

FREESTONE COUNTY, TEXAS

FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2016

FREESTONE COUNTY, TEXAS

FINANCIAL REPORT

Year Ended September 30, 2016

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Commissioners Court
Freestone County, Texas
Fairfield, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Freestone County, Texas (the "County") as of and for the fiscal year ended September 30, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, budgetary comparison information on page 39 and pension information on pages 40 through 44 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 Freestone County Texas's basic financial statements. The introductory section combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2016, on our consideration of Freestone County Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Freestone County Texas's internal control over financial reporting and compliance.



Sugar Land, Texas
September 27, 2017

FREESTONE COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Freestone County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2016. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's total combined net position was \$12,842,943 at September 30, 2016.
- During the year, the County's expenses were \$664,879 less than the \$11,527,347 generated in taxes, charges for services, operating grants and other revenues for governmental activities.
- The total cost of the County's programs was \$11,192,128.
- The General Fund reported a fund balance this year of \$8,373,283 as of September 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis is intended to serve as an introduction to the County's basis financial statements. This annual report consists of three parts-*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the *government-wide statements*.

The governmental funds statements provide information on the financing of *general government* services in the *short-term* as well as what remains for future spending.

Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Government-Wide Statements

The *government-wide statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's 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 the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event given 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. depreciation and earned but unused vacation leave).

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as public service, public safety, public transportation, and general administration. Property taxes, charges for services and grants finance most of these activities.

Fund Financial Statements

The *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements such as some funds are required by State law and when applicable by bond covenants. The Commissioner's Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

Governmental funds - Governmental funds are used to account for essentially the same functions reports as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statement 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 change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County is the trustee, or *fiduciary*, for certain funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position.

Notes to the financial statements

The financial statements also include notes that explain some of the information in the financial statements and provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

Following the statements is a section of required supplementary information that further explains and supports information in the financial statements. The required supplementary information reports on information concerning the County's progress in funding its obligations to provide pension benefits to its employees. The County adopts an annual appropriated budget for its

general and certain special revenue funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County’s combined net position was \$12,901,862 at September 30, 2016.

**SUMMARY OF STATEMENT OF NET POSITION
As of September 30, 2016 and 2015**

	Governmental Activities	
	2016	2015
Current and other assets	\$ 11,463,334	\$ 12,300,732
Capital assets, net	4,359,093	4,195,371
Total Assets	15,822,427	16,496,103
Deferred outflow of resources	2,411,601	700,270
Long-term liabilities	4,598,426	2,734,906
Other liabilities	491,705	853,552
Total liabilities	5,090,131	3,588,458
Deferred inflow of resources	242,033	100,093
Net Position:		
Net investment in capital assets	4,359,093	4,195,371
Restricted	713,181	1,255,391
Unrestricted	7,829,590	8,057,060
Total Net Positon	\$ 12,901,864	\$ 13,507,822

CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2016 and 2015

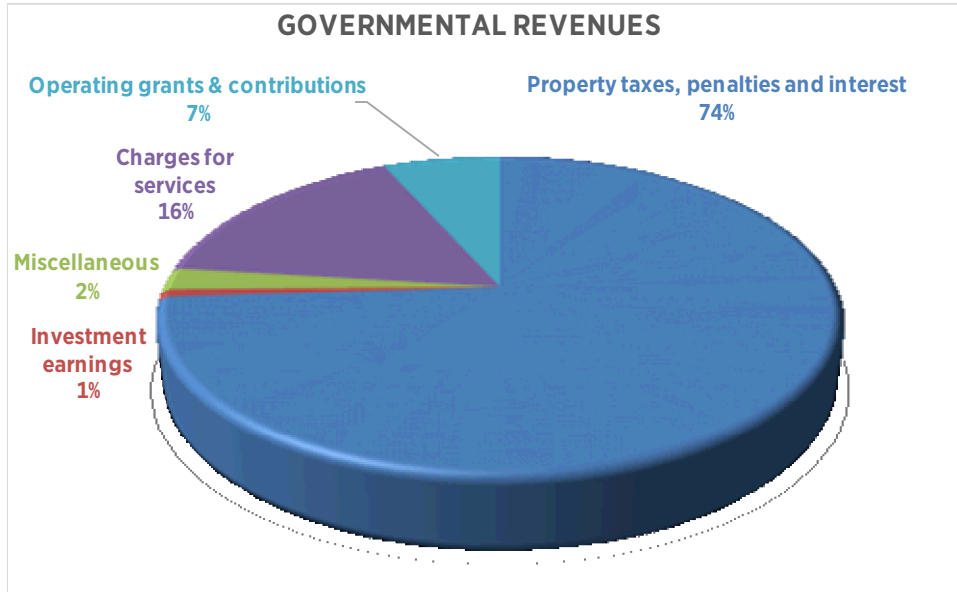
	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for services	\$ 1,904,782	\$ 2,271,841
Operating grants and contributions	768,950	866,971
General revenues:		
Property taxes, penalties and interest	8,561,451	8,470,928
Investment earnings	97,808	78,010
Miscellaneous	257,168	227,835
Total Revenues	11,590,159	11,915,585
Expenses		
General administration	1,877,589	1,775,200
Financial administration	882,473	771,166
Public safety	3,633,664	3,445,052
Judicial	1,481,683	1,209,590
Health and welfare	147,850	124,643
Public transportation	3,609,898	2,861,439
Intergovernmental	442,006	898,413
Waste disposal	120,956	126,648
Total Expenses	12,196,119	11,212,151
Change in Net Position	(605,958)	803,434
Net Position, Beginning	13,507,822	12,704,388
Net Position, Ending	\$ 12,901,864	\$ 13,507,822

The County's total revenues were \$11,586,435. A significant portion, 74% of the County's revenue comes from property taxes, 16% comes from charges for services, while 10% relates to operating grants, investment earnings and other income.

