

SUTTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
SEPTEMBER 30, 2015

SUTTON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

TABLE OF CONTENTS

FINANCIAL SECTION

1. Independent Auditor's Report
3. Management's Discussion and Analysis

Basic Financial Statements:

Government-wide Financial Statements:

10. Statement of Net Position
11. Statement of Activities

Fund Financial Statements:

12. Balance Sheet - Governmental Funds
13. Reconciliation of the Government Funds
14. Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
15. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
16. Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- General Fund
18. Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Road and Bridge Fund
19. Statement of Fiduciary Net Position - Fiduciary Funds
20. Notes to the Financial Statements

Required Supplementary Information:

52. Retirement System Information
56. OPEB Information – Analysis of Funding Progress

Combining and Individual Fund Statements and Schedules:

57. Combining Balance Sheet - Non-major Governmental Funds
58. Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds
59. Combining Statement of Fiduciary Net Position
60. Combining Statement of Changes in Assets and Liabilities

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

- 62. 911 Fund
- 63. Appellate Court Fund
- 64. Vehicle Replacement
- 65. Flood Control
- 66. FMLR Fund
- 67. Law Library
- 68. LEOSE Training
- 69. Records Management
- 70. Seizure Fund
- 70. Texas Pecos Trail

FINANCIAL SECTION

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

Wayne R. Beyer, C.P.A.

P.O. Box 366 / 442 West Oaklawn
Pleasanton, Texas 78064
Phone: (830) 569-8781 ~ Fax: (830) 569-6776

E-mail: beyrandco@sbcglobal.net

111 North Odem
Sinton, Texas 78387
Phone: (830) 569-8781 ~ Fax: (830) 569-6776

Please reply to Pleasanton address

INDEPENDENT AUDITOR'S REPORT

To the Commissioner's Court
Sutton County, Texas

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sutton County, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note G to the financial statements, in 2015 the County adopted new accounting guidance, *GASB Statement No. 68 Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Employees Retirement System Information and OPEB information, and the budgetary comparison information on pages 3-9, 52-56, and 62-71 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 Sutton 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.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
August 6, 2016

Management's Discussion and Analysis

As management of Sutton County, Texas, we offer readers of Sutton County, Texas' financial statements this narrative overview and analysis of the financial activities of Sutton County, Texas for the fiscal year ended September 30, 2015.

Financial Highlights

- . The assets of Sutton County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$11,819,648 (Net Position). Of this amount, \$6,023,632 (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 \$748,435. This increase is due to a contribution of \$325,000 for a Pavilion, an increase of \$240,446 in miscellaneous income, a reduction in expenditures of \$353,228, and careful budget management.
- . As of the close of the current fiscal year, Sutton County, Texas' governmental funds reported combined ending fund balances of \$6,079,828, an increase of \$505,431 in comparison with the prior year. Approximately 73% of this total amount, \$4,410,124, is available for spending at the government's discretion (unassigned fund balance).
- . At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,413,243, or 110 percent of total general fund expenditures. At the end of the current fiscal year, restricted fund balance for the road and bridge fund was \$763,487, or 82 percent of total road and bridge fund expenditures.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to Sutton County, Texas' basic financial statements. Sutton 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 Sutton County, Texas' finances, in a manner similar to a private-sector business. The statement of Net Position presents information on all of Sutton 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 Sutton 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). Both of the government-wide financial statements distinguish functions of Sutton 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 Sutton County, Texas include road and bridge administration, public safety, public transportation, health and welfare, agriculture, and culture and recreation. The government-wide financial statements include only Sutton County, Texas itself (known as the primary government). The government-wide financial statements can be found on pages 10-11 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. Sutton 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 Sutton County, Texas can be divided into two categories: governmental funds and fiduciary funds.

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

Sutton County, Texas maintains fourteen (14) 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 and the road and bridge fund which are considered to be major funds.

Data from the other twelve (12) 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.

Sutton County, Texas adopts an annual appropriated budget for all its funds except for the HAVA Grant fund and the Hot Check fund. A budgetary comparison statement has been provided for the general fund and the road and bridge fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 12-19 of this report.

Proprietary funds: Sutton County, Texas has no proprietary funds.

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 20 - 51 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Sutton County, Texas' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 52-56 of this report.

The combining individual fund statements and schedules referred to earlier in connection with non-major governmental funds and agency funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 57-61 of this report. The budget comparison schedules in connection with the non-major governmental funds can be found on pages 62-71 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 Sutton County, Texas, assets exceeded liabilities by \$11,819,648 at the close of the most recent fiscal year.

A portion of Sutton County, Texas' Net Position (39 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Sutton County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Sutton County, Texas' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SUTTON COUNTY, TEXAS NET POSITION

	Governmental Activities		Total	
	2015	2014	2015	2014
Current and Other Assets	\$7,848,011	\$7,504,759	\$7,848,011	\$7,504,759
Capital Assets:	4,599,898	4,413,591	4,599,898	4,413,591
Total Assets	12,447,909	11,918,350	12,447,909	11,918,350
Total Deferred Outflows of Resources	414,718	265,187	414,718	265,187
Long-Term Liabilities	773,375	800,446	773,375	800,446
Other Liabilities	116,839	311,878	116,839	311,878
Total Liabilities	890,214	1,112,324	890,214	1,112,324
Total Deferred Inflows of Resources	152,765	0	152,765	0
Invested in Capital Assets, Net of Related Debt	4,599,898	4,413,591	4,599,898	4,413,591
Restricted	1,196,118	1,057,794	1,196,118	1,057,794
Unrestricted	6,023,632	5,599,828	6,023,632	5,599,828
Total Net Position	\$11,819,648	\$11,071,213	\$11,819,648	\$11,071,213

An additional portion of Sutton County, Texas' Net Position (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position (\$6,023,632) may be used to meet the governments on going obligations to citizens and creditors. At the end of the current fiscal year, Sutton County, Texas reported a positive balance in the governmental activities. At the end of the current fiscal year, Sutton County, Texas reported a positive balance in all three parts of the governmental activities Net Position. For the prior fiscal year, Sutton County, Texas reported a positive balance in all three parts of the governmental activities Net Position.

Governmental activities:

Governmental activities increased Sutton County, Texas' Net Position by \$748,435, thereby accounting for 100 percent of the total increase in the Net Position of Sutton County, Texas.

Revenues increased by \$503,858 (9 percent) during the year while expenses decreased by \$353,228 (6 percent) during the year. Most of the revenue increase was from an increase of \$325,000 in contributions, an increase in Maintenance and Operations Taxes of \$45,702, and an increase in miscellaneous income of \$240,446 (46 percent). The increase in contributions was a result of a contribution of a Pavilion and the increase in miscellaneous was a result of an increase in refunds and reimbursements. Most of the expense decrease was ratable through the different departments and functions with the exception of General Administration which decreased by \$207,290 or 26%. There was a \$81,861 decrease in public safety.

