

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

LAVACA COUNTY, TEXAS
Annual Financial Report
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners' Court
Lavaca County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lavaca 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 and the standards applicable to financial audits contained in Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter 1 - Comptroller. 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, the business-type activities, each major fund, and the aggregate remaining fund information of LaVaca 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 City 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 and the Employees Retirement System Information, on pages 4–13 and 65-68 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 Lavaca County, Texas' basic financial statements. The combining and individual general, road and bridge, debt service, nonmajor fund financial statements, and the major budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter 1 - Comptroller, and is also not a required part of the basic financial statements.

The combining and individual general, road and bridge, debt, and nonmajor fund financial statements and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining general, road and bridge, debt, and individual nonmajor fund financial statements and the schedule of expenditures of state awards 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 March 11, 2016, on our consideration of Lavaca County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lavaca County, Texas' internal control over financial reporting and compliance.

Wayne R. Beyer

BEYER & COMPANY
Certified Public Accountants
March 11, 2016

Management's Discussion and Analysis

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

Financial Highlights

- . The assets of Lavaca County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$20,516,335 (net assets). Of this amount, \$1,475,078 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total net assets increased by \$1,182,956. This increase is attributable to an increase in ad valorem taxes of \$707,704 and careful budget management.
- . As of the close of the current fiscal year, Lavaca County, Texas' governmental funds reported combined ending fund balances of \$6,781,312, an increase of \$948,926 in comparison with the prior year. Approximately 26% of this total amount, \$1,764,200 is available for spending at the government's discretion (unassigned fund balance).
- . At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,764,200, or 26 percent of total general fund expenditures, the fund balance for the road and bridge fund was \$3,014,138, or 65 percent of total road and bridge fund expenditures.

Overview of the Financial Statements

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements distinguish functions of Lavaca 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 Lavaca County, Texas include general administration, public safety, environmental protection, public transportation, health and welfare, public facilities, legal, elections, financial administration, conservation, capital projects, and culture and recreation. The business-type activities of Lavaca County, Texas include an ambulance fund, workmen's comp fund, and an unemployment insurance fund.

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

The government-wide financial statements can be found on pages 12-13 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. Lavaca County, Texas, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

Lavaca County, Texas maintains forty (40) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, the debt service fund, and the capital improvement fund, all of which are considered to be major funds. Data from the other thirty-six (36) 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.

Lavaca County, Texas adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund, road and bridge fund, the debt service fund, and the capital improvement fund.

The basic governmental fund financial statements can be found on pages 14-23 of this report. The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Lavaca County, Texas also has one agency fund and one trust fund presented in this report. Such funds are not included in the county wide statement but are shown separately on pages 28-29.

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 30-64 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Lavaca County, Texas' progress in funding its obligation to provide pension benefits to its employees and for major construction fund budgetary information. Required supplementary information can be found on pages 65-69 of this report.

The combining statements referred to earlier in connection with the general fund, the major road and bridge funds, the non-major governmental funds, and the non-major proprietary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 70-81 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Lavaca County, Texas, assets exceeded liabilities by \$20,516,335 at the close of the most recent fiscal year.

A large portion of Lavaca County, Texas' net assets (68 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment); less any related debt used to acquire those assets that are still outstanding. Lavaca County, Texas uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lavaca 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.

**LAVACA COUNTY, TEXAS
NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$7,992,973	\$7,393,812	\$1,843,664	\$1,686,576	\$9,836,637	\$9,080,388
Capital Assets:	15,145,233	15,615,810	674,321	735,477	15,819,554	16,351,287
	23,138,206	23,009,622	2,517,985	2,422,053	25,656,191	25,431,675
Total Deferred Outflows of Resources	977,093	684,869	120,148	84,215	1,097,241	769,084
Total Assets	\$24,115,299	\$23,694,491	\$2,638,133	\$2,506,268	\$26,753,432	\$26,200,759
Long-Term Liabilities	5,114,945	5,512,686	390,902	379,925	5,505,847	5,892,611
Other Liabilities	377,834	937,895	32,791	36,874	410,625	974,769
Total Liabilities	5,492,779	6,450,581	423,693	416,799	5,916,472	6,867,380
Total Deferred Inflows of Resources	285,517	0	35,108	0	320,625	0
Invested in Capital Assets, Net of Related Debt	13,349,824	13,258,704	674,321	735,477	14,024,145	13,994,181
Restricted	5,017,112	4,302,607			5,017,112	4,302,607
Unrestricted	(29,933)	(317,401)	1,505,011	1,353,992	1,475,078	1,036,591
Total Net Position	\$18,337,003	\$17,243,910	\$2,179,332	\$2,089,469	\$20,516,335	\$19,333,379