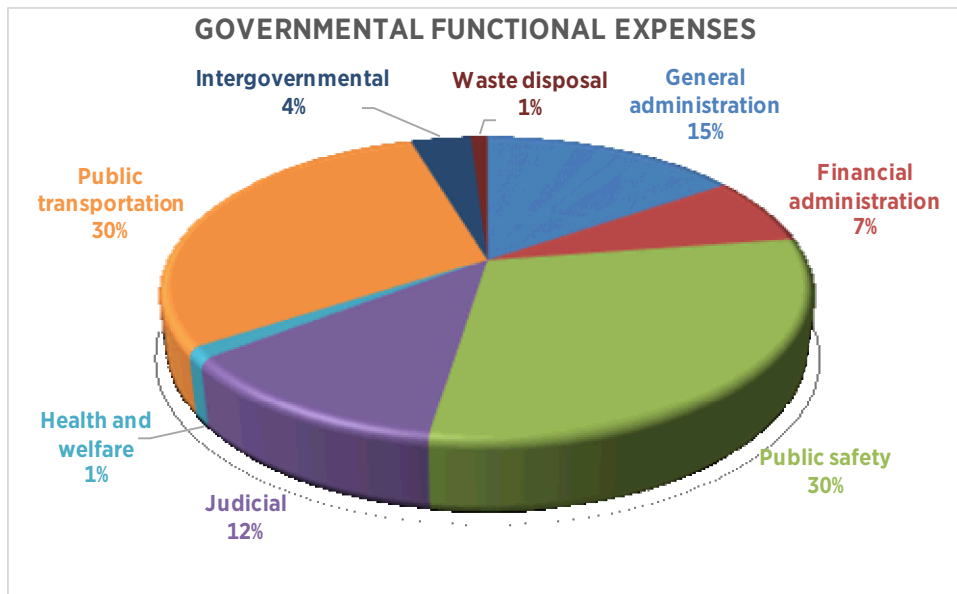
The total cost of all programs and services was \$12,192,137; 30% of these costs are for public safety, 30% are for public transportation, 15% are for general administration and the remaining 25% are for various other administration and intergovernmental County costs.

Graphic presentations of selected current year data from the changes in net position table follow in order to assist in the analysis of the County's activities.

For the fiscal year ended September 30, 2016, revenue from governmental activities totaled \$11,586,435.



For the fiscal year ended September 30, 2016, expenses from governmental activities totaled \$12,192,397, the largest portions of which relate to public safety (30%) and public transportation (30%).



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

General Fund Budgetary Highlights

Actual expenditures in the General Fund were \$1,019,387 less than final budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the County had invested \$14,363,388 in a broad range of capital assets, including infrastructure, buildings and improvements, equipment and vehicles.

CAPITAL ASSETS SCHEDULE

	Governmental Activities	
	2016	2015
Land	\$ 98,670	\$ 119,143
Roads and bridges	1,073,898	876,598
Buildings and improvements	6,296,152	6,130,220
Vehicles	2,126,611	1,973,589
Machinery and equipment	3,946,069	3,841,529
Furniture and equipment	821,988	812,525
Subtotal	<u>14,363,388</u>	<u>13,753,604</u>
Less: accumulated depreciation	<u>(10,004,295)</u>	<u>(9,558,233)</u>
Total Capital Assets, Net	<u><u>\$ 4,359,093</u></u>	<u><u>\$ 4,195,371</u></u>

Long-Term Debt

At September 30, 2016, the County had outstanding debt of \$155,637. More information about the County debt is in the notes to the financial statements.

LONG-TERM DEBT

	Governmental Activities	
	2016	2015
Long-Term Debt:		
Capital leases	\$ 20,000	\$ 30,000
Compensated absences	<u>115,115</u>	<u>125,637</u>
Total Capital Assets, Net	<u><u>\$ 135,115</u></u>	<u><u>\$ 155,637</u></u>

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the County Auditor at 118 E. Commerce, Room 209, Fairfield, Texas 75840.

BASIC FINANCIAL STATEMENTS

FREESTONE COUNTY, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION

September 30, 2016

	Primary Governmental Activities
<u>Assets</u>	
Cash and cash equivalents	\$ 1,484,023
Investments	7,600,037
Property taxes receivable	1,251,507
Other receivables	1,115,888
Prepays	11,879
Capital assets net of accumulated depreciation	4,359,093
Total Assets	15,822,427
<u>Deferred Outflows of Resources</u>	
Deferred outflows	2,411,601
Total Deferred Outflows of Resources	2,411,601
<u>Liabilities</u>	
Accounts payable and other current liabilities	470,189
Net pension liability	4,484,828
Noncurrent liabilities:	
Due within one year	21,516
Due in more than one year	113,598
Total Liabilities	5,090,131
<u>Deferred Inflows of Resources</u>	
Deferred inflows	242,033
Total Deferred Inflows of Resources	242,033
<u>Net Position</u>	
Net investment in capital assets	4,359,093
Restricted	713,181
Unrestricted	7,829,590
Total Net Position	\$ 12,901,864