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

	Governmental Activities		Total	
	2015	2014	2015	2014
Revenues:				
Program Revenues:				
Charges for Services	\$1,188,605	\$1,232,341	\$1,188,605	\$1,232,341
Operating Grants and Contributions	262,988	326,604	262,988	326,604
Capital Grants and Contributions	325,000	0	325,000	0
General Revenues:				
Maintenance and Operations Taxes	3,394,405	3,348,703	3,394,405	3,348,703
Unrestricted Investment Earnings	50,121	50,059	50,121	50,059
Miscellaneous	760,679	520,233	760,679	520,233
Total Revenue	<u>5,981,798</u>	<u>5,477,940</u>	<u>5,981,798</u>	<u>5,477,940</u>
Expenses:				
General Administration	603,460	810,750	603,460	810,750
Legal	117,088	112,173	117,088	112,173
Judicial	444,099	448,727	444,099	448,727
Financial Administration	480,710	481,587	480,710	481,587
Public Facilities	250,859	297,248	250,859	297,248
Public Safety	1,548,146	1,630,007	1,548,146	1,630,007
Public Transportation	937,397	936,607	937,397	936,607
Culture and Recreation	533,392	524,260	533,392	524,260
Health and Welfare	149,390	183,813	149,390	183,813
Conservation - Agriculture	168,822	161,419	168,822	161,419
Total Expenses	<u>5,233,363</u>	<u>5,586,591</u>	<u>5,233,363</u>	<u>5,586,591</u>
Increase in Net Position Before Transfers and Special Items	748,435	(108,651)	748,435	(108,651)
Transfers	0	0	0	0
Increase in Net Position	748,435	(108,651)	748,435	(108,651)
Net Position at 9/30/2014 - Restated	11,071,213	11,179,864	11,071,213	11,179,864
Net Position at 9/30/2015	<u>\$11,819,648</u>	<u>\$11,071,213</u>	<u>\$11,819,648</u>	<u>\$11,071,213</u>

Expenses and Program Revenues - Governmental Activities

Functions/Programs	Expenses	Program Revenues Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Government Activities:				
General Administration	\$603,460	\$88,035	\$6,400	\$0
Legal	117,088	750	23,333	
Judicial	444,099	764,298	25,732	
Financial Administration	480,710	50,601		
Public Facilities	250,859			
Public Safety	1,548,146	11,053	114,777	
Public Transportation	937,397	265,846	12,043	
Culture and Recreation	533,392	8,022	60,285	325,000
Health and Welfare	149,390		20,418	
Conservation - Agriculture	168,822			
Total Government Activities	<u>\$5,233,363</u>	<u>\$1,188,605</u>	<u>\$262,988</u>	<u>\$325,000</u>

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$1,188,605	20%
Operating Grants and Contributions	262,988	4%
Capital Grants and Contributions	325,000	5%
Maintenance and Operations Taxes	3,394,405	57%
Unrestricted Investment Earnings	50,121	1%
Miscellaneous	760,679	13%
	<u>\$5,981,798</u>	<u>100%</u>

For the most part, expenses remained stable except as discussed above.

Financial Analysis of the Government's Funds

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

Governmental funds:

The focus of Sutton County, Texas' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Sutton 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, Sutton County, Texas' governmental funds reported combined ending fund balances of \$6,079,828, an increase of \$505,431 in comparison with the prior year. Approximately 73 percent of this total amount \$4,410,124 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining amount of \$1,669,704 is either restricted or committed.

The general fund is the chief operating fund of Sutton County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,413,243, while total fund balance reached \$4,413,243. 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. Unassigned fund balance represents 110 percent of total general fund expenditures, while total fund balance represents 110 percent of that same amount.

The fund balance of Sutton County, Texas' general fund increased by \$375,295 during the current fiscal year. Key factors in this increase are as follows:

- An increase in miscellaneous income of \$102,575, a decrease in non-departmental expenditures of \$125,326, and good budget management.

The road and bridge fund is the chief operating fund of Sutton County, Texas. At the end of the current fiscal year, restricted fund balance of the road and bridge fund was \$763,487, while total fund balance reached \$763,487. 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 82 percent of total road and bridge fund expenditures, while total fund balance represents 82 percent of that same amount.

The fund balance of Sutton County, Texas' road and bridge fund increased by \$140,950 during the current fiscal year. Key factors in this increase are as follows:

- An increase in miscellaneous income of \$101,911 and good budget management.

Budgetary Highlights

The County decreased the budgeted expenditures in the general fund by \$48,893. The largest decrease was in County and District Clerk which decreased by \$50,000. Overall, actual expenditures of \$4,003,939 were less than the budgeted expenditures of \$4,704,612 by \$700,673.

There were no differences between the original budget and the final amended budget in the road and bridge fund.

Capital Asset and Debt Administration

Capital assets:

Sutton County, Texas' investment in capital assets for its governmental activities as of September 30, 2015, amounts to \$4,599,898 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in Sutton County, Texas' investment in capital assets for the current fiscal year was 4.22 percent.

Major capital asset events during the current fiscal year included the following:

The county had \$325,000 donated for the building of a Pavilion.

SUTTON COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Total	
	2015	2014	2015	2014
Land	\$233,780	\$234,780	\$233,780	\$234,780
Other Asserts	300,100	300,100	300,100	300,100
Construction in Progress	338,178	0	338,178	0
Building and Improvements	3,377,417	3,462,151	3,377,417	3,462,151
Machinery and Equipment	350,423	405,253	350,423	405,253
Intangible	0	11,307	0	11,307
Infrastructure	0	0	0	0
Total	<u>\$4,599,898</u>	<u>\$4,413,591</u>	<u>\$4,599,898</u>	<u>\$4,413,591</u>

Additional information on Sutton County, Texas' capital assets can be found in Note IV C on page 32 of this report.

Long-term debt:

Sutton County, Texas had no bonded debt outstanding at September 30, 2015.

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 a general overview of Sutton County, Texas' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Auditor, P.O. Box 16, Sonora, Texas 76950.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Governmental	
	Activities	Total
ASSETS		
Cash and Cash Equivalents	\$6,024,714	\$6,024,714
Receivables (net of allowance for uncollectibles)	856,085	856,085
Net Pension Receivable	964,093	964,093
Capital assets not being depreciated:		
Land	233,780	233,780
Other Assets	300,100	300,100
Construction in Progress	338,178	338,178
Total Capital assets being depreciated, net		
Building and Improvements	3,377,417	3,377,417
Machinery and Equipment	350,423	350,423
Intangible	0	0
Infrastructure	0	0
Total Assets	<u>\$12,444,790</u>	<u>\$12,444,790</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow of Resources-Contributions (after 12/31/14)	261,741	261,741
Deferred Outflow-Investment Experience	152,977	152,977
Total Deferred Inflows of Resources	<u>414,718</u>	<u>414,718</u>
LIABILITIES:		
Accounts Payable	\$85,387	\$85,387
Unearned Revenues	28,333	28,333
Noncurrent Liabilities:		
Due within one year	422,668	422,668
Due in more than one year	350,707	350,707
Total Liabilities	<u>887,095</u>	<u>887,095</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow-Actual Experience vs. Assumption	152,765	152,765
Total Deferred Inflows of Resources	<u>152,765</u>	<u>152,765</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	4,599,898	4,599,898
Restricted		
Records Management	13,014	13,014
Historical	100,197	100,197
Judicial	12,356	12,356
Legal	40	40
Public Safety	279,356	279,356
Public Transportation	791,155	791,155
Unrestricted	6,023,632	6,023,632
Total Net Position	<u>\$11,819,648</u>	<u>\$11,819,648</u>

The accompanying notes are an integral part of this statement.