An additional portion of Lavaca County, Texas' net assets (24 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,475,078) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, Lavaca County, Texas reported a positive balance in the governmental activities. For the prior fiscal year, Lavaca County, Texas reported positive balances in net assets, both for the government as a whole, as well as for its separate governmental activities. At the end of the current fiscal year, Lavaca County, Texas reported a positive balance in the governmental activities and business-type activities except for the unrestricted in governmental activities which had a negative balance of \$29,933.

For the prior fiscal year, Lavaca County, Texas reported positive balances in all three categories of net assets for its governmental activities and business-type activities.

The government's total net assets increased by \$1,182,956. This increase is attributable to an increase in ad valorem taxes of \$707,704 and careful budget management.

There was an increase of \$714,505 in restricted net assets reported in connection with Lavaca County, Texas' government-type activities. This increase resulted from an increase in ad valorem taxes.

Governmental activities:

Governmental activities increased Lavaca County, Texas' net assets by \$1,093,093, thereby accounting for 92 percent of the total increase in the net assets of Lavaca County, Texas.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$2,511,803	\$3,089,746	\$1,085,715	\$1,600,039	\$3,597,518	\$4,689,785
Operating Grants and Contributions	763,603	414,352		0	763,603	414,352
Capital Grants and Contributions	524,443	21,901		0	524,443	21,901
General Revenues:						
Maintenance and Operations Taxes	9,048,219	8,340,515			9,048,219	8,340,515
Other Taxes	11,894	57,222			11,894	57,222
Unrestricted Investment Earnings	41,547	36,156	4,136	4,201	45,683	40,357
Miscellaneous	773,503	570,027			773,503	570,027
Total Revenue	13,675,012	12,529,919	1,089,851	1,604,240	14,764,863	14,134,159
Expenses:						
General Administration	1,825,957	1,740,299			1,825,957	1,740,299
Legal	247,537	198,378			247,537	198,378
Judicial	861,178	765,715			861,178	765,715
Financial Administration	991,147	951,975			991,147	951,975
Public Facilities	263,220	281,295			263,220	281,295
Public Safety	2,840,151	2,632,535			2,840,151	2,632,535
Public Transportation	4,574,018	3,842,068			4,574,018	3,842,068
Health and Welfare	806,910	858,677			806,910	858,677
Conservation - Agriculture	108,878	105,722			108,878	105,722
Interest and Fiscal Charges	62,923	47,364			62,923	47,364
Ambulance			999,988	1,739,481	999,988	1,739,481
Total Expenses	12,581,919	11,424,028	999,988	1,739,481	13,581,907	13,163,509
Increase in Net Position Before Transfers and Special Items	1,093,093	1,105,891	89,863	(135,241)	1,182,956	970,650
Transfers	0	0	0	0	0	0
Increase in Net Position	1,093,093	1,105,891	89,863	(135,241)	1,182,956	970,650
Net Position at 09/30/2014 - Restated	17,243,910	16,138,019	2,089,469	2,224,710	19,333,379	18,362,729
Net Position at 09/30/2015	\$18,337,003	\$17,243,910	\$2,179,332	\$2,089,469	\$20,516,335	\$19,333,379

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Government Activities:				
General Administration	\$1,825,957	\$628,513	\$0	\$0
Legal	247,537	38,193	18,149	
Judicial	861,178	290,100	30,507	
Financial Administration	991,147	686,135		
Public Facilities	263,220			
Public Safety	2,840,151	73,546	0	
Public Transportation	4,574,018	795,316		0
Health and Welfare	806,910		0	
Conservation - Agriculture	108,878			
Interest and Fiscal Charges	62,923			
Total Government Activities	<u>\$12,581,919</u>	<u>\$2,511,803</u>	<u>\$48,656</u>	<u>\$0</u>

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$2,511,803	18%
Operating Grants and Contributions	763,603	6%
Capital Grants and Contributions	524,443	4%
Maintenance and Operations Taxes	9,048,219	66%
Other Taxes	11,894	0%
Unrestricted Investment Earnings	41,547	0%
Miscellaneous	773,503	6%
	<u>\$13,675,012</u>	<u>100%</u>

The increase in governmental activities total net assets is attributable to an increase in ad valorem taxes and careful budget management.