FREESTONE COUNTY, TEXAS

Exhibit A-2

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Governmental Activities
Primary Government:				
Governmental Activities				
General administration	\$ 1,877,589	\$ 865,513	\$ 21,719	\$ (990,357)
Financial administration	882,473	47,763		(834,710)
Public safety	3,633,664	64,099	178,984	(3,390,581)
Judicial	1,481,683	159,182		(1,322,501)
Health and welfare	147,850			(147,850)
Public transportation	3,609,898	764,343		(2,845,555)
Intergovernmental	442,006		568,247	126,241
Waste disposal	120,956			(120,956)
Total Governmental Activities	12,196,119	1,900,900	768,950	(9,526,269)
Totals	\$ 12,196,119	\$ 1,900,900	\$ 768,950	\$ (9,526,269)
 General Revenues:				
Taxes:				
Property taxes, penalties and interest				8,561,451
Investment earnings				97,808
Miscellaneous				257,168
Total General Revenues				8,916,427
				(609,840)
Net Position, Beginning				13,507,822
Net Position, Ending				\$ 12,897,982

FREESTONE COUNTY, TEXAS

Exhibit A-3

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2016

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 690,070	\$ 793,953	\$ 1,484,023
Investments	7,600,037		7,600,037
Receivables:			
Taxes	938,591	312,916	1,251,507
Other	5,580	11,871	17,451
Prepays	11,879		11,879
Total Assets	<u>9,246,157</u>	<u>1,118,740</u>	<u>10,364,897</u>
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>			
<u>Liabilities</u>			
Accounts payable and accrued liabilities	<u>377,495</u>	<u>92,695</u>	<u>470,190</u>
Total Liabilities	<u>377,495</u>	<u>92,695</u>	<u>470,190</u>
 <u>Deferred Inflows of Resources</u>			
Unavailable revenues-property taxes	<u>938,591</u>	<u>312,864</u>	<u>1,251,455</u>
 <u>Fund Balances</u>			
Nonspendable	11,879		11,879
Restricted		713,181	713,181
Unassigned			<u>7,918,192</u>
Total Fund Balances	<u>7,930,071</u>	<u>713,181</u>	<u>8,643,252</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,246,157</u>	<u>\$ 1,118,740</u>	<u>\$ 10,364,897</u>
 Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			4,359,093
The net pension liability (-\$4,484,828), deferred inflows of resources (-\$242,033) and deferred outflows of resources (\$1,876,757) are not financial resources and, therefore, are not reported in the funds.			(2,315,259)
Long-term liabilities, including capital leases (\$20,000) and compensated absences (\$115,115) are not due and payable in the current period and are therefore not reported in the funds.			(135,114)
Revenues that do not provide current financial resources are reported as deferred in the funds.			2,349,892
Net Position of Governmental Activities			<u>\$ 12,901,864</u>

FREESTONE COUNTY, TEXAS

Exhibit A-4

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended September 30, 2016

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
Revenues			
Property taxes	\$ 5,895,088	\$ 2,182,316	\$ 8,077,404
Intergovernmental	209,402	358,845	568,247
Fines and fees	7,110	124,535	131,645
Charges for services	1,193,225	711,557	1,904,782
Waste disposal	21,719		21,719
Investment earnings	96,995	813	97,808
Other	96,170	181,471	277,641
Total Revenues	<u>7,519,709</u>	<u>3,559,537</u>	<u>11,079,246</u>
Expenditures			
Current:			
General administration	1,656,299	165,526	1,821,825
Financial administration	850,900		850,900
Public safety	3,453,396		3,453,396
Judicial	1,406,674	60,751	1,467,425
Health and welfare	147,430		147,430
Public transportation		3,355,337	3,355,337
Intergovernmental		222,871	222,871
Waste disposal	115,228		115,228
Capital Outlay	<u>301,445</u>	<u>328,810</u>	<u>630,255</u>
Total Expenditures	<u>7,931,372</u>	<u>4,133,295</u>	<u>12,064,667</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(411,663)</u>	<u>(573,758)</u>	<u>(985,421)</u>
Other Financing Sources (Uses)			
Transfers in (out)	<u>(31,548)</u>	<u>31,548</u>	
Total Other Financing Sources (Uses)	<u>(31,548)</u>	<u>31,548</u>	
Net Change in Fund Balances	<u>(443,211)</u>	<u>(542,210)</u>	<u>(985,421)</u>
Fund Balances - Beginning	<u>8,373,283</u>	<u>1,255,391</u>	<u>9,628,674</u>
Fund Balances - Ending	<u>\$ 7,930,072</u>	<u>\$ 713,181</u>	<u>\$ 8,643,253</u>

FREESTONE COUNTY, TEXAS

Exhibit A-5

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

For the Fiscal Year Ended September 30, 2016

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

Net change in fund balances - total governmental funds	\$	(985,421)
Repayment of debt principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		20,523
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 outlay exceeded depreciation in the current period.		55,828
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This adjustment reflects the net change in property taxes receivable (\$484,047), net pension adjustment (\$-228,276) and fines and fees receivable (\$47,339) on the accrual basis of accounting.		<u>303,109</u>
Change in Net Position of Governmental Activities	\$	<u><u>(605,961)</u></u>

FREESTONE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION

Exhibit A-6

September 30, 2016

	<u>Agency Fund</u>
	<u>County Officials Trust and Agency Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$
Due from other governments	<u> </u>
Total Assets	<u>\$</u> <u> </u>
<u>Liabilities</u>	
Due to others	
Due to other funds	<u> </u>
Total Liabilities	<u>\$</u> <u> </u>

FREESTONE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS

Exhibit A-7

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements of Freestone County, Texas (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- o Organization is legally separate (can sue and be sued in its name)
- o County holds the corporate powers of the organization
- o County appoints a voting majority of the organization's board
- o County is able to impose its will on the organization
- o Organization has the potential to impose a financial benefit/burden on the County
- o There is fiscal dependency by the organization on the County

Exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; and 2) The County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

Basis of Presentation, Basis of Accounting

Government-wide and Fund Accounting

Government-wide Statements:

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

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

FREESTONE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS

Exhibit A-7

Fund Financial Statements:

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

The County reports the following major governmental funds:

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

In addition, the County reports the following fund types:

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

Measurement Focus, Basis of Accounting

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

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

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

Financial Statement Amounts

Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with local government investments pools, and certificates of deposit with maturities of three months or less at year-end.