SUTTON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program	Operating	Capital	Net (Expense)	Net (Expense)
		Revenues	Grants and	Grants and	Revenue and	Revenue and
		Charges for	Contributions	Contributions	Changes in	Changes in
		Services			Governmental	Total
					Activities	
Primary government						
Government activities:						
General Administration	\$603,460	\$88,035	\$6,400		(\$509,025)	(\$509,025)
Legal	117,088	750	23,333		(93,005)	(93,005)
Judicial	444,099	764,298	25,732		345,931	345,931
Financial Administration	480,710	50,601			(430,109)	(430,109)
Public Facilities	250,859				(250,859)	(250,859)
Public Safety	1,548,146	11,053	114,777		(1,422,316)	(1,422,316)
Public Transportation	937,397	265,846	12,043		(659,508)	(659,508)
Culture and Recreation	533,392	8,022	60,285	325,000	(140,085)	(140,085)
Health and Welfare	149,390	0	20,418		(128,972)	(128,972)
Conservation - Agriculture	168,822				(168,822)	(168,822)
Total government activities	<u>5,233,363</u>	<u>1,188,605</u>	<u>262,988</u>	<u>325,000</u>	<u>(3,456,770)</u>	<u>(3,456,770)</u>
Total Primary Government	<u>\$5,233,363</u>	<u>\$1,188,605</u>	<u>\$262,988</u>	<u>\$325,000</u>	<u>(3,456,770)</u>	<u>(3,456,770)</u>
General Revenues						
Property Taxes, Levies for General Purposes					3,394,405	3,394,405
Unrestricted Investment Earnings					50,121	50,121
Miscellaneous					760,679	760,679
Total General Revenues and Transfers					<u>4,205,205</u>	<u>4,205,205</u>
Change in Net Position					748,435	748,435
Net Position - Beginning - Restated					11,071,213	11,071,213
Net Position - Ending					<u>\$11,819,648</u>	<u>\$11,819,648</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

SUTTON COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$4,477,534	\$641,174	\$909,125	\$6,027,833
Receivables (net of allowance for uncollectibles)	113,810	144,953	147	258,910
Total Assets	\$4,591,344	\$786,127	\$909,272	\$6,286,743
LIABILITIES AND FUND BALANCES:				
Accounts Payable	\$75,500	\$6,832	\$3,055	\$85,387
Bank Overdraft			3,119	3,119
Unearned Income	102,601	15,808		118,409
Total Liabilities	178,101	22,640	6,174	206,915
Fund Balances:				
Restricted				
Records Management			13,014	13,014
Historical			100,197	100,197
Judicial			12,356	12,356
Legal			40	40
Public Safety			279,356	279,356
Public Transportation		763,487	27,668	791,155
Committed				
Building Improvement/ Public Safety			473,586	473,586
Unassigned	4,413,243		(3,119)	4,410,124
Total Fund Balance	4,413,243	763,487	903,098	6,079,828
Total Liabilities and Fund Balances	\$4,591,344	\$786,127	\$909,272	\$6,286,743

The accompanying notes are an integral part of this statement.

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

Total Fund Balances - governmental funds balance sheet

Amounts reported for governmental activities in the statement of Net Position ("SNA") are different because:	\$6,079,828
Capital assets used in governmental activities are not reported in the funds.	4,599,898
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	859,128
Net Pension Receivable	964,093
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	90,076
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(773,375)</u>
Net Position of governmental activities - statement of Net Position	<u>\$11,819,648</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property	\$2,770,950	\$596,822	\$0	\$3,367,772
Intergovernmental	189,433		73,555	262,988
Licenses and Permits		264,945		264,945
Charges for Services	256,762		23,861	280,623
Fines and Forfeitures	648,832			648,832
Interest	44,216	3,850	2,055	50,121
Miscellaneous	494,041	189,758	76,880	760,679
Total Revenues	<u>4,404,234</u>	<u>1,055,375</u>	<u>176,351</u>	<u>5,635,960</u>
EXPENDITURES				
Current:				
General Administration	587,953		5,100	593,053
Legal	115,939			115,939
Judicial	444,202		720	444,922
Financial Administration	473,755			473,755
Public Facilities	182,089		42,024	224,113
Public Safety	1,449,330		51,031	1,500,361
Public Transportation	4,356	934,425	8,672	947,453
Culture and Recreation	423,069		84,618	507,687
Health and Welfare	149,485			149,485
Conservation - Agriculture	173,761			173,761
Total Expenditures	<u>4,003,939</u>	<u>934,425</u>	<u>192,165</u>	<u>5,130,529</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	400,295	120,950	(15,814)	505,431
OTHER FINANCING SOURCES (USES):				
Operating Transfers In		20,000	5,000	25,000
Operating Transfers Out	(25,000)			(25,000)
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>20,000</u>	<u>5,000</u>	<u>0</u>
Net Changes in Fund Balances	375,295	140,950	(10,814)	505,431
Fund Balances - Beginning - Restated	4,037,948	622,537	913,912	5,574,397
Fund Balances - Ending	<u>\$4,413,243</u>	<u>\$763,487</u>	<u>\$903,098</u>	<u>\$6,079,828</u>

The accompanying notes are an integral part of this statement.

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

Net Changes in Fund Balances - total governmental funds \$505,431

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.	186,307
(Increase) decrease in Compensated absences from beginning of period to end of period.	27,071
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	26,633
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.	(5,795)
Net Pension Receivable. This is the change in these amounts this year.	12,022
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	(3,446)
Deferred Outflow-Investment Experience. This is the change in these amounts this year.	152,977
Deferred Outflow-Actual Experience vs. Assumption. This is the change in these amounts this year.	(152,765)
Change in Net Position of governmental activities - statement of activities	<u><u>\$748,435</u></u>

The accompanying notes are an integral part of this statement.

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property	\$2,685,014	\$2,685,014	\$2,770,950	\$85,936
Intergovernmental	185,229	185,229	189,433	4,204
Charges for Services	175,500	175,500	256,762	81,262
Fines and Forfeitures	448,000	448,000	648,832	200,832
Interest	40,000	40,000	44,216	4,216
Miscellaneous	197,221	197,221	494,041	296,820
Total Revenues	3,730,964	3,730,964	4,404,234	673,270
EXPENDITURES				
Current:				
General Administration				
Commissioner's Court	103,847	103,847	102,347	1,500
County Judge	164,655	156,809	152,061	4,748
County and District Clerk	277,246	227,246	230,695	(3,449)
Non-Departmental	248,089	248,089	102,850	145,239
Legal				
County Attorney	115,091	115,091	115,939	(848)
Judicial				
County Court	14,300	14,300	10,968	3,332
District Court	219,822	219,822	84,267	135,555
Justices of the Peace	244,989	244,989	274,593	(29,604)
District Attorney	104,056	104,056	74,374	29,682
Financial Administration				
County Treasurer	88,697	88,697	103,368	(14,671)
County Auditor	172,711	172,711	144,413	28,298
Tax Assessor-Collector	266,526	266,529	225,974	40,555
Public Facilities				
Courthouse Building	113,225	113,225	100,039	13,186
Annex	84,377	89,880	82,050	7,830
Public Safety				
Ambulance	172,900	172,900	178,878	(5,978)
D.P.S./Parks and Wildlife	76,384	76,384	73,359	3,025
Jail	487,487	487,487	358,614	128,873
Probation	62,000	62,000	52,000	10,000
Public Safety	36,940	36,940	25,657	11,283
Sheriff	833,165	833,165	760,822	72,343

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Transportation				
Street Lights	\$5,600	\$5,600	\$4,356	\$1,244
Culture and Recreation				
Library	215,454	215,454	196,617	18,837
Cemetery	132,885	132,885	122,044	10,841
County Park	113,027	116,474	104,408	12,066
Health and Welfare				
Health	2,014	2,014	1,978	36
Welfare	158,576	158,576	106,671	51,905
Van Driver	37,695	37,695	40,836	(3,141)
Conservation - Agriculture				
Agriculture Extension Service	146,147	146,147	126,573	19,574
4-H Center	55,600	55,600	47,188	8,412
Total Expenditures	<u>4,753,505</u>	<u>4,704,612</u>	<u>4,003,939</u>	<u>700,673</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,022,541)</u>	<u>(973,648)</u>	<u>400,295</u>	<u>1,373,943</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(25,000)</u>	<u>15,000</u>
Net Changes in Fund Balances	<u>(1,062,541)</u>	<u>(1,013,648)</u>	<u>375,295</u>	<u>1,388,943</u>
Fund Balances - Beginning	<u>4,037,948</u>	<u>4,037,948</u>	<u>4,037,948</u>	
Fund Balances - Ending	<u>\$2,975,407</u>	<u>\$3,024,300</u>	<u>\$4,413,243</u>	<u>\$1,388,943</u>

The accompanying notes are an integral part of this statement.

