,907	3,042		11,949
Total Accumulated Depreciation	83,702,997	2,810,277	142,074	86,371,200
Total Capital Assets Depreciated, Net	15,037,112	(1,375,986)	54,941	13,606,185
Governmental Activities capital assets, Net	\$15,537,618	\$246,732	\$54,941	\$15,729,409

The 2016-2017 depreciation is as follows:

Governmental Activities	
General Administration	\$12,904
Judicial	8,358
Financial Administration	10,235
Public Facilities	23,724
Public Safety	595,106
Public Transportation	2,154,522
Culture and Recreation	5,428
Total Depreciation Expense - Governmental Activities	<u>\$2,810,277</u>

The infrastructure capital assets were not fully depreciated at September 30, 2017.

### Construction commitments

The County had natural disaster expenditures and road maintenance and improvement expenditures during the current fiscal year.

D. Interfund Receivables, Payables, and Transfers

There was a \$24,399 amount due from the Road and Bridge fund to the General fund at year's end. This amount is expected to be liquidated in the 2018 year.

There were no interfund balances as of September 30, 2017. There were no advances at September 30, 2017. The following transfers to the insurance fund were recurring. The transfers to and from the non-major funds were non-recurrent and were for operating capital. The transfer to the insurance fund was for self-insurance.

<u>INTERFUND</u>		
<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>REASON</u>
<u>GENERAL FUND</u>		
TRANSFER TO SELF INSURANCE FUND	\$1,600,000	HEALTH CARE
TRANSFER TO NON-MAJOR FUNDS FUNDS	65,537	VARIOUS GOVERNMENT
<u>ROAD AND BRIDGE FUND</u>		
TRANSFER TO ROAD AND BRIDGE FUND	36,859	PUBLIC TRANSPORTATION
TRANSFER TO SELF INSURANCE FUND	300,000	HEALTH CARE
<u>NON-MAJOR FUNDS</u>		
TRANSFER TO GENERAL FUND	41,000	VARIOUS GOVERNMENT
TRANSFER TO F/M AND LATERAL FUND	29,821	VARIOUS GOVERNMENT
TRANSFER TO NON-MAJOR FUNDS FUNDS	5,000	VARIOUS GOVERNMENT
	<u>\$2,078,217</u>	

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$64,516 for the year ended September 30, 2017. The future minimum lease payments for these leases are as follows:

<u>Year Ending Sep. 30</u>	<u>Amount</u>
2018	\$43,302
2019	33,959
2020	32,499
2021	29,569
2022	18,101
Total	<u>\$ 157,430</u>



## F. Long-Term Debt

Capital Leases: The government has entered into capital lease agreements as lessee for financing the acquisition of various equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date.

Assets acquired through capital leases are as follows:

	(3) 2016 CHEV TAHOE	CATER. D7G DOZER PCT 4	(2) CATER. TRACTOR SCRAPER PCT 4	05 ETNYRE CHIP SPREADER PCT 4	ASPHALT ZIPPER/ DUAL AXLE TLH -PCT 3	JD 5100E TRACTOR PCT 4	CATER. 320DL EXCAVATOR PCT 1	CATER. 299C SKID STEER PCT 1
Asset:								
Cost	\$142,216	\$16,700	\$32,400	\$95,450	\$112,690	\$34,484	\$183,600	\$82,534
Less: Accumulated Depreciation	42,665	8,350	11,571	47,725	27,148	24,148	183,600	82,534
Total	\$99,551	\$8,350	\$20,829	\$47,725	\$85,542	\$10,336	\$0	\$0

	5100E CAB UTILITY TRACTOR PCT 1	CATER. 430E BACKHOE LOADER PCT 3	2016 SCHULTE XH1500 ROTARY CUTTER PCT 4	2016 SCHULTE XH1500 ROTARY CUTTER PCT 4	CATER. CS563C COM- PACTOR PCT 4	CATER. 950F WHEEL LOADER PCT 4	TOTAL
Asset:							
Cost	\$32,982	\$96,036	\$22,665	\$22,665	\$33,200	\$31,480	\$939,102
Less: Accumulated Depreciation	6,596	96,036	4,857	4,533	3,320	18,888	561,971
Total	\$26,386	\$0	\$17,808	\$18,132	\$29,880	\$12,592	\$377,131

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

	(3) 2016 CHEV TAHOE	CATER. D7G DOZER PCT 4	(2) CATER. TRACTOR SCRAPER PCT 4	05 ETNYRE CHIP SPREADER PCT 4	ASPHALT ZIPPER/ DUAL AXLE TLH -PCT 3
YEAR					
2018	\$37,800	\$4,523	\$8,776	\$12,919	\$24,680
2019	37,800	4,523	8,776	12,919	24,680
2020					24,680
2021					24,680
2022					
TOTAL MINIMUM LEASE PAYMENTS	75,600	9,046	17,552	25,838	98,720
LESS: AMOUNT REPRESENTING INTEREST	4,018	426	828	1,217	7,613
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$71,582	\$8,620	\$16,724	\$24,621	\$91,107