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Public Funds Investment Pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

Investments

The County's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Property Taxes

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40
Buildings	50
Building Improvements	25
Vehicles	5
Furniture and Equipment	7
Machinery and Equipment	10

Compensated Employee Absences

All full-time employees accumulate vacation benefits in varying annual number of days up to a maximum of twenty five (25) days a year. The maximum amount for unused vacation an employee shall be allowed to have at one time is the amount the employee would normally earn

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in one (1) year at his/her current accrual rate, plus five (5) additional work days.

Compensatory time may be accrued up to 240 hours for non-exempt employees and 480 hours for law enforcement employees. In the event of termination, an employee is paid for all maximum allowable accumulation of vacation and compensatory time.

Six leave benefits are earned by all full-time employees at a rate of nine days per year and may be accumulated up to 240 hour limit. Employees with sick leave in excess of 240 hour limit as of January 18, 2001, the date when the policy was amended, will not lose those hours but have the hours recorded as “bonus” sick leave. An employee is not paid for any unused sick leave at the termination of employment.

A liability for accrued compensated absences is recorded in the government-wide financial statements.

Deferred Inflows of Resources

Deferred inflows of resources represent 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. Deferred inflows of resources consist of unavailable property tax revenues and the net difference between expected and actual economic experiences.

	Governmental Activity
Deferred Inflow of Resources	
Deferred inflow from Pension Activity	242,033
Total Deferred Inflow of Resources	\$ 242,033

Deferred Outflows of Resources

Deferred outflows of resources represent 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 that time. Deferred outflows of resources consist of differences between projected and actual investment earnings and pension contributions made subsequent to the actuarial measurement date.

	Governmental Activity
Deferred Outflow of Resources	
Deferred Outflow from Pension Activity	2,411,601
Total Deferred Outflow of Resources	\$ 2,411,601

Receivable and Payable Balances

The County believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

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

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund

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incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

Pensions

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

Use of Estimates

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

Fund Balances -Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable:

To indicate fund balances associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted:

To indicated fund balance that can be spent only for the specific purpose stipulated by constitution, external resources providers or through enabling legislation.

Committed:

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

Assigned:

To indicate fund balance to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund

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are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned:

To indicate the residual classification of fund balance in the General Fund and included all spendable amounts not contained in the other classifications.

When expenditures is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When expenditures 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.

Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a) Prior to the beginning of the fiscal year, the County prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b) A meeting of the Commissioners Court is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given.
- c) Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Commissioners Court.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners Court. During the year, the budget was amended as necessary. All budget appropriations lapse at year-end.

Date of Management's Review

Subsequent events have been evaluated through September 27, 2017, which is the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Cash Deposits:

The County's cash deposits at September 30, 2016, and during the year ended September 30, 2016, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

Cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the County or by its agent in the County's name.

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Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Category 3 - Deposits which are not collateralized or insured.

Investments:

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

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

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (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 and (10) common trust funds.

The County invests surplus funds in accordance with its investment policy. The County's investments are categorized to give an indication of the level of risk assumed by the County at year-end. These custodial risk categories are as follows:

Category 1 - Investments that are insured, registered or held by the County or its agent in the County's name.

Category 2 - Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the County's name.

Category 3 - Uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the County's name.

The investments in investment pools are not categorized securities because they are not evidenced by securities that exist in physical or book entry form. The fair value of the position in the external investment pool is the same as the value of the pool shares.

Analysis of Specific Deposit and Investment Risks:

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end, the County was not significantly exposed to credit risk.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and

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the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name. At year-end the County was not exposed to custodial credit risk.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the County was not exposed to concentration of credit risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the County was not exposed to interest rate risk.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the County was not exposed to foreign currency risk.

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NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

Governmental Activities:	Balance Oct. 1, 2015	Increase	Decrease	Balance Sept. 30, 2016
Capital assets not being depreciated:				
Land				
Construction in Progress	\$ 119,143		\$ (20,473)	\$ 98,670
Total capital assets not being depreciated	-	197,300	(197,300)	-
Capital assets being depreciated:	119,143	197,300	(217,773)	98,670
Roads & Bridges	876,598	197,300		1,073,898
Buildings & Improvements	6,130,220	165,932		6,296,152
Furniture & Equipment	812,525	9,463		821,988
Machinery & Heavy Equip	3,841,529	104,540		3,946,069
Vehicles	1,973,589	153,022	-	2,126,611
Total capital assets being depreciated	13,634,461	630,257	-	14,264,718
Less ccumulated depreciation for:				
Roads & Bridges	(127,822)	(26,848)		(154,670)
Buildings & Improvements	(4,036,406)	(92,716)		(4,129,122)
Furniture & Equipment	(718,072)	(30,851)		(748,923)
Machinery & Equipment	(2,770,543)	(207,859)		(2,978,402)
Vehicles	(1,905,390)	(87,788)		(1,993,178)
Total accumulated depreciation	(9,558,233)	(446,062)		(10,004,295)
Total capital assets being depreciated, net	4,076,228	184,195	-	4,260,423
Governmental activities capital assets, net	\$ 4,195,371	\$ 381,495	\$ (217,773)	\$ 4,359,093

Governmental Activities:	
General administration	\$ 16,118
Public Safety	57,718
Public transportation	260,583
Intergovernmental	111,643
Total Depreciation Expense - Governmental Activities	\$ 446,062

NOTE 4 - LONG-TERM OBLIGATIONS

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2016, are as follows:

	Balances Oct. 1, 2015	Additions	(Reductions)	Balances Sept. 30, 2016	Amount Due Withn One Year
Governmental Activities:					
Capital leases	\$ 30,000		\$ (10,000)	\$ 20,000	\$ 10,000
Compensated absences	125,637		(10,522)	115,115	11,512
Totals	\$ 155,637	\$	\$ (20,522)	\$ 135,115	\$ 21,512

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NOTE 5 - PENSION PLAN

Plan Description

The County provides retirement and death benefits for all full-time and part-time employees through a nontraditional, joint contributory, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 656 participating employers of defined benefit plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 upon written request.