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$576,865	\$576,865	\$596,822	\$19,957
Licenses and Permits	236,000	236,000	264,945	28,945
Interest	3,300	3,300	3,850	550
Miscellaneous	158,500	158,500	189,758	31,258
Total Revenues	974,665	974,665	1,055,375	80,710
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	1,377,411	1,377,411	934,425	442,986
Total Expenditures	1,377,411	1,377,411	934,425	442,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	(402,746)	(402,746)	120,950	523,696
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	40,000	40,000	20,000	(20,000)
Total Other Financing Sources (Uses)	40,000	40,000	20,000	(20,000)
Net Changes in Fund Balances	(362,746)	(362,746)	140,950	503,696
Fund Balances - Beginning	622,537	622,537	622,537	
Fund Balances - Ending	\$259,791	\$259,791	\$763,487	\$503,696

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

SUTTON COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$608,474
Receivables (net of allowance for uncollectibles)	177
Due from Others	<u>0</u>
Total Assets	<u>\$608,651</u>
LIABILITIES:	
Accounts Payable	\$6,452
Due to Others	<u>602,199</u>
Total Liabilities	<u>608,651</u>
NET POSITION	
Held in Trust - unexpendable	0
Held in Trust - historical purposes	<u>0</u>
Total Net Position	<u>\$0</u>

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

SUTTON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. Summary of Significant Accounting Policies

A. Reporting entity

Sutton 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), 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. The accounting policies of Sutton County, Texas, (the County) conform to generally accepted accounting principles. The County also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting policies of Sutton County, Texas, (the County) conform to generally accepted accounting principles generally accepted in the United States of America. The County also applies all relevant Government Accounting Standards Board (GASB) pronouncements.

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.

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 County's deferred outflows of resources and deferred inflows of resources are noncurrent.) 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 taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major governmental funds:

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

The road and bridge fund accounts for the activities of the government's road and bridge operations.

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."

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 uncollectibles. The property tax receivable allowance is equal to a total of 1 percent of the current outstanding property taxes at September 30, 2015 and 10 percent of the delinquent outstanding property taxes at September 30, 2015.

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.

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

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

There were no prepaid items at September 30, 2015.

4. Restricted Net Position

The County had no restricted assets at September 30, 2015.

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 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. The county had \$325,000 donated for the building of a Pavilion.

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

Years

Buildings	50
Building Improvements	20
Public Domain Infrastructure	50
System Infrastructure	30
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. All vacation and unpaid accumulated sick leave 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, 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.

8. Fund Balances – Governmental Funds

As of September 30, 2015, fund balances of the governmental funds are classified as follows:

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, 2015, fund balances are composed of the following:

Fund Balances:	
Restricted	
Records Management	\$13,014
Historical	100,197
Judicial	12,356
Legal	40
Public Safety	279,356
Public Transportation	791,155
Committed	
Building Improvement/ Public Safety	473,586
Unassigned	4,410,124
Total Fund Balance	<u>\$6,079,828</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 to 33 percent of the subsequent year's budgeted General Fund expenditures.

9. 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 the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of 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 has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. 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 \$773,375 difference are as follows:

Other Post Employment Benefits	\$350,707
Compensated Absences	<u>422,668</u>
	<u>\$773,375</u>

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 \$4,599,898 difference are as follows:

Capital Assets Not Being Depreciated	\$872,058
Capital Assets Being Depreciated	9,496,231
Depreciation Expense	(5,768,391)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$4,599,898</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 \$90,076 difference are as follows:

Property Taxes Receivable	\$94,249
Allowance for Doubtful Accounts	<u>4,173</u>
Net	<u>\$90,076</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 \$859,128 difference are as follows:

Fines and Fees receivable	\$1,085,093
Allowance for Doubtful Accounts	(487,918)
Deferred Outflow of Resources-Contributions (after 12/31/14)	261,741
Deferred Outflow-Investment Experience	152,977
Deferred Outflow-Actual Experience vs. Assumption	<u>(152,765)</u>
Net	<u>\$859,128</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 \$186,307 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$338,178
Capital Outlay - Additions - Being Depreciated	56,272
Capital Outlay - Deletions	(1,000)
Depreciation Expense	(207,143)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$186,307</u>

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 2015 fiscal year were adopted for the General Fund, the Road and Bridge Fund and other applicable non-major governmental funds. A budget was not adopted for the Hot Check Fund and HAVA Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2015, excess of expenditures over appropriations did not occur in any fund. There were no major budget overages for the departments in the General Fund except for the County Treasurer which exceeded its budget by \$14,671. The actual expenditures of \$4,003,939 were less than the budgeted expenditures of \$4,704,612 by \$700,673.

C. Deficit fund equity

The county had no deficit fund balances as of September 30, 2015 except for the HAVA Grant fund which had a deficit of \$3,119. This deficit is expected to be liquidated by future resources of this fund.

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.

As of September 30, 2015, the government had the following investments: None

Policies Governing Deposits and Investments:

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. The County does address the following risks:

Custodial credit risk - deposits. In the case of deposits, there is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2015, the government's bank balance of \$6,688,788 was not exposed to custodial credit risk because it was fully insured and or collateralized with securities held by the pledging financial institution's trust department or agent, in the government's name. The fair market value of the securities pledged is \$9,627,718 and the FDIC coverage is \$251,410. The book amount of cash at September 30, 2015 is \$6,636,307.

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables at 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	Road and Bridge	Other Governmental Funds	Total
<u>Receivables</u>				
Taxes	\$77,710	\$16,539		\$94,249
Fees and Fines	1,085,093			1,085,093
Other	39,542	129,145	147	168,834
Gross Receivables	1,202,345	145,684	147	1,348,176
Less: Allowance for Uncollectibles	491,360	731		492,091
Net Total Receivables	<u>\$710,985</u>	<u>\$144,953</u>	<u>\$147</u>	<u>\$856,085</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable (General fund)	\$ 74,268
Delinquent property taxes receivable (Road and Bridge fund)	15,808
County Attorney	<u>28,333</u>
Total deferred/unearned revenue for governmental funds	<u>\$118,409</u>