Business-Type Activities:

Business-type activities (commissary and airport fund) in Lavaca County represented 8 percent of the total increase in the net assets of Lavaca County, Texas. A discussion regarding these is below.

Expenses and Program Revenues - Business Activities

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government			
Business-Type Activities:			
Water	\$999,988	\$1,085,715	\$0
Total Business-Type Activities	<u>\$999,988</u>	<u>\$1,085,715</u>	<u>\$0</u>

Revenues by Source - Business-Type Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$1,085,715	100%
Unrestricted Investment Earnings	4,136	0%
	<u>\$1,089,851</u>	<u>100%</u>

Business-type activities:

Business-type activities increased the County's net assets by \$89,863.

- . Demand for services for business-type activities decreased by \$514,324.
- . Total expenses decreased by \$739,493.

Financial Analysis of the Government's Funds

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

Governmental funds:

The focus of Lavaca County, Texas' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Lavaca 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, Lavaca County, Texas' governmental funds reported combined ending fund balances of \$6,781,312, an increase of \$948,926 in comparison with the prior year. Approximately 26 percent of this total amount (\$1,764,200) constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Lavaca County, Texas. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,764,200, while total fund balance reached \$1,764,200. 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 26 percent of total general fund expenditures, while total fund balance represents 26 percent of that same amount.

The fund balance of Lavaca County, Texas' general fund increased by \$234,421 during the current fiscal year. Key factors in this increase are as follows: This increase is attributable to an increase in ad valorem taxes and careful budget management.

The road and bridge fund had a total fund balance of \$3,014,138. As a measure of the road and bridge fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 65 percent of that same amount. The fund balance of the road and bridge fund increased by \$800,887 during the current year. This increase is attributable to reimbursements for road damages.

The debt service fund was used to service debt only and the capital improvement fund is strictly for construction so therefore no analysis of these funds is necessary.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were an increase of \$33,385. The major increases were in the court and sheriff departments which increased by \$35,136 and \$26,427, respectively. The budget for the non departmental fund declined by \$29,147. Total general fund actual expenditures of \$6,736,504 were less than the budgeted expenditures of \$7,096,642 by \$360,138.

Capital Asset and Debt Administration

Capital assets:

Lavaca County, Texas' investment in capital assets for its governmental activities and business-type activities as of September 30, 2015, amounts to \$15,819,554 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and infrastructure items such as roads, highways, and bridges. The total decrease in Lavaca County, Texas' investment in capital assets for the current fiscal year was 3 percent (3 percent decrease for governmental activities and 6 percent decrease for business-type activities). The County had major road reconstruction during the year ended September 30, 2015.

LAVACA COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$487,447	\$538,246	\$22,609	\$12,000	\$510,056	\$550,246
Building and Improvements	10,987,892	11,325,955	508,240	523,944	11,496,132	11,849,899
Machinery and Equipment	3,669,894	3,751,609	69,293	87,645	3,739,187	3,839,254
Infrastructure					0	0
Automotive			74,179	111,888	74,179	111,888
Total	\$15,145,233	\$15,615,810	\$674,321	\$735,477	\$15,819,554	\$16,351,287

Additional information on Lavaca County, Texas' capital assets can be found in note IV C on page 42 and 43 of this report.