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

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death or disability benefits are calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using purchase rates prescribed by the TCDRS Act.

Employee Covered by Benefit Terms

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

	Freestone	Limestone	Total
Inactive employees or beneficiaries currently receiving benefits	98		98
Inactive employees entitled to but not yet receiving benefits	18	88	106
Active employees	137	2	139
Totals	253	90	343

Funding Policy/Contributions

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 15.46% for the months of the accounting year in 2014 and 15.39% for the months of the accounting year in 2015. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Net Pension Liability

The County’s Net Pension Liability (“NPL”) was measured as of December 31, 2015, and the Total Pension Liability (“TPL”) used to calculate the Net Pension Liability was determined by an actuarial

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valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall Payroll Growth	3.5% per year
Investment Rate of Return	5.0% per year

Salary increases were based on a service-related table. Mortality rates for active depositing members were based on the RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Mortality Table for females with a four-year setback, both with the projection scale AA. Mortality rates for service retirees, beneficiaries and non-depositing members were based on the RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females. Mortality rates for disabled retirees were based on the RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disable Mortality Table for females with a two-year set-forward, both with the projection scale AA.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal ("EAN") actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset

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class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected Minus Inflation)</u>
US Equity	16.5%	5.35%
Private Equity	12.0%	8.35%
Global Equities	1.5%	5.65%
International Equities-Developed	11.0%	5.35%
International Equities-Emerging	9.0%	6.35%
Investment-Grade Bonds	3.0%	0.55%
High-Yield Bonds	3.0%	3.75%
Opportunistic Credit	5.0%	5.54%
Direct Lending	2.0%	5.80%
Distressed Debt	3.0%	6.75%
REIT Equities	2.0%	4.00%
Commodities	2.0%	-0.20%
Master Limited Partnerships	2.0%	5.30%
Private Real Estate Partnerships	3.0%	7.20%
Hedge Funds	25.0%	5.15%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
Balance at 12/31/14	\$ 25,784,453	\$ 23,205,184	\$ 2,579,269
Changes for the year:			
Service cost	603,276	0	603,276
Interest on total pension liability	2,061,482	0	2,061,482
Effect of plan changes	(51,074)	0	(51,074)
Effect of economic/demographic gains or losses	(262,956)	0	(262,956)
Effect of assumptions changes or inputs	303,503	0	303,503
Refund of contributions	(34,304)	(34,304)	0
Benefit payments	(1,502,783)	(1,502,783)	0
Administrative expenses	0	(16,389)	16,389
Member contributions	0	300,947	(300,947)
Net investment income	0	(32,069)	32,069
Employer contributions	0	661,664	(661,664)
Other		(165,481)	165,481
Net Changes	<u>1,117,144</u>	<u>(788,415)</u>	<u>1,905,559</u>
Balance at 12/31/15	<u>\$ 26,901,597</u>	<u>\$ 22,416,769</u>	<u>\$ 4,484,828</u>

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate 7.1%	Current Discount Rate 8.1%	1% Increase in Discount Rate 9.1%
Total pension liability	\$ 29,897,533	\$ 26,901,597	\$ 24,372,157
Fiduciary net position	22,416,770	22,416,770	22,416,770
District's net pension liability (asset)	<u>\$ 7,480,763</u>	<u>\$ 4,484,827</u>	<u>\$ 1,955,387</u>

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

For the year ended September 30, 2016, the County recognized pension expense of \$568,731.

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 242,033	\$ -
Changes in actuarial assumptions		202,335
Net difference between projected and actual investment earnings		1,675,422
Contributions subsequent to the measurement date	N/A	533,844
Totals	<u>\$ 242,033</u>	<u>\$ 2,411,601</u>

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

<u>Year Ended Dec 31:</u>	
2016	\$ 411,756
2017	411,756
2018	431,605
2019	379,608
2020	-
Thereafter	-
	<u>\$ 1,634,725</u>

Deferred Compensation Plan

In addition, the District makes available a deferred compensation plan under Internal Revenue Code Section 457. The plan was effective April 1, 2000 and is available to employees of the General Fund, Coastal Health & Wellness and GAAA. The assets of the plan shall be held in trust for the exclusive benefit of the Plan participants and their beneficiaries. The Plan is administered by an authorized administrator who is responsible for ensuring that the Plan is operating in accordance with plan terms and conditions including but not limited to investment options. Employees may voluntarily contribute up to a basic annual limit of \$18,000 into the plan.

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Supplemental Death Benefits Fund

Plan Description

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the TCDRS. This plan is referred to as the Optional Group Term Life Fund ("OGTLF"). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The OGTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the OGTLF. This report may be obtained by writing the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782. TCDRS' CAFR is also available at www.tcdrs.org.

Each participating employer contributes to the OGTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County's contributions to the OGTLF for the years ended September 30, 2015, 2014 and 2013, were \$27,621, \$23,550 and \$27,724 respectively, which equaled the contractually required contributions each year.