C. Capital Assets

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

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$234,780	\$0	\$1,000	\$233,780
Other Assets	300,100	0	0	300,100
Construction in Progress	0	338,178	0	338,178
Total capital assets not being depreciated:	<u>534,880</u>	<u>338,178</u>	<u>1,000</u>	<u>872,058</u>
Capital assets being depreciated:				
Building and Improvements	5,237,262	21,778	0	5,259,040
Machinery, Equipment and Vehicles	2,271,302	34,494	32,880	2,272,916
Intangible	56,536	0	0	56,536
Infrastructure	1,907,739	0	0	1,907,739
Total capital assets being depreciated:	<u>9,472,839</u>	<u>56,272</u>	<u>32,880</u>	<u>9,496,231</u>
Less: Accumulated Depreciation for:				
Building and Improvements	1,775,111	106,512	0	1,881,623
Machinery, Equipment and Vehicles	1,866,049	89,324	32,880	1,922,493
Intangible	45,229	11,307	0	56,536
Infrastructure	1,907,739	0	0	1,907,739
Total Accumulated Depreciation	<u>5,594,128</u>	<u>207,143</u>	<u>32,880</u>	<u>5,768,391</u>
Total Capital Assets Depreciated, Net	<u>3,878,711</u>	<u>(150,871)</u>	<u>0</u>	<u>3,727,840</u>
Governmental Activities capital assets, Net	<u>\$4,413,591</u>	<u>\$187,307</u>	<u>\$1,000</u>	<u>\$4,599,898</u>

Depreciation expense was charged to the major expense functions as follows:

Governmental Activities	
General Administration	\$39,312
Financial Administration	7,278
Public Facilities	62,222
Public Safety	45,327
Public Transportation	27,939
Culture and Recreation	25,065
Total Depreciation Expense - Governmental Activities	<u>\$207,143</u>

Construction commitments

The County had \$325,000 donated for the building of a Pavilion.

D. Interfund Receivables, Payables, and Transfers

There were no advances at September 30, 2015.

There was no Due to/from other funds at September 30, 2015.

Transfers for the year ended September 30, 2015 are as follows:

<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>REASON</u>	<u>TYPE</u>
<u>FROM GENERAL FUND</u>			
TO FLOOD CONTROL FUND	\$3,000	FLOOD CONTROL	RECURRING
TO LAW LIBRARY FUND	2,000	LEGAL	RECURRING
TO ROAD AND BRIDGE FUND	20,000	LEGAL	RECURRING
	<u>\$25,000</u>		

E. Leases

Operating Leases

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$25,795 for the year ended September 30, 2015. The future minimum lease payments for these leases are as follows:

Year Ending Sep. 30,	<u>Amount</u>
2016	\$23,970
2017	21,772
2018	20,048
2019	13,547
Total	<u>\$79,337</u>

F. Long-Term Debt

Changes in long-term liabilities:

	<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>						
Other Post Employment Benefits	\$350,707	\$0	\$0	\$350,707	\$0	\$350,707
Compensated Absences	449,739	422,668	449,739	422,668	422,668	0
Total Governmental Activities	800,446	422,668	449,739	773,375	422,668	350,707
Grand Total	\$800,446	\$422,668	\$449,739	\$773,375	\$422,668	\$350,707

The general fund and the road and bridge fund are used to service the compensated absences. The estimated amount due in the 2015-16 year is \$422,668.

The government-wide statement of activities includes \$422,668 as "noncurrent liabilities, due within one year".

The total amount of interest expensed in 2014-2015 is \$0. There was no interest capitalized in capital assets.

For a discussion of other post employee benefits please see part V E in these notes.

V. Other Information

A. Risk management

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

Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage and subrogation).

	<u>Year Ended September 30, 2015</u>	<u>Year Ended September 30, 2014</u>
Unpaid claims, beginning of fiscal year	\$0	\$0
Incurred claims (including IBNRs)	0	0
Claim payments	0	0
Unpaid claims, end of fiscal year	\$0	\$0

1. General Liability Insurance

The County is insured for general, police officers and automobile liability.

The County has joined together with other governments in the Texas Association of Counties Risk Management Pool. The County pays an annual premium to Risk Management for auto vehicle insurance coverage. The agreement with Risk Management provides that Risk Management will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 to \$300,000 for each insurance event. The County anticipates no contingent losses.

Texas Association of Counties Risk Management Pool has published its own financial report that can be obtained from the Texas Association of Counties Risk Management Pool.

The County continues to carries commercial fidelity bonds for elected officials and for management.

2. Property and Casualty Insurance

Property, casualty, mobile equipment insurance is provided by Texas Association of Counties Risk Management Pool.

3. Workers' Compensation Insurance

The County insures against workers' compensation claims through Texas Association of Counties Risk Management Pool.

4. Group Health and Life Insurance

The County maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

5. Unemployment Compensation Insurance

The County insures for unemployment compensation claims through an agreement with the Texas Workforce Commission (TWC).

B. Related Party Transaction - There were no related party transactions.

C. Subsequent Events - There were no subsequent events requiring disclosure.

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 government is not a defendant in any lawsuits.

E. Other Post employment Benefits

Plan Description: The Sutton County Post-retirement Healthcare Benefits Program is a single-employer defined benefit healthcare plan administered by the County Auditor's department. The Post-retirement Healthcare Benefits Program was initiated in February 2008 by action of the Commissioners' Court. The Post-retirement Healthcare Benefits Program provides medical benefits to eligible retirees: no medical benefits are provided to spouses of retirees. Eligible retirees include employees who retire prior to age 65 with at least 20 years of service. The County will pay 100% of the premium for the retiree until age 65 at which point the retiree becomes eligible for Medicare and the County will provide no further medical benefits. The retirees are covered by the same group medical plan applicable to active employees (a Blue Cross Blue Shield PPO arrangement).

Funding Policy: The County currently funds the benefits provided through the Program on a pay-as-you-go basis. Since the County does not prefund future benefits to be provided under the Program there are no accumulated plan assets. The County pays for 100% of the cost of medical benefits for eligible retirees; covered retirees are not required to contribute. The County paid \$6,577 in premiums for retirees receiving benefits under the Program during the fiscal year ending September 30, 2015.

Annual OPEB Cost and Net OPEB Obligation: The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year the amount actually contributed to the plan during the year, and changes in the County's net OPEB obligation to Post-retirement Healthcare Benefits Program:

Annual required contribution (ARC):	92,752
Interest on net OPEB obligation	10,902
Adjustment to annual required contribution	<u>(15,155)</u>
Annual OPEB cost (expense)	88,499
Contributions made during the 2013 year	<u>10,331</u>
Increase in net OPEB obligation during year	78,068
Net OPEB obligation - beginning of 2013 year	<u>272,540</u>
Net OPEB obligation - end of 2013 year	<u>350,707</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2013 and the two preceding years were as follows:

<i>Fiscal Year</i> <u>Ended</u>	<i>Annual</i> <u>OPEB Cost</u>	<i>% of Annual OPEB</i> <u>Cost Contributed</u>	<i>Net OPEB</i> <u>Obligation</u>
9/30/2011	*	*	*
9/30/2012	*	*	*
9/30/2013	\$ 88,499	11.67%	\$78,168

* GASB 45 reporting not required for these periods

Funded Status and Funding Progress: As of October 1, 2012, the most recent valuation date, the plan was 0% funded (the County does not refund these benefits) The actuarial accrued liability for benefits was \$985,663, and the actuarial value of plan assets was so resulting in an unfunded actuarial accrued liability (UAAL) of \$985,663. The covered payroll (annual payroll of active employees covered by the plan) was \$2.56 million, and the ratio of the UAAL to covered payroll was 38.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actual value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employers and members to that point. The actuarial assumptions and methods used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2012 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate for valuing the liability for benefits, and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 5.0% after four years. The UAAL is being amortized as a level dollar amount over a period of 30 years (the maximum permitted period).

The County has elected to have the actuary determine the OPEB benefits on a tri-annual basis.

F. Prior Period Adjustments

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

The County had a prior period adjustment whereby governmental activities Net Assets and Governmental funds were increased by \$20,000. The restatement was a result of the County reclassifying a prior year transfer of \$20,000.