(continued) YEAR	JD 5100E TRACTOR PCT 4	CATER. 320DL EXCAVATOR PCT 1	CATER. 299C SKID STEER PCT 1	5100E CAB UTILITY TRACTOR PCT 1	CATER. 430E BACKHOE LOADER PCT 3
2018	\$7,604	\$30,023	\$11,337	\$7,202	\$1
2019	7,604		16,870	7,202	
2020	7,604			7,202	
2021				7,202	
2022					
TOTAL MINIMUM LEASE PAYMENTS	22,812	30,023	28,207	28,808	1
LESS: AMOUNT REPRESENTING INTEREST	1,444	361	977	3,027	0
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$21,368	\$29,662	\$27,230	\$25,781	\$1

(continued) YEAR	2016 SCHULTE XH1500 ROTARY CUTTER PCT 4	2016 SCHULTE XH1500 ROTARY CUTTER PCT 4	CATER. CS563C COM- PACTOR PCT 4	CATER. 950F WHEEL LOADER PCT 4	Total Governmental Activities
2018	\$4,925	\$4,949	\$8,974	\$8,509	\$172,222
2019	4,925	4,949	1	1	130,250
2020	4,925	4,949			49,360
2021	1	4,949			36,832
2022		1			1
TOTAL MINIMUM LEASE PAYMENTS	14,776	19,797	8,975	8,510	388,665
LESS: AMOUNT REPRESENTING INTEREST	1,000	1,543	278	264	22,996
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	\$13,776	\$18,254	\$8,697	\$8,246	\$365,669

The above debt is to be serviced by the General Fund and the Road and Bridge fund.

## Bonds

The government issues Bonds to provide funds for various County projects. The original amount of the bond issued is \$6,000,000. The bond is a direct obligations and pledge the full faith and credit of the government.

Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Unlimited Tax Road Bonds - Series 2009	4.625%	5,245,000

The following is a summary of debt service requirements to maturity.

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2018	\$270,000	\$185,519
2019	280,000	174,519
2020	295,000	162,650
2021	310,000	149,406
2022	330,000	135,006
2023 to 2027	1,905,000	432,143
2028 to 2029	905,000	42,434
TOTALS	<u>\$4,295,000</u>	<u>\$1,281,677</u>

The above debt is to be serviced by the Debt Service funds.

## Notes

The County had the following notes payable:

Four Vehicles to 1<sup>st</sup> National Bank. Total amount financed is \$136,995, Three annual payments of \$38,337. Balance at September 30, 2017 is \$106,995.

2- 2014 Belly Dump Load King Trailers. Total amount financed is \$43,413, Three annual payments of \$15,644. Balance at September 30, 2017 is \$43,413.

2004 KW & 2000 Freight Trucks. Total amount financed is \$25,000, Two annual payments of \$13,207. Balance at September 30, 2017 is \$25,000.

Four Vehicles to 1<sup>st</sup> National Bank. Total amount financed is \$15,500, Three annual payments of \$8,189. Balance at September 30, 2017 is \$15,500.

The following is a summary of debt service requirements to maturity.

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2018	\$68,162	\$7,215
2019	70,736	4,641
2020	52,009	1,973
TOTALS	<u>\$190,907</u>	<u>\$13,829</u>

The above debt is to be serviced by a reduction in the county's monthly sales tax allocation revenue from the state.

The changes in long-term liabilities are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$4,550,000	\$0	\$255,000	\$4,295,000	\$270,000	\$4,025,000
Bond Premium		224,791	17,292	207,499	0	207,499
Net Bonds	4,550,000	224,791	272,292	4,502,499	270,000	4,232,499
Capital Leases	562,286	55,647	252,264	365,669	160,107	205,562
Notes Payable		220,907	30,000	190,907	68,162	122,745
TMRS GASB 38 Payable	1,766,604		153,931	1,612,673		1,612,673
Compensated Absences	301,021	360,270	301,021	360,270	360,270	0
	<u>7,179,911</u>	<u>861,615</u>	<u>1,009,508</u>	<u>7,032,018</u>	<u>858,539</u>	<u>6,173,479</u>
 Grand Total	 <u>\$7,179,911</u>	 <u>\$861,615</u>	 <u>\$1,009,508</u>	 <u>\$7,032,018</u>	 <u>\$858,539</u>	 <u>\$6,173,479</u>

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2017-18 year is \$360,270. The compensated absences are deemed to be current liabilities.

The government-wide statement of activities includes \$858,539 as "non-current liabilities, due within one year".

The total amount of interest expensed in 2016-2017 is \$204,746.

## V. Other Information

### A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no instances where settlements exceeded insurance coverage in any of the three previous years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

	Year ended <u>09/30/16</u>	Year ended <u>09/30/17</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -0-	\$ -0-
Incurred Claims (including IBNRs)		
Claim Payments		
Unpaid Claims, End of Fiscal Year	<u>\$ -0-</u>	<u>\$ -0-</u>

B. Related Party Transaction

Jack Brandes – Sheriff - furnished the use of personal aircraft to the Austin County Sheriff's office at no charge in order to find runaways, missing persons, stolen property, etc.

Randy Reichardt – Commissioner Pct. 3 and Debra Reichardt – County Judge's office-are husband and wife.