NOTE 6 - HEALTH CARE COVERAGE

During the year ended September 30, 2016, employees of the County were covered by a health insurance plan (the Plan). The County paid premiums of \$671 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the County and the licensed insurer is renewable October 1, and terms of coverage and premium costs are included in the contractual provisions.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS

Each regular employee who retires from the service of the County after October 1, 2007, and who, at the time of their retirement, has total creditable service with TCDRS of twelve (12) years or more, will be eligible for the Medicare Supplement paid by the County when they reach age 65.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

No reportable litigation was pending against the County at September 30, 2016.

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**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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FREESTONE COUNTY, TEXAS

Exhibit B-1

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

For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 6,261,790	\$ 6,261,790	\$ 5,895,088	\$ (366,702)
Intergovernmental	209,500	209,500	209,402	(98)
Fines and fees	10,000	10,000	7,110	(2,890)
Charges for services	1,265,910	1,266,300	1,193,225	(73,075)
Waste disposal	23,000	23,000	21,719	(1,281)
Investment earnings	74,700	74,700	96,995	22,295
Other	81,280	81,280	96,170	14,890
Total Revenues	7,926,180	7,926,570	7,519,709	(406,861)
Expenditures				
Current:				
General administration	2,789,077	2,789,077	1,656,299	1,132,778
Financial administration	849,254	849,254	850,900	(1,646)
Public safety	3,546,464	3,545,964	3,453,396	92,568
Judicial	1,122,767	1,122,767	1,406,674	(283,907)
Health and welfare	137,231	137,231	147,430	(10,199)
Waste disposal	118,812	118,812	115,228	3,584
Capital outlay	355,235	355,235	301,445	53,790
Total Expenditures	8,918,840	8,918,340	7,931,372	986,968
Excess (Deficiency) of Revenues Over (Under) Expenditures	(992,660)	(991,770)	(411,663)	(1,393,829)
Other Financing (Uses)				
Transfers (out)	(37,127)	(37,127)	(31,549)	(5,578)
Total Other Financing (Uses)	(37,127)	(37,127)	(31,549)	(5,578)
Net Change in Fund Balance	(1,029,787)	(1,028,897)	(443,212)	(1,399,407)
Fund Balance, Beginning	8,373,283	8,373,283	8,373,283	
Fund Balance, Ending	\$ 7,343,496	\$ 7,344,386	\$ 7,930,071	\$ (1,399,407)

FREESTONE COUNTY, TEXAS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Years Ending December 31 *

	2015	2014	2013
Total Pension Liability			
Service cost	\$ 603,276	\$ 638,281	N/A
Interest on total pension liability	2,061,482	1,966,556	N/A
Changes of benefit terms	(51,074)		N/A
Difference between expected and actual experience	303,503 (262,956)	(133,457)	N/A
Change of assumptions			N/A
Benefit payments, including refunds of employee contributions	(1,537,087)	(1,280,027)	N/A
Net Change in Total Pension Liability	1,117,144	1,191,353	N/A
Total Pension Liability, Beginning	25,784,453	24,593,100	N/A
Total Pension Liability, Ending (a)	<u>26,901,597</u>	<u>25,784,453</u>	N/A
Plan Fiduciary Net Position			
Contributions - employer	661,664	667,448	N/A
Contributions - employee	300,947	302,251	N/A
Net investment income	(32,069)	1,527,575	N/A
Benefit payments, including refunds of employee contributions	(1,537,087)	(1,280,027)	N/A
Administrative expense	(16,389)	(17,409)	N/A
Other	(165,481)	(17,661)	N/A
Net Change in Plan Fiduciary Net Position		1,182,177	N/A
Plan Fiduciary Net Position, Beginning	23,205,184	22,023,007	N/A
Plan Fiduciary Net Position, Ending (b)	<u>\$ 22,416,769</u>	<u>\$ 23,205,184</u>	N/A
Net Pension Liability, Ending (a) - (b)	<u>\$ 4,484,828</u>	<u>\$ 2,579,269</u>	N/A
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.33%	90.00%	N/A
Covered Employee Payroll	4,282,014	4,317,878	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	104.74%	59.73%	N/A

* GASB 68 requires ten years of data to be provided in this schedule, however, only two years are currently available.

Exhibit B-2

2012	2011	2010	2009	2008	2007	2006
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

FREESTONE COUNTY, TEXAS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Years Ending December 31 *

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contributions	\$ 659,002	\$ 667,448	\$ 850,186
Actual Employer Contributions	<u>661,664</u>	<u>667,448</u>	<u>850,186</u>
Contribution Deficiency (Excess)	\$ (2,662)	\$	\$
Covered Employee Payroll	\$ 4,282,014	\$ 4,317,878	\$ 4,585,173
Contributions as a Percentage of Covered Employee Payroll	15.45%	15.46%	18.54%

Exhibit B-3

2012	2011	2010	2009	2008	2007	2006
\$ 857,199	\$ 859,286	\$ 868,569	\$ 914,573	\$ 778,559	\$ 687,105	\$ 629,147
<u>857,199</u>	<u>859,286</u>	<u>868,569</u>	<u>914,573</u>	<u>778,559</u>	<u>687,105</u>	<u>629,147</u>
\$	\$	\$	\$	\$	\$	\$
\$ 4,874,775	\$ 5,072,567	\$ 5,179,303	\$ 4,981,337	\$ 4,687,293	\$ 4,171,858	\$ 4,004,758
17.58%	16.94%	16.77%	18.36%	16.61%	16.47%	15.71%

FREESTONE COUNTY, TEXAS

Exhibit B-4

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM - NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:

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.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Cost-of-Living Adjustments	Cost of-living adjustments for Freestone County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Experience-based table of rates that are specific to the County's plan of benefits. Deferred members are assumed to retire (100% probability) at the later of age 60 or earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality:	
Depositing Members	RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service Retirees, Beneficiaries and Non-depositing Members	RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled Retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