The County had a prior period adjustment whereby governmental activities Net Assets were increased by \$1,217,258. The restatement was a result of the County implementing GASB 68.

These restatements had a corresponding effect on the beginning net assets.

	As Previously Reported	Transfer Restatement	Inclusion of Retirement Payable	As Restated
Governmental Activities:				
Net Assets	\$9,833,955	\$20,000	\$1,217,258	\$11,071,213
Total Governmental Activities	\$9,833,955	\$20,000	\$1,217,258	\$11,071,213

	As Previously Reported	Transfer Restatement	As Restated
Governmental Funds:			
Fund Balances	\$5,554,397	\$20,000	\$5,574,397
Total Governmental Funds	\$5,554,397	\$20,000	\$5,574,397

G. Summary of TCDRS Funding Policy

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, 2014 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 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. The employer rate for the 2014 and 2015 years is 7% and 7%, respectively.

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 smoothes 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.

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2013	December 31, 2014
Total pension liability	\$12,987,851	\$13,714,641
Fiduciary net position	13,939,922	14,678,734
Net pension liability / (asset)	(952,071)	(964,093)
Fiduciary net position as a % of total pension liability	107.33%	107.03%
Pensionable covered payroll	\$2,564,503	\$2,526,640
Net pension liability as a % of covered payroll	(37.12%)	(38.16%)

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.
Payroll is calculated based on contributions as reported to TCDRS.*

Discount rate		
Long-term expected rate of return, net of investment expense	8.10%	8.10%
Municipal bond rate ¹	Does not apply	Does not apply

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2014 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 A 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 B (Actuarial Methods and Assumptions Used for Funding Valuation) of this report for a full description of the actuarial assumptions used in the funding valuation.

Valuation date	Dec. 31, 2013	Dec. 31, 2014
Measurement date	Dec. 31, 2013	Dec. 31, 2014
Reporting date	Employer Beg. Fiscal Year	Employer FYE

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.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position (b)	Net Pension Liability / (Asset)
	(a)		(a) - (b)
Balances as of December 31, 2013	\$12,987,851	\$13,939,922	\$(952,071)
Changes for the year:			
Service cost	323,443		323,443
Interest on total pension liability	1,047,272		1,047,272
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	(201,020)		(201,020)
Effect of assumptions changes or inputs	0		0
Refund of contributions	(320)	(320)	0
Benefit payments	(442,586)	(442,586)	0
Administrative expenses		(11,020)	11,020
Member contributions		176,865	(176,865)
Net investment income		940,907	(940,907)
Employer contributions		176,865	(176,865)
Other	0	(101,898)	101,898
Balances as of December 31, 2014	\$13,714,641	\$14,678,734	\$(964,093)

Sensitivity Analysis

The following presents the net pension liability of the county/district, calculated using the discount rate of 8.10%, as well as what the Refugio 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	Current Discount Rate	1% Increase
7.10%	8.10%	9.10%

Total pension liability	\$15,339,670	\$13,714,641	\$12,362,799
Fiduciary net position	14,678,734	14,678,734	14,678,734
Net pension liability / (asset)	\$660,936	(\$964,093)	(\$2,315,935)

Pension Expense / (Income)

Pension Expense / (Income)	January 1, 2014 to December 31, 2014
Service cost	\$323,443
Interest on total pension liability	1,047,272
Effect of plan changes	0
Administrative expenses	11,020
Member contributions	(176,865)
Expected investment return net of investment expenses	(1,132,128)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(50,255)
Recognition of assumption changes or inputs	0
Recognition of investment gains or losses	38,244
Other	<u>101,898</u>
Pension expense / (income)	<u>\$162,630</u>

As of December 31, 2014, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$150,765	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings	0	152,977
Contributions made subsequent to measurement date	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:	
2015	\$(12,011)
2016	(12,011)
2017	(12,011)
2018	38,244
2019	0
Thereafter	0

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 12/31/2014 Expense	Balance of Deferred Inflows 12/31/2014	Balance of Deferred Outflows 12/31/2014
Investment (gains) or losses	\$191,221	12/31/2014	5.0	\$38,244	\$0	\$152,977
Economic/ demographic (gains) or losses	(201,020)	12/31/2014	4.0	(50,255)	(150,765)	0
Assumption changes or inputs	0	12/31/2014	4.0	0	0	0
Employer contributions made subsequent				Employer Determined		

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS investment consultant, Cliffwater LLC. The numbers shown are based on January 2015 information for a 7-10 year time horizon.

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

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities -Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USO (net) Index	11.00%	5.35%
International Equities -Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USO (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

Employees covered by benefit terms.

Actuarial Valuation and Measurement Date, December 31,	2013	2014
Membership		
Number of		
- Inactive employees or beneficiaries currently receiving benefits	81	81
- Inactive employees entitled to but not yet receiving benefits	184	184
- Active employees	<u>182</u>	<u>182</u>
- Total	447	447

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability										
Interest on total pension liability	1,047,272	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(201,020)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(442,906)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	726,790	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	12,987,851	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$13,714,641</u>	<u>N/A</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Member contributions	176,865	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	940,907	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(442,906)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(11,020)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	(101,898)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	738,812	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	13,939,922	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$14,678,734</u>	<u>N/A</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	(\$964,093)	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	107.03%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$2,526,640	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-38.16%	N/A	N/A	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 67168, 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	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽¹⁾	Actual Contribution as a % of Covered Payroll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	\$115,046	\$151,948	\$(36,902)	\$2,170,680	7.0%
2007	129,506	163,046	(33,541)	2,329,236	7.0%
2008	116,711	168,448	(51,738)	2,406,405	7.0%
2009	105,412	177,804	(72,392)	2,540,059	7.0%
2010	151,151	186,278	(35,127)	2,661,116	7.0%
2011	140,252	176,576	(36,324)	2,522,509	7.0%
2012	142,732	173,459	(30,727)	2,477,983	7.0%
2013	158,999	179,515	(20,516)	2,564,503	7.0%
2014	175,096	176,865	(1,769)	2,526,640	7.0%

Payroll is calculated based on contributions as reported to TCDRS.

Appendix A - Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASS analysis were the same as those used in the December 31, 2014 funding valuation (see Appendix B, following, for details), except as noted below and throughout this report. Please see the employer summary actuarial valuation report as of December 31, 2014 for further details.

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

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix B
Salary Increases	Same as funding valuation: See Appendix B
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Wilson County are not considered to be substantively automatic under GASS 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASS calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation: See Appendix B
Turnover	Same as funding valuation: See Appendix B
Mortality	Same as funding valuation: See Appendix B

11

Appendix B-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, 2014 financial reporting metrics are the same as those used in the December 31, 2014 actuarial valuation analysis for Wilson County.

Following is a description of the assumptions used in the December 31, 2014 actuarial valuation analysis for Wilson County. This information may also be found in the Wilson County December 31, 2014 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 long-term investment return of 8% is net of investment expenses and is expected to enable the system to credit interest at the nominal annual rates shown below to the following major funds:

Subdivision Accumulation Fund	9%
Employees Saving Fund	7%
Current Service Annuity Reserve Fund	7%

Assuming interest will be credited at these nominal annual rates to the various funds, we have then assumed the following:

An annual rate of 9% for calculating the actuarial accrued liability and normal cost contributions rate for the retirement plan of each participating employer.

An annual rate of 7% required under the TCDRS Act for: (1) accumulating current service credit and multiple matching credit after the valuation date; (2) accumulating prior service credit after the valuation date; (3) determining the amount of the monthly benefit at future dates of retirement or disability; and (4) calculating the actuarial accrued liability of the system-wide Current Service Annuity Reserve Fund.