### C. Subsequent Events

The County entered into a Capital Lease agreement with Government Capital Corporation for the amount of \$446,196.04 for a belly dump trailer, International truck, John Deere 4.5 L Tier 4 110 HP tractor, Samurai 22 JS controls tractor, John Deere 6105E cab tractor.

The county approved moving loans from the local bank to capital lease purchases for:

1. Loan #5000672 dated 3-3-17 for \$25,000 for a 2004 Kenworth & 2000 Freightliner
2. Loan #500736 dated 4-7-17 for \$43,412.50 for (2) 2014 Load King Belly Dump
3. Loan #5000664 dated 2-24-17 for \$15,500 for 1997 PTRB Truck & 2006 Trailer
4. Loan #5000896 dated 10-4-17 for \$73,010 2001 Caterpillar Motor Grader.
5. The County received from ISB insurance services \$38,691 and \$20,000 for a down payment on a tractor for Precinct 1 from John Deere credit.



#### D. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The County was a defendant in the following cases:

1. ***Derry, Levar v. Austin County Sheriff's Office***; Cause No. 2018V-0057; in the 155<sup>th</sup> Judicial District Court of Austin County, Texas. Germer No. 94930

Plaintiff Levar S. Derry ("Derry") asserts negligence claims against Austin County based on a September 22, 2017 motor vehicle accident involving Austin County Sheriff's Office Deputy Andrew Berger ("Deputy Berger") in Columbus, Colorado County, Texas.

At the time of the incident, Plaintiff was stationary in the left lane of Hwy 71. Deputy Berger approached from the rear and failed to stop before rear-ending the stationary vehicle. At this preliminary stage, liability seems probable. Deputy Berger readily admits that he was looking down at the time of the accident and did not see the stationary vehicle in time. Deputy Berger was in the course and scope of his employment. The impact of the collision appears to be severe, as both drivers were noted to have injuries on the crash report and were transported from the scene by EMS. As a result of the accident, Plaintiff claims injuries to his chest and lower back.

A lawsuit has been filed by Levar S. Derry against Austin County. The County intends to vigorously defend this matter. Austin County is being defended by the County's risk pool, and counsel does not anticipate the expenditure of any County funds on this matter, beyond the County's deductible.

2. **Frontier v. Austin County** Germer No. 95173

Frontier has made a claim against Austin County for \$1,647.58 regarding damages to a pedestal located at 3179 West FM 1093 & HWY 36 in Wallis, TX. The property is not maintained by Austin County and, therefore, it is unlikely that Austin County caused the damage. While there is not lawsuit at this time, Frontier has stated they will seek attorney's fees and other expenses should they file a lawsuit. With the inclusion of the additional fees, the claim could potentially exceed \$5,000, although counsel perceives this as unlikely at this time. The County intends to vigorously defend this matter.

The County has determined that certain transactions were recorded incorrectly in a prior year.

E. Prior Period Adjustments

The County had a prior period adjustment whereby Net Assets were decreased by \$3,319,044. The restatement was a result of the writing off of the beginning ambulance receivables. These restatements had a corresponding effect on the beginning net assets.

	Net Assets, as		
	Previously	GASB 68	Net Assets
	Reported	Restatement	As Restated
<b>Governmental Activities:</b>			
Net Assets	\$29,921,560	(\$3,319,044)	\$26,602,516
<b>Total Governmental Activities</b>	<u>\$29,921,560</u>	<u>(\$3,319,044)</u>	<u>\$26,602,516</u>

F. Retirement Plan

**Net Pension Liability / (Asset)**

<b>Net Pension Liability / (Asset)</b>	<b><u>December 31, 2015</u></b>	<b><u>December 31, 2016</u></b>
Total pension liability	\$31,486,699	\$33,289,476
Fiduciary net position	29,720,096	31,676,805
Net pension liability / (asset)	1,766,603	1,612,672
Fiduciary net position as a % of total pension liability	94.39%	95.16%
Pensionable covered payroll <sup>(1)</sup>	\$8,030,891	\$8,508,954
Net pension liability as a % of covered payroll	22.00%	18.95%

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

*Note: Rounding differences may exist above or in other tables in this report.*

<sup>(1)</sup> Payroll is calculated based on contributions as reported to TCDRS.

**Discount Rate**

Discount rate <sup>(2)</sup>	8.10%	8.10%
Long-term expected rate of return, net of investment expense	8.10%	8.10%
Municipal bond rate <sup>(3)</sup>	Does not apply	Does not apply

<sup>(2)</sup> This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

<sup>(3)</sup> The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the Long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of this report for further details.

**Other Key Actuarial Assumptions**

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

See Appendix B of this report (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the total pension liability and other GASB 68 metrics.

See Appendix C (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a **full** description of the actuarial assumptions used in the funding valuation.