Other Information:

Notes There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

FREESTONE COUNTY, TEXAS

**COMBINING BALANCE SHEET - NONMAJOR FUNDS
GOVERNMENTAL FUNDS**

September 30, 2016

	Road and Bridge Fund Precinct 1	Road and Bridge Fund Precinct 2	Road and Bridge Fund Precinct 3	Road and Bridge Fund Precinct 4	County Attorney Fund
<u>Assets</u>					
Cash and cash equivalents	34,329	282,912	8,307	218,400	36,068
Receivables:					
Taxes	78,217	78,216	78,216	78,216	
Other	3,535	6,628	1,708		
Prepays					
Total Assets	<u>116,081</u>	<u>367,756</u>	<u>88,231</u>	<u>296,616</u>	<u>36,068</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>					
<u>Liabilities</u>					
Accounts payable and accrued liabilities	<u>11,673</u>	<u>13,159</u>	<u>23,892</u>	<u>33,290</u>	<u>597</u>
Total Liabilities	<u>11,673</u>	<u>13,159</u>	<u>23,892</u>	<u>33,290</u>	<u>597</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenues-property taxes	<u>78,216</u>	<u>78,216</u>	<u>78,216</u>	<u>78,216</u>	
<u>Fund Balances</u>					
Restricted	<u>26,192</u>	<u>276,380</u>	<u>(13,877)</u>	<u>185,110</u>	<u>35,472</u>
Total Fund Balances	<u>26,192</u>	<u>276,380</u>	<u>(13,877)</u>	<u>185,110</u>	<u>35,472</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 116,081</u>	<u>\$ 367,755</u>	<u>\$ 88,231</u>	<u>\$ 296,616</u>	<u>\$ 36,069</u>

Exhibit C-1

District Attorney Fund	Special Budget Fund	Records Archive Fund	Courthouse Security Fund	Records Management Fund	JP Technology Fund	Justice Court	Other	Totals
1,496	18,470	122,528	9,101	19,937	16,710	6,108	19,587	\$ 793,953
							51	312,916
								11,871
<u>1,496</u>	<u>18,470</u>	<u>122,528</u>	<u>9,101</u>	<u>19,937</u>	<u>16,710</u>	<u>6,108</u>	<u>19,638</u>	<u>1,118,740</u>
<u>367</u>	<u>1,657</u>	<u>651</u>	<u>1,721</u>		<u>3,122</u>		<u>2,566</u>	<u>92,695</u>
<u>367</u>	<u>1,657</u>	<u>651</u>	<u>1,721</u>		<u>3,122</u>		<u>2,566</u>	<u>92,695</u>
								<u>312,864</u>
<u>1,129</u>	<u>16,813</u>	<u>121,877</u>	<u>7,380</u>	<u>19,937</u>	<u>13,588</u>	<u>6,108</u>	<u>17,072</u>	<u>713,181</u>
<u>1,129</u>	<u>16,813</u>	<u>121,877</u>	<u>7,380</u>	<u>19,937</u>	<u>13,588</u>	<u>6,108</u>	<u>17,072</u>	<u>713,181</u>
<u>\$ 1,496</u>	<u>\$ 18,470</u>	<u>\$ 122,528</u>	<u>\$ 9,101</u>	<u>\$ 19,937</u>	<u>\$ 16,710</u>	<u>\$ 6,108</u>	<u>\$ 19,638</u>	<u>\$ 1,118,740</u>

FREESTONE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended September 30, 2016

	Road and Bridge Fund Precinct 1	Road and Bridge Fund Precinct 2	Road and Bridge Fund Precinct 3	Road and Bridge Fund Precinct 4	County Attorney Fund
Revenues					
Property taxes	\$ 545,579	\$ 545,579	\$ 545,579	\$ 545,579	\$
Intergovernmental				136,018	
Fines and fees	24,657	24,658	24,658	24,658	
Charges for services	146,908	146,908	146,907	146,907	
Investment earnings	168	251	224	170	
Other	18,934	18,933	19,209	104,053	973
Total Revenues	736,246	736,329	736,577	957,385	973
Expenditures					
Current:					
General administration					
Public safety					
Judicial					16,859
Health and welfare					
Public transportation	824,760	679,278	906,864	944,435	
Intergovernmental					
Capital Outlay	69,370	200,840	42,400	16,200	
Total Expenditures	894,130	880,118	949,264	960,635	16,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	(157,884)	(143,789)	(212,687)	(3,250)	(15,886)
Other Financing Sources (Uses)					
Transfers in (out)					
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	(157,884)	(143,789)	(212,687)	(3,250)	(15,886)
Fund Balances - Beginning	184,076	420,169	198,810	188,360	51,358
Fund Balances - Ending	\$ 26,192	\$ 276,380	\$ (13,877)	\$ 185,110	\$ 35,472