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	3.5%

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

ANALYSIS OF FUNDING PROGRESS

OTHER POST EMPLOYMENT RETIREMENT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Payroll ((b-a)/c)
10/01/08	\$0	\$874,674	\$874,674	00.0%	\$2,625,707	47.0%
10/01/12	\$0	\$985,663	\$985,663	00.0%	\$2,567,224	38.5%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SUTTON COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

SPECIAL REVENUE

	911 FUND	APPELLATE COURT FUND	BUILDING IMPROVE./VEHICLE REPLACEMENT	FLOOD CONTROL	FMLR FUND	HAVA GRANT FUND	HOT CHECK FEES	LAW LIBRARY FUND	LEOSE TRAINING	RECORDS MANAGE- MENT	SEIZURE FUND	TEXAS PECOS TRAIL	TOTAL
ASSETS													
Cash and Cash Equivalents	\$6,001	\$250	\$474,876	\$16,864	\$10,804	\$0	\$40	\$12,081	\$1,329	\$12,892	\$272,104	\$101,884	\$909,125
Receivables (net of allowance for uncollectibles)		25								122			147
Total Assets	\$6,001	\$275	\$474,876	\$16,864	\$10,804	\$0	\$40	\$12,081	\$1,329	\$13,014	\$272,104	\$101,884	\$909,272
LIABILITIES AND FUND BALANCES													
Liabilities													
Accounts Payable			\$1,290						\$78			\$1,687	\$3,055
Bank Overdraft						3,119							3,119
Total Liabilities	0	0	1,290	0	0	3,119	0	0	78	0	0	1,687	6,174
Fund Balances													
Restricted													
Records Management										13,014			13,014
Historical												100,197	100,197
Judicial		275						12,081					12,356
Legal							40						40
Public Safety	6,001								1,251		272,104		279,356
Public Transportation				16,864	10,804								27,668
Committed													
Building Improvement/ Public Safety			473,586										473,586
Unassigned						(3,119)							(3,119)
Total Fund Balances	6,001	275	473,586	16,864	10,804	(3,119)	40	12,081	1,251	13,014	272,104	100,197	903,098
TOTAL LIABILITIES AND FUND BALANCES	\$6,001	\$275	\$474,876	\$16,864	\$10,804	\$0	\$40	\$12,081	\$1,329	\$13,014	\$272,104	\$101,884	\$909,272

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

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

	SPECIAL REVENUE												TOTAL
	APPELLATE	BUILDING			HAVA	HOT	LAW		RECORDS		TEXAS		
	911 FUND	COURT FUND	IMPROVE./VEHICLE REPLACEMENT	FLOOD CONTROL	FMLR FUND	GRANT FUND	CHECK FEES	LIBRARY FUND	LEOSE TRAINING	MANAGE- MENT	SEIZURE FUND	PECOS TRAIL	
REVENUES													
Intergovernmental					\$12,043				\$1,227			\$60,285	73,555
Charges for Services		570		901			2,240			20,150			23,861
Interest	10										2,045		2,055
Miscellaneous			51,800								25,080		76,880
Total Revenues	10	570	51,800	901	12,043	0	0	2,240	1,227	20,150	27,125	60,285	176,351
EXPENDITURES													
Current:													
General Administration										5,100			5,100
Judicial		720											720
Public Facilities			42,024										42,024
Public Safety								1,786			49,245		51,031
Public Transportation				2,285	6,387								8,672
Culture and Recreation												84,618	84,618
Total Expenditures	0	720	42,024	2,285	6,387	0	0	0	1,786	5,100	49,245	84,618	192,165
Excess (Deficiency) of Revenues Over (Under)													
Expenditures	10	(150)	9,776	(1,384)	5,656	0	0	2,240	(559)	15,050	(22,120)	(24,333)	(15,814)
OTHER FINANCING SOURCES (USES):													
Operating Transfers In				3,000				2,000					5,000
Total Other Financing Sources (Uses)	0	0	0	3,000	0	0	0	2,000	0	0	0	0	5,000
Net Changes in Fund Balances	10	(150)	9,776	1,616	5,656	0	0	4,240	(559)	15,050	(22,120)	(24,333)	(10,814)
Fund Balances - Beginning	5,991	425	463,810	15,248	5,148	(3,119)	40	7,841	1,810	(2,036)	294,224	124,530	913,912
Fund Balances - Ending	\$6,001	\$275	\$473,586	\$16,864	\$10,804	(\$3,119)	\$40	\$12,081	\$1,251	\$13,014	\$272,104	\$100,197	\$903,098

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

SUTTON COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Agency Funds			TOTAL
	State Tax Fund	Employee Benefit Fund	County Officer Accounts	
ASSETS				
Cash and Cash Equivalents	\$110,121	\$350,097	\$148,256	\$608,474
Receivables (net of allowance for uncollectibles)	177			177
Due from Others				0
Total Assets	\$110,298	\$350,097	\$148,256	\$608,651
LIABILITIES:				
Accounts Payable	\$0	\$6,452	\$0	\$6,452
Due to Others	110,298	343,645	148,256	602,199
Total Liabilities	110,298	350,097	148,256	608,651
Net Position				
Held in Trust - unexpendable	0	0	0	0
Held in Trust - historical purposes	0	0	0	0
Total Net Position	\$0	\$0	\$0	\$0

SUTTON COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>STATE TAX FUND</u>	BALANCE 10/1/2014	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2015
ASSETS				
Cash and Cash Equivalents	\$128,945	\$443,601	\$462,425	\$110,121
Receivables (net of allowance for uncollectibles)	1,059	177	1,059	177
Due from Others				0
Total Assets	<u>\$130,004</u>	<u>\$443,778</u>	<u>\$463,484</u>	<u>\$110,298</u>
LIABILITIES:				
Accounts Payable	\$0			\$0
Due to Others	130,004	443,778	463,484	110,298
Total Liabilities	<u>130,004</u>	<u>443,778</u>	<u>463,484</u>	<u>110,298</u>
NET POSITION				
Held in Trust - unexpendable	0	0	0	0
Held in Trust - historical purposes	0	0	0	0
Total Net Position	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>EMPLOYEE BENEFIT FUND</u>	BALANCE 10/1/2014	ADDITIONS	DEDUCTIONS	BALANCE 9/30/2015
ASSETS				
Cash and Cash Equivalents	\$326,925	\$90,408	\$67,236	\$350,097
Receivables (net of allowance for uncollectibles)				0
Due from Others				0
Total Assets	<u>\$326,925</u>	<u>\$90,408</u>	<u>\$67,236</u>	<u>\$350,097</u>
LIABILITIES:				
Accounts Payable	\$0	\$6,452		\$6,452
Due to Others	326,925	83,956	67,236	343,645
Total Liabilities	<u>326,925</u>	<u>90,408</u>	<u>67,236</u>	<u>350,097</u>
NET POSITION				
Held in Trust - unexpendable	0	0	0	0
Held in Trust - historical purposes	0	0	0	0
Total Net Position	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>COUNTY OFFICER ACCOUNTS</u>		BALANCE		BALANCE	
		10/1/2014	ADDITIONS	DEDUCTIONS	9/30/2015
ASSETS					
Cash and Cash Equivalents		\$175,863		\$27,607	\$148,256
Receivables (net of allowance for uncollectibles)					0
Due from Others					0
Total Assets		<u>\$175,863</u>	<u>\$0</u>	<u>\$27,607</u>	<u>\$148,256</u>
LIABILITIES:					
Accounts Payable					\$0
Due to Others		175,863	0	27,607	148,256
Total Liabilities		<u>175,863</u>	<u>0</u>	<u>27,607</u>	<u>148,256</u>
NET POSITION					
Held in Trust - unexpendable		0	0	0	0
Held in Trust - historical purposes		0	0	0	0
Total Net Position		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>TOTAL</u>		BALANCE		BALANCE	
		10/1/2014	ADDITIONS	DEDUCTIONS	9/30/2015
ASSETS					
Cash and Cash Equivalents		\$631,733	\$534,009	\$557,268	\$608,474
Receivables (net of allowance for uncollectibles)		1,059	177	1,059	177
Due from Others		0	0	0	0
Total Assets		<u>\$632,792</u>	<u>\$534,186</u>	<u>\$558,327</u>	<u>\$608,651</u>
LIABILITIES:					
Accounts Payable		\$0	\$6,452	\$0	\$6,452
Due to Others		632,792	527,734	558,327	602,199
Total Liabilities		<u>632,792</u>	<u>534,186</u>	<u>558,327</u>	<u>608,651</u>
NET POSITION					
Held in Trust - unexpendable		0	0	0	0
Held in Trust - historical purposes		0	0	0	0
Total Net Position		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