	<b>Beginning Date</b>	<b>Ending Date</b>
Valuation date	December 31, 2015	December 31, 2016
Measurement date	December 31, 2015	December 31, 2016
Employer's fiscal year	October 1, 2016	September 30, 2017

## Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our 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 the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Projection of Fiduciary Net Position \*

Calendar Year Ending**	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses*** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2017	\$31,676,805	\$1,201,125	\$2,090,976	\$31,677	\$2,529,226	\$33,284,502
2018	33,284,502	1,158,901	1,900,428	33,285	2,665,276	35,174,966
2019	35,174,966	1,149,433	2,042,255	35,175	2,812,320	37,059,289
2020	37,059,289	1,144,532	2,175,537	37,059	2,959,388	38,950,613
2021	38,950,613	1,141,566	2,365,357	38,951	3,104,854	40,792,726
2022	40,792,726	1,124,903	2,551,136	40,793	3,245,953	42,571,653
2023	42,571,653	1,103,790	2,768,395	42,572	3,380,509	44,244,986
2024	44,244,986	1,090,281	2,883,246	44,245	3,510,886	45,918,662
2025	45,918,662	1,080,934	2,999,549	45,919	3,641,397	47,595,525
2026	47,595,525	1,071,358	3,134,609	47,596	3,771,413	49,256,090
2036	59,595,150	582,470	4,494,125	59,595	4,669,503	60,293,403
2046	59,615,772	140,211	5,464,742	59,616	4,615,065	58,846,689
2056	49,027,236	24,440	4,963,305	49,027	3,773,129	47,812,474
2066	40,148,536	1,478	3,326,835	40,149	3,118,382	39,901,412
2076	47,077,103	0	1,594,212	47,077	3,748,067	49,183,881
2086	84,916,444	0	498,088	84,916	6,855,080	91,188,520
2096	178,815,670	0	81,216	178,816	14,473,743	193,029,381

\* Projection values include no assumed future cost-of-living adjustments.

\*\* Note that only select years have been shown for formatting purposes

\*\*\*Administrative expenses are assumed to be 0.10% of Fiduciary Net Position.

### Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2015	\$31,486,699	\$29,720,096	\$1,766,603
Changes for the year:			
Service cost	1,038,798		1,038,798
Interest on total pension liability <sup>(1)</sup>	2,531,778		2,531,778
Effect of plan changes <sup>(2)</sup>	0		0
Effect of economic/demographic gains or losses	(259,495)		(259,495)
Effect of assumptions changes or inputs	0		0
Refund of contributions	(130,467)	(130,467)	0
Benefit payments	(1,377,837)	(1,377,837)	0
Administrative expenses		(23,932)	23,932
Member contributions		595,627	(595,627)
Net investment income		2,201,096	(2,201,096)
Employer contributions		686,673	(686,673)
Other <sup>(3)</sup>	0	5,548	(5,548)
Balances as of December 31, 2016	\$33,289,476	\$31,676,805	\$1,612,672

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

### Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 8.10%, as well as what the Austin County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$37,386,400	\$33,289,476	\$29,861,253
Fiduciary net position	<u>31,676,805</u>	<u>31,676,805</u>	<u>31,676,805</u>
Net pension liability / (asset)	\$5,709,596	\$1,612,672	(\$1,815,552)

## Pension Expense/ (Income)

Pension Expense / (Income)	<u>January 1, 2016 to December 31, 2016</u>
Service cost	\$1,038,798
Interest on total pension liability <sup>(1)</sup>	2,531,778
Effect of plan changes	0
Administrative expenses	23,932
Member contributions	(595,627)
Expected investment return net of investment expenses	(2,397,623)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(53,952)
Recognition of assumption changes or inputs	81,759
Recognition of investment gains or losses	571,900
Other <sup>(2)</sup>	(5,548)
Pension expense / (income)	<u>\$1,195,418</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

As of December 31, 2016, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$301,809	\$64,516
Changes of assumptions	0	163,518
Net difference between projected and actual earnings	0	1,686,173
Contributions made subsequent to measurement date <sup>(3)</sup>	N/A	Employer determined

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

Year ended December 31:	
2017	\$599,707
2018	535,191
2019	438,194
2020	39,305
2021	0
Thereafter <sup>(4)</sup>	0

<sup>(3)</sup> Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix D of this report.

<sup>(4)</sup> Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.



## Schedule of Deferred Inflows and Outflows of Resources

Expense/ (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2016	
Original Amount (a)	Date Established (b)	Original Recognition Period (1) (c)	Amount Recognized for 2016 (1) (a) - (c)	Inflows	Outflows
<i>Investment (gains) or losses</i>					
\$196,526	12/31/2016	5.0	\$39,305	\$0	\$157,221
2,318,814	12/31/2015	5.0	463,763	0	1,391,288
344,161	12/31/2014	5.0	68,832	0	137,664
<i>Economic/ demographic (gains) or losses</i>					
(259,495)	12/31/2016	4.0	(64,874)	194,621	0
(214,376)	12/31/2015	4.0	(53,594)	107,188	0
258,063	12/31/2014	4.0	64,516	0	64,516
<i>Assumption changes or inputs</i>					
0	12/31/2016	4.0	0	0	0
327,037	12/31/2015	4.0	81,759	0	163,518
0	12/31/2014	4.0	0	0	0
<i>Employer contributions made subsequent to measurement date (2)</i>					
-----Employer Determined-----					

(1) Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.