Exhibit C-2

<u>District Attorney Fund</u>	<u>Special Budget Fund</u>	<u>Records Archive Fund</u>	<u>Courthouse Security Fund</u>	<u>Records Management Fund</u>	<u>JP Technology Fund</u>	<u>Justice Court</u>	<u>Other</u>	<u>Totals</u>
\$	\$ 222,827	\$	\$ 25,904	\$	\$	\$	\$	\$ 2,182,316
1,695		98,060		7,078	13,938	3,156		358,845
								124,535
								711,557
								813
							19,369	181,471
<u>1,695</u>	<u>222,827</u>	<u>98,060</u>	<u>25,904</u>	<u>7,078</u>	<u>13,938</u>	<u>3,156</u>	<u>19,369</u>	<u>3,559,537</u>
	1,000	96,865	63,942				3,719	165,526
3,235				14,999	25,358	300		60,751
								3,355,337
	222,871							222,871
								328,810
<u>3,235</u>	<u>223,871</u>	<u>96,865</u>	<u>63,942</u>	<u>14,999</u>	<u>25,358</u>	<u>300</u>	<u>3,719</u>	<u>4,133,295</u>
<u>(1,540)</u>	<u>(1,044)</u>	<u>1,195</u>	<u>(38,038)</u>	<u>(7,921)</u>	<u>(11,420)</u>	<u>2,856</u>	<u>15,650</u>	<u>(573,758)</u>
	(3,233)		42,313				(7,532)	31,548
	(3,233)		42,313				(7,532)	31,548
(1,540)	(4,277)	1,195	4,275	(7,921)	(11,420)	2,856	8,118	(542,210)
<u>2,669</u>	<u>21,090</u>	<u>120,682</u>	<u>3,105</u>	<u>27,858</u>	<u>25,008</u>	<u>3,252</u>	<u>8,954</u>	<u>1,255,391</u>
<u>\$ 1,129</u>	<u>\$ 16,813</u>	<u>\$ 121,877</u>	<u>\$ 7,380</u>	<u>\$ 19,937</u>	<u>\$ 13,588</u>	<u>\$ 6,108</u>	<u>\$ 17,072</u>	<u>\$ 713,181</u>

FREESTONE COUNTY, TEXAS

Exhibit C-3

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND PRECINCT 1**

For the Fiscal Year Ended September 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance From Budget
<u>Revenues</u>			
Property taxes	\$ 575,000	\$ 545,579	\$ (29,421)
Intergovernmental			
Fines and fees	22,000	24,657	2,657
Charges for services	392,000	146,908	(245,092)
Investment earnings	200	168	(32)
Other	20,000	18,934	(1,066)
Total Revenues	<u>1,009,200</u>	<u>736,246</u>	<u>(272,954)</u>
<u>Expenditures</u>			
Current:			
Public transportation	1,009,200	824,760	184,440
Intergovernmental			
Capital outlay		69,370	(69,370)
Total Expenditures	<u>1,009,200</u>	<u>894,130</u>	<u>115,070</u>
Net Change in Fund Balance	0	(157,884)	(157,884)
Fund Balance - Beginning	<u>210,417</u>	<u>184,076</u>	<u>26,341</u>
Fund Balance - Ending	<u>\$ 210,417</u>	<u>\$ 26,192</u>	<u>\$ (131,543)</u>

FREESTONE COUNTY, TEXAS

Exhibit C-4

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ROAD AND BRIDGE FUND PRECINCT 2

For the Fiscal Year Ended September 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance From Budget</u>
Revenues			
Property taxes	\$ 575,000	\$ 545,579	\$ (29,421)
Intergovernmental			0
Fines and fees	22,000	24,658	2,658
Charges for services	207,000	146,908	(60,092)
Investment earnings	200	251	51
Other	<u>477,000</u>	<u>18,933</u>	<u>(458,067)</u>
Total Revenues	<u>1,281,200</u>	<u>736,329</u>	<u>(544,871)</u>
Expenditures			
Current:			
Public transportation	949,200	679,278	269,922
Intergovernmental			0
Capital outlay	<u>332,000</u>	<u>200,840</u>	<u>131,160</u>
Total Expenditures	<u>1,281,200</u>	<u>880,118</u>	<u>401,082</u>
Net Change in Fund Balance	0	(143,789)	(143,789)
Fund Balance - Beginning	<u>420,169</u>	<u>420,169</u>	
Fund Balance - Ending	<u>\$ 420,169</u>	<u>\$ 276,380</u>	<u>\$ (143,789)</u>

FREESTONE COUNTY, TEXAS

Exhibit C-5

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ROAD AND BRIDGE FUND PRECINCT 3

For the Fiscal Year Ended September 30, 2016

	Budget	Actual	Variance From Budget
Revenues			
Property taxes	\$ 575,000	\$ 545,579	\$ (29,421)
Intergovernmental			
Fines and fees	22,000	24,658	2,658
Charges for services	507,000	146,907	(360,093)
Investment earnings	200	224	24
Other	20,000	19,209	(791)
Total Revenues	1,124,200	736,577	(387,623)
Expenditures			
Current:			
Public transportation	1,024,200	906,864	117,336
Intergovernmental			0
Capital outlay	100,000	42,400	57,600
Total Expenditures	1,124,200	949,264	174,936
Net Change in Fund Balance	0	(212,687)	(212,687)
Fund Balance - Beginning	198,810	198,810	
Fund Balance - Ending	\$ 198,810	\$ (13,877)	\$ (212,687)

FREESTONE COUNTY, TEXAS

Exhibit C-6

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ROAD AND BRIDGE FUND PRECINCT 4

For the Fiscal Year Ended September 30, 2016

	Budget	Actual	Variance From Budget
Revenues			
Property taxes	\$ 575,000	\$ 545,579	\$ (29,421)
Intergovernmental	179,661	136,018	(43,643)
Fines and fees	22,000	24,658	2,658
Charges for services	207,000	146,907	(60,093)
Investment earnings	200	170	(30)
Other	250,000	104,053	(145,947)
Total Revenues	1,233,861	957,385	(276,476)
Expenditures			
Current:			
Public transportation	1,103,861	944,435	159,426
Intergovernmental			
Capital outlay	130,000	16,200	113,800
Total Expenditures	1,233,861	960,635	273,226
Net Change in Fund Balance	0	(3,250)	(3,250)
Fund Balance - Beginning	188,360	188,360	
Fund Balance - Ending	\$ 188,360	\$ 185,110	\$ (3,250)

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