SUTTON COUNTY, TEXAS

911 FUND

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$0	\$0	\$0	\$0
Interest	15	15	10	(5)
Total Revenues	15	15	10	(5)
EXPENDITURES				
Current				
Public Safety				
Emergency Operations	0			0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	15	15	10	(5)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	15	15	10	(5)
Fund Balances - Beginning	5,991	5,991	5,991	
Fund Balances - Ending	\$6,006	\$6,006	\$6,001	(\$5)

SUTTON COUNTY, TEXAS
 APPELLATE COURT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$1,000	\$1,000	\$570	(\$430)
Total Revenues	1,000	1,000	570	(430)
EXPENDITURES				
Current				
Judicial				
Court Expense	1,000	1,000	720	280
Total Expenditures	1,000	1,000	720	280
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(150)	(150)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	0	0	(150)	(150)
Fund Balances - Beginning	425	425	425	
Fund Balances - Ending	\$425	\$425	\$275	(\$150)

SUTTON COUNTY, TEXAS
 VEHICLE REPLACEMENT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$51,800	\$51,800	\$51,800	\$0
Total Revenues	51,800	51,800	51,800	0
EXPENDITURES				
Current				
Public Facilities	77,500	77,500	42,024	35,476
Total Expenditures	77,500	77,500	42,024	35,476
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,700)	(25,700)	9,776	35,476
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(25,700)	(25,700)	9,776	35,476
Fund Balances - Beginning	463,810	463,810	463,810	
Fund Balances - Ending	\$438,110	\$438,110	\$473,586	\$35,476

SUTTON COUNTY, TEXAS

FLOOD CONTROL

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$4,000	\$4,000	\$901	(\$3,099)
Total Revenues	4,000	4,000	901	(3,099)
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	4,000	4,000	2,285	1,715
Total Expenditures	4,000	4,000	2,285	1,715
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(1,384)	(1,384)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	3,000	3,000	3,000	0
Total Other Financing Sources (Uses)	3,000	3,000	3,000	0
Net Changes in Fund Balances	3,000	3,000	1,616	(1,384)
Fund Balances - Beginning	15,248	15,248	15,248	
Fund Balances - Ending	\$18,248	\$18,248	\$16,864	(\$1,384)

SUTTON COUNTY, TEXAS

FMLR

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$12,160	\$12,160	\$12,043	(\$117)
Total Revenues	12,160	12,160	12,043	(117)
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	12,000	12,000	6,387	5,613
Total Expenditures	12,000	12,000	6,387	5,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	160	160	5,656	5,496
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	160	160	5,656	5,496
Fund Balances - Beginning	5,148	5,148	5,148	
Fund Balances - Ending	\$5,308	\$5,308	\$10,804	\$5,496

SUTTON COUNTY, TEXAS

LAW LIBRARY

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$1,900	\$1,900	\$2,240	\$340
Miscellaneous				0
Total Revenues	<u>1,900</u>	<u>1,900</u>	<u>2,240</u>	<u>340</u>
EXPENDITURES				
Current				
Judicial				
Law Library	2,000	2,000	0	2,000
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100)	(100)	2,240	2,340
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	0	0	2,000	2,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>2,000</u>
Net Changes in Fund Balances	(100)	(100)	4,240	4,340
Fund Balances - Beginning	7,841	7,841	7,841	
Fund Balances - Ending	<u>\$7,741</u>	<u>\$7,741</u>	<u>\$12,081</u>	<u>\$4,340</u>

SUTTON COUNTY, TEXAS
 LEOSE TRAINING
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$1,500	\$1,500	\$1,227	(\$273)
Total Revenues	1,500	1,500	1,227	(273)
EXPENDITURES				
Current				
Public Safety				
Sheriff	4,000	4,000	1,786	2,214
Total Expenditures	4,000	4,000	1,786	2,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,500)	(2,500)	(559)	1,941
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(2,500)	(2,500)	(559)	1,941
Fund Balances - Beginning	1,810	1,810	1,810	
Fund Balances - Ending	(\$690)	(\$690)	\$1,251	\$1,941

SUTTON COUNTY, TEXAS
 RECORDS MANAGEMENT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$14,700	\$14,700	20,150	\$5,450
Total Revenues	14,700	14,700	20,150	5,450
EXPENDITURES				
Current				
General Administration				
Records Management	35,000	35,000	5,100	29,900
Total Expenditures	35,000	35,000	5,100	29,900
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,300)	(20,300)	15,050	35,350
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	(20,300)	(20,300)	15,050	35,350
Fund Balances - Beginning	(2,036)	(2,036)	(2,036)	
Fund Balances - Ending	(\$22,336)	(\$22,336)	\$13,014	\$35,350

SUTTON COUNTY, TEXAS

SEIZURE FUND

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$2,300	\$2,300	\$2,045	(\$255)
Miscellaneous	1,000	1,000	25,080	24,080
Total Revenues	<u>3,300</u>	<u>3,300</u>	<u>27,125</u>	<u>23,825</u>
EXPENDITURES				
Current				
Public Safety				
Sheriff	202,900	202,900	49,245	153,655
Total Expenditures	<u>202,900</u>	<u>202,900</u>	<u>49,245</u>	<u>153,655</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(199,600)	(199,600)	(22,120)	177,480
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	(199,600)	(199,600)	(22,120)	177,480
Fund Balances - Beginning	294,224	294,224	294,224	
Fund Balances - Ending	<u>\$94,624</u>	<u>\$94,624</u>	<u>\$272,104</u>	<u>\$177,480</u>

SUTTON COUNTY, TEXAS
 TEXAS PECOS TRAIL
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$92,000	\$96,035	\$60,285	(\$35,750)
Miscellaneous				0
Total Revenues	<u>92,000</u>	<u>96,035</u>	<u>60,285</u>	<u>(35,750)</u>
EXPENDITURES				
Current				
Culture and Recreation				
Pecos Trail	92,058	89,956	84,618	5,338
Total Expenditures	<u>92,058</u>	<u>89,956</u>	<u>84,618</u>	<u>5,338</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58)	6,079	(24,333)	(30,412)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	(58)	6,079	(24,333)	(30,412)
Fund Balances - Beginning	124,530	124,530	124,530	
Fund Balances - Ending	<u>\$124,472</u>	<u>\$130,609</u>	<u>\$100,197</u>	<u>(\$30,412)</u>