(2) Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as deferred outflows as outlined in Appendix D of this report.

## GASB 68 Plan Description for Austin County

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Austin County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
  - 2) The plan provides retirement, disability and survivor benefits.
  - 3) TCERS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
  - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
  - 5) Benefit terms are established under the TCERS Act. They may be amended as of Jan. 1 each year but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Austin County contribution rate is based on the TCERS funding policy adopted by the TCERS Board of Trustees and must conform with the TCERS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2016 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCERS can be found at the following link, [www.tcders.org](http://www.tcders.org).

### Membership Information

Members	Dec. 31, 2015	Dec. 31, 2016
Number of inactive employees entitled to but not yet receiving benefits:	182	206
Number of active employees	229	219
Average monthly salary*:	\$2,965	\$3,179
Average age*:	47.41	47.24
Average length of service in years*:	10.13	10.95
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	98	102
Average monthly benefit:	\$1,144	\$1,182

*\*Averages reported for active employees. They differ from the prior year's report, which included all active and inactive members. Average service includes all proportionate service.*

### **Contributions Made Subsequent to Measurement Date**

GASB Statement No. 71 ("GASB 71"), *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, requires employer contributions made between the measurement date, which is the date used to determine an employer's net pension liability ("NPL"), and the employer's fiscal year end be reported as a deferred outflow of resources ("DOoR"). The statement "requires a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability."

For GASB valuation purposes, TCDRS' consulting actuary will compute each participating employer's NPL as of Dec. 31 of each year. Employers that have a fiscal year end other than Dec. 31 will need to account for pension contributions (employer; not employee contributions or group term life premiums) made between Dec. 31 and the employer's fiscal year end as a DOoR. These contributions will not be reported to you as part of this GASB report; employers can access their monthly employer activity statements, which display employer contributions to the retirement plan via the TCDRS Employer Portal.

## **Summary of TCDRS Funding Policy**

### **Texas County & District Retirement System Funding Policy**

**Effective as of the Dec. 31, 2014 valuation**

#### **Introduction**

The funding policy governs how the Texas County & District Retirement System (TCDRS) determines the employer contributions required to ensure that benefits provided to TCDRS members are funded in a reasonable and equitable manner. The goals of TCDRS' funding policy are to fully fund benefits over the course of employees' careers to ensure intergenerational equity, and to balance rate and benefit stability with the need for the plan funding to be reflective of current plan conditions.

This policy documents the current funding policies in effect for the Dec. 31, 2016 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan.

#### **TCDRS funding overview**

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, 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. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

### **Methodology for determining employer contribution rates**

The board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

- Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
- Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
- Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions.

### ***Actuarial cost method***

TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is 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. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

### ***Amortization policy***

The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and losses). UAAL amounts are amortized on a level-percentage-of-covered-payroll basis over a closed period with a layered approach. The closed periods ensure all unfunded liabilities are financed over no more than 20 years from the time they occur. Each year new layers are established to amortize changes in the UAAL due to actuarial gains or losses, as well as any plan benefit changes elected by an employer for that year.

Benefit enhancements are amortized over a 15-year closed period. All other changes in the UAAL are amortized over 20-year closed periods. These amortization periods are generally more conservative than those of most other public retirement plans and are stricter than the minimum amortization period required under state law.

For newly participating districts that have five or fewer employees who are all within five years of retirement eligibility, any initial UAAL and any subsequent adoption of prior service credits are amortized over a five-year closed amortization period. This ensures that benefits are appropriately funded over the current generation of employees.

Notwithstanding the layered approach, the total UAAL payment may not be less than the required payment obtained by amortizing the entire UAAL over a 20-year period.

If a plan is overfunded, the overfunded actuarial accrued liability (OAAL) is calculated annually using a 30- year open amortization period.

### ***Asset valuation method***

When determining the actuarial value of assets used for measuring a plan's funded status, TCDRS smooths each year's actuarial investment gains and losses and recognizes them over a five-year period to better reflect the system's long-term investment horizons and to keep employer contribution rates more stable. As actuarial asset investment gains and losses are recognized, they become part of the actuarial gains and losses for the year and are funded according to the amortization policy. The five-year period helps stabilize employer rates while still ensuring that rates are reflective of current market conditions.

In addition, the board has the ability to set aside reserves from investment earnings that are used to help offset future negative economic cycles. These reserves are held separately and are not counted as part of a participating employer's plan assets until they are passed through to employers when determined necessary by the board. Reserves help maintain rate stability for employers. In addition, reserves ensure that employers do not adopt benefit increases based on a temporarily lower plan cost at a high point in a market cycle and, conversely, are not as pressured to immediately reduce benefit levels during a low point in a market cycle.

### ***Actuarial assumptions***

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

### ***Oversight***

The board has established review policies to ensure that actuarial assumptions are appropriate and that the methodology for determining employer contribution rates is being correctly applied.

### ***Review of actuarial assumptions***

TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience. TCDRS assumptions are compared to plan experience and future expectations, and changes to the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study.

An actuarial audit of every investigation of experience is required and must be performed by an independent auditing actuary to review the consulting actuary's analysis, conclusions and recommendations for accuracy, appropriateness and reasonableness. These audits alternate between a peer review and a full replication audit of the investigation of experience. In a peer review audit of the investigation, the reviewing actuary uses the raw results of the investigation for demographic assumptions as calculated by the consulting actuary to test the conclusions and recommendations. In addition, the reviewing actuary independently analyzes economic assumptions to test the results and recommendations of the consulting actuary. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the investigation, in addition to performing all of the steps of a peer review, the auditing actuary fully replicates the calculation of the investigation's raw results.

### **Review of employer contribution rates**

In order to test accuracy and ensure that the actuarial methods and assumptions are being correctly applied, an audit of the valuation is required every four years. These audits are conducted by an independent reviewing actuary and alternate between a peer review and a full replication audit of the valuation. In the peer review audit of the valuation, the actuary uses a sample of participant data and TCDRS plans to test the results of the valuation. The reviewing actuary also examines the consulting actuary's methods and assumptions for reasonableness and internal consistency. In a full replication audit of the valuation, the auditing actuary performs all the steps of a peer review audit but instead of analyzing sample data and plans, the auditing actuary fully replicates the original actuarial valuation.

### **Review and modification of funding policy**

The board will review this policy on a regular basis and may modify this policy at its discretion. Modifications to the policy may be submitted for consideration to the board by staff and/or outside consulting actuaries as circumstances warrant.

## REQUIRED SUPPLEMENTARY INFORMATION



## Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Total Pension Liability</b>										
Service cost	\$1,038,798	\$918,709	\$832,613	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,531,778	2,384,025	2,204,104	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	(133,185)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	327,037	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(259,495)	(214,376)	258,063	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments /refunds of contributions	<u>(1,508,304)</u>	<u>(1,338,866)</u>	<u>(1,087,601)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	1,802,777	1,943,344	2,207,180	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>31,486,699</u>	<u>29,543,355</u>	<u>27,336,176</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending (a)	<u>\$33,289,476</u>	<u>\$31,486,699</u>	<u>\$29,543,355</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Fiduciary Net Position</b>										
Employer contributions	\$686,673	\$656,924	\$636,162	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	595,627	562,162	519,123	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	2,201,096	103,366	1,919,505	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,508,304)	(1,338,866)	(1,087,601)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(23,932)	(21,387)	(22,071)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>5,548</u>	<u>96,664</u>	<u>87,228</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in fiduciary net position	1,956,708	58,863	2,052,346	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>29,720,096</u>	<u>29,661,233</u>	<u>27,608,887</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending (b)	<u>\$31,676,805</u>	<u>\$29,720,096</u>	<u>\$29,661,233</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$1,612,672</u>	<u>\$1,766,603</u>	<u>(\$117,878)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	95.16%	94.39 %	100.40%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$8,508,954	\$8,030,891	\$7,414,444	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as % of covered payroll	18.95 %	22.00%	-1.59%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

## Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution <sup>(1)</sup>	Actual Employer Contribution <sup>(1)</sup>	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(2)</sup>	Actual Contribution as a % of Covered Payroll
2007	\$423,447	\$423,447	\$0	\$5,176,615	8.2%
2008	434,230	434,230	0	5,698,550	7.6%
2009	436,390	436,390	0	6,027,493	7.2%
2010	507,545	507,545	0	6,273,738	8.1%
2011	491,888	491,888	0	6,156,098	8.0%
2012	516,398	516,398	0	6,328,404	8.2%
2013	568,130	568,130	0	6,652,456	8.5%
2014	636,162	636,162	0	7,414,444	8.6%
2015	656,924	656,924	0	8,030,891	8.2%
2016	686,673	686,673	0	8,508,954	8.1%

<sup>(1)</sup> TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

<sup>(2)</sup> Payroll is calculated based on contributions as reported to TCORS.

## Notes to Schedule

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

### Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.9 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions. 2016: No changes in plan provisions.

*\*Only changes effective 2015 and later are shown in the Notes to Schedule.*

## Actuarial Methods and Assumptions Used for GASS Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2016 funding valuation (see Appendix C, following, for details), except as noted below and throughout this report. Please see the Austin County December 31, 2016 Summary Valuation Report for further details.

Following are the key assumptions and methods used in this GASB analysis.

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age Normal <sup>(1)</sup>
<b>Amortization Method</b>	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	Same as funding valuation: See Appendix C
<b>Salary Increases</b>	Same as funding valuation: See Appendix C
<b>Investment Rate of Return</b>	8.10%
<b>Cost-of-Living Adjustments</b>	Cost-of-Living Adjustments for Austin County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Retirement Age</b>	Same as funding valuation: See Appendix C
<b>Turnover</b>	Same as funding valuation: See Appendix C
<b>Mortality</b>	Same as funding valuation: See Appendix C

<sup>(1)</sup> Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

## Actuarial Methods and Assumptions Used for Funding Valuation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations ", the assumptions used in this analysis for the December 31, 2016 financial reporting metrics are the same as those used in the December 31, 2016 actuarial valuation analysis for Austin County.

Following is a description of the assumptions used in the December 31, 2016 actuarial valuation analysis for Austin County. This information may also be found in the Austin County December 31, 2016 Summary Valuation Report.

### Economic Assumptions

#### TCDRS system-wide economic assumptions:

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee. (See Table 1 for Merit Salary Increases.)

#### Employer-specific economic assumptions:

Growth in membership	0.0%
Payroll growth for funding calculations	3.5%

The payroll growth assumption is for the aggregate covered payroll of an employer.

## COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

AUSTIN COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2017

	SPECIAL REVENUE																		
	2007 PSIC GRANT	ABAND- ONED VEHICLES	ARRA JAG GRANT	CC & DC TECH FUND	AUSTIN COUNTY RECY- CLING	COLLEC- TION FEE/ ESTRAY	COUNTY AND LATERAL ROAD	COURT- HOUSE SECURITY	COURT REPORTER SERVICE FUND	CRIMINAL DA - HOT CHECK	DISTRICT ATTORNEY FOR- FEITURE	DONATIONS - AND CERT	CDA LAW ENFORCE- MENT	EMS/ SPECIAL FUNDS	ENVIRO- MENTAL FUND	ESTRAY	INDIGENT HEALTH CARE	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECH- NOLOGY
ASSETS																			
Cash and Cash Equivalents		\$1,015	\$320	\$8,030	\$13,212	\$1,115	\$6,500	\$0	\$57,471	\$7,841	\$4,596	\$1,873	\$166,766	\$52,899	\$930	\$12,060	\$35,449	\$45,299	\$14,143
Receivables (net of allowance for uncollectibles)				58				492	375										
TOTAL ASSETS	\$0	\$1,015	\$320	\$8,088	\$13,212	\$1,115	\$6,500	\$492	\$57,846	\$7,841	\$4,596	\$1,873	\$166,766	\$52,899	\$930	\$12,060	\$35,449	\$45,299	\$14,143
LIABILITIES AND FUND BALANCES																			
Liabilities																			
Accounts Payable							\$6,500	\$2,215		\$220				\$104		\$325	\$585		\$295
Bank Overdraft	70,769							18,430											
Total Liabilities	70,769	0	0	0	0	0	6,500	20,645	0	220	0	0	0	104	0	325	585	0	295
Fund Balances																			
Restricted																			
Administrative				8,088															
Archives																			
Construction																			
Debt Service																			
Environmental Protection															930				
Health					13,212				57,846	7,621	4,596						34,864		
Judicial																		45,299	13,848
Public Safety		1,015	320			1,115						1,873	166,766	52,795		11,735			
Committed																			
Culture and Recreation																			
Unassigned	(70,769)							(20,153)											
Total Fund Balances	(70,769)	1,015	320	8,088	13,212	1,115	0	(20,153)	57,846	7,621	4,596	1,873	166,766	52,795	930	11,735	34,864	45,299	13,848
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$1,015	\$320	\$8,088	\$13,212	\$1,115	\$6,500	\$492	\$57,846	\$7,841	\$4,596	\$1,873	\$166,766	\$52,899	\$930	\$12,060	\$35,449	\$45,299	\$14,143
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(continued)





AUSTIN COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	SPECIAL REVENUE																		
	2007 PSIC GRANT	ABAND- ONED VEHICLES	ARRA JAG GRANT	CC & DC TECH FUND	AUSTIN COUNTY RECY- CLING	COLLEC- TION FEE/ ESTRAY	COUNTY AND LATERAL ROAD	COURT- HOUSE SECURITY	COURT REPORTER SERVICE FUND	CRIMINAL DA - HOT CHECK	DISTRICT ATTORNEY FOR- FEITURE	DONATIONS - LEPC AND CERT	CDA LAW ENFORCE- MENT	EMS/ SPECIAL FUNDS	ENVIRO- MENTAL FUND	ESTRAY	INDIGENT HEALTH CARE	JUSTICE COURT BUILDING SECURITY	JUSTICE COURT TECH- NOLOGY
REVENUES																			
Taxes																			
Property																			
Intergovernmental							29,821						11,423		5				
Charges for Services				2,347				24,131	8,105	23,382						4,262		3,875	17,204
Interest				143						21	20		1,305						
Miscellaneous											4,959			11,941					
Total Revenues	0	0	0	2,490	0	0	29,821	24,131	8,105	23,403	4,979	0	12,728	11,941	5	4,262	0	3,875	17,204
EXPENDITURES																			
Current:																			
General Administration																			
Legal										21,438	7,107								
Judicial									285										16,564
Public Safety								84,566					30,849	16,269		1,493			
Public Transportation							29,822												
Culture and Recreation																			
Health and Welfare																	41,649		
Debt Service																			
Principal Retirement																			
Interest Retirement																			
Total Expenditures	0	0	0	0	0	0	29,822	84,566	285	21,438	7,107	0	30,849	16,269	0	1,493	41,649	0	16,564
Excess (Deficiency) of Revenues Over (Under)																			
Expenditures	0	0	0	2,490	0	0	(1)	(60,435)	7,820	1,965	(2,128)	0	(18,121)	(4,328)	5	2,769	(41,649)	3,875	640
OTHER FINANCING SOURCES (USES):																			
Operating Transfers In											5,000								
Operating Transfers Out							(29,821)						(5,000)						
Total Other Financing Sources (Uses)	0	0	0	0	0	0	(29,821)	0	0	0	5,000	0	(5,000)	0	0	0	0	0	0
Net Changes in Fund Balances	0	0	0	2,490	0	0	(29,822)	(60,435)	7,820	1,965	2,872	0	(23,121)	(4,328)	5	2,769	(41,649)	3,875	640
Fund Balances - Beginning	(70,769)	1,015	320	5,598	13,212	1,115	29,822	40,282	50,026	5,656	1,724	1,873	189,887	57,123	925	8,966	76,513	41,424	13,208
Fund Balances - Ending	(\$70,769)	\$1,015	\$320	\$8,088	\$13,212	\$1,115	\$0	(\$20,153)	\$57,846	\$7,621	\$4,596	\$1,873	\$166,766	\$52,795	\$930	\$11,735	\$34,864	\$45,299	\$13,848
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(continued)

SPECIAL REVENUE																		DEBT SERVICE		CAPITAL PROJECT	
JUVENILE PROBATION SUPPORT	JUVENILE CASE MANAGE- MENT	LAW LIBRARY	POD GRANT	RECORDS MANAGE- MENT COUNTY	RECORDS MANAGE- FEES	SHERIFF'S FORFEI- TURE	SPECIAL DONA- TIONS/ SHERIFF	SPECIAL LIBRARY/ KNOX LIBRARY	SPECIAL LIBRARY/ W. E. LIBRARY	TAX INCRE- MENT ZONE NO. 1	TEEX/ HOMELAND SECURITY	TEXAS CAPITAL FUND GRANT	TEXAS VINE GRANT	TIRE COLLEC- TION EVENT	TOBACCO LITIGA- TION/ SETTLEMENT	TRAFFIC FEES/ JUSTICE COURT	VIDEO/ COURT COSTS	CERTIFICATE OF OBLIGATION SER. 2007	CERTIFICATE OF OBLIGATION SER. 2009	TAX ROAD BONDS SER. 2009	NON-MAJOR GOVERN- MENTAL FUNDS
1,032	630					22,285	1,300								35,239		168		\$398,198		\$398,198
22		36,556		21,181	69,223	701		103	48					103		9,787			610		101,735
					135	104,382		20,769	6,477												220,221
1,054	630	36,556	0	21,181	69,358	127,368	1,300	20,872	6,525	0	0	0	0	0	35,342	9,787	168	0	398,808	0	871,893
				10,900	39,572					41,695											92,167
308		32,116																			28,545
						107,667	373									11,191					49,273
								4,246	2,745												252,408
															51,750						29,822
																					6,991
																					93,399
																					255,000
																					197,019
308	0	32,116	0	10,900	39,572	107,667	373	4,246	2,745	41,695	0	0	0	0	51,750	11,191	0	500	196,519	0	1,004,624
746	630	4,440	0	10,281	29,786	19,701	927	16,626	3,780	(41,695)	0	0	0	0	(16,408)	(1,404)	168	(500)	(52,711)	0	(132,731)
										15,904											70,537
				(6,000)	(25,000)										(10,000)						(75,821)
0	0	0	0	(6,000)	(25,000)	0	0	0	0	15,904	0	0	0	0	(10,000)	0	0	500	49,133	0	(5,284)
746	630	4,440	0	4,281	4,786	19,701	927	16,626	3,780	(25,791)	0	0	0	0	(26,408)	(1,404)	168	0	(3,578)	0	(138,015)
6,705	85,674	12,395	6,650	22,824	36,806	70,667	1,844	29,441	14,287	25,791					68,284	13,760	6,582	0	8,322	2,740	880,692
\$7,451	\$86,304	\$16,835	\$6,650	\$27,105	\$41,592	\$90,368	\$2,771	\$46,067	\$18,067	\$0	\$0	\$0	\$0	\$0	\$41,876	\$12,356	\$6,750	\$0	\$4,744	\$2,740	\$742,677
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

AGENCY

AUSTIN COUNTY, TEXAS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Juvenile Probation State	Drainage District No. 1	Court Costs	Bellville ISD Truancy	Sealy ISD Truancy	New Ulm WWTR Rehabilitation	County Officer Monies	Total
<b>ASSETS</b>								
Cash and Cash Equivalents	\$38,787	\$61,415	\$334,750	\$1,132	\$243	\$0	\$2,430,588	\$2,866,915
Receivables (net of allowance for uncollectibles)			5,368					0 5,368
Due from Other Funds								0
Due from Others								0
Total Assets	\$38,787	\$61,415	\$340,118	\$1,132	\$243	\$0	\$2,430,588	\$2,872,283
<b>LIABILITIES</b>								
Accounts Payable	\$18,133		\$113,459					\$131,592
Due to Other Funds								0
Due to Others	20,654	61,415	226,659	1,132	243	0	2,430,588	2,740,691
Total Liabilities	\$38,787	\$61,415	\$340,118	\$1,132	\$243	\$0	\$2,430,588	\$2,872,283
	0	0	0	0	0	0	0	0