Long-term debt:

At the end of the current fiscal year, Lavaca County, Texas had total bonded debt outstanding of \$1,565,000. Of this amount, \$1,565,000 comprises debt backed by the full faith and credit of Lavaca County, Texas.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds	\$1,775,000	\$0	\$210,000	\$1,565,000	\$205,000	\$1,360,000
	<u>1,775,000</u>	<u>0</u>	<u>210,000</u>	<u>1,565,000</u>	<u>205,000</u>	<u>1,360,000</u>
 Grand Total	 <u>\$1,775,000</u>	 <u>\$0</u>	 <u>\$210,000</u>	 <u>\$1,565,000</u>	 <u>\$205,000</u>	 <u>\$1,360,000</u>

Lavaca County, Texas' bonded short-term and long-term debt decreased by \$210,000 (12 percent) during the current fiscal year. The key factor in this decrease was the payment of debt principal on the jail facility bonds of \$210,000. Additional information on Lavaca County, Texas' Long-term debt can be found in note IV F on pages 45 and 46 of this report.

Future Outlook

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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 show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County's business office, at Lavaca County, Texas, 109 N. La Grange Street, Hallettsville, Texas 77964.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$7,163,020	\$1,155,403	\$8,318,423
Receivables (net of allowance for uncollectibles)	829,953	688,261	1,518,214
Capital assets not being depreciated:			
Land	487,447	22,609	510,056
Construction in Progress			0
Total Capital assets being depreciated, net			
Building and Improvements	10,987,892	508,240	11,496,132
Machinery and Equipment	3,669,894	143,472	3,813,366
Infrastructure			0
Total Assets	\$23,138,206	\$2,517,985	\$25,656,191
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources-Contributions (after 12/31/14)	696,451	85,639	782,090
Deferred Outflow-Investment Experience	280,642	34,509	315,151
Total Deferred Inflows of Resources	977,093	120,148	1,097,241
LIABILITIES:			
Accounts Payable	\$129,285	\$3,803	\$133,088
Accrued Wages Payable	238,080	28,988	267,068
Accrued Interest Payable	10,469		10,469
Noncurrent Liabilities:			
Due within one year	545,500	15,149	560,649
Due in more than one year	4,569,445	375,753	4,945,198
Total Liabilities	5,492,779	423,693	5,916,472
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow-Actual Experience vs. Assumption	285,517	35,108	320,625
Total Deferred Inflows of Resources	285,517	35,108	320,625
NET POSITION			
Invested in Capital Assets, Net of Related Debt	13,349,824	674,321	14,024,145
Restricted			
Construction	834,935		834,935
Debt Service	39,739		39,739
General Administration	267,051		267,051
Health	15,838		15,838
Judicial	184,099		184,099
Legal	52,844		52,844
Public Safety	608,468		608,468
Public Transportation	3,014,138		3,014,138
Unrestricted	(29,933)	1,505,011	1,475,078
Total Net Position	\$18,337,003	\$2,179,332	\$20,516,335

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-Type Activities
Primary government							
Government Activities:							
General Administration	\$1,825,957	\$628,513	\$18,149		(\$1,179,295)	(\$1,179,295)	
Legal	247,537	38,193	30,507		(178,837)	(178,837)	
Judicial	861,178	290,100	75,914		(495,164)	(495,164)	
Financial Administration	991,147	686,135			(305,012)	(305,012)	
Public Facilities	263,220				(263,220)	(263,220)	
Public Safety	2,840,151	73,546	47,245		(2,719,360)	(2,719,360)	
Public Transportation	4,574,018	795,316		524,443	(3,254,259)	(3,254,259)	
Health and Welfare	806,910		591,788		(215,122)	(215,122)	
Conservation - Agriculture	108,878				(108,878)	(108,878)	
Interest and Fiscal Charges	62,923				(62,923)	(62,923)	
Total Government Activities	<u>12,581,919</u>	<u>2,511,803</u>	<u>763,603</u>	<u>524,443</u>	<u>(8,782,070)</u>	<u>0</u>	<u>(8,782,070)</u>
Business-Type Activities:							
Ambulance	999,988	1,085,715				85,727	85,727
Total Business-Type Activities:	<u>999,988</u>	<u>1,085,715</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,727</u>	<u>85,727</u>
Total Primary Government	<u>\$13,581,907</u>	<u>\$3,597,518</u>	<u>\$763,603</u>	<u>\$524,443</u>	<u>(8,782,070)</u>	<u>85,727</u>	<u>(8,696,343)</u>
General Revenues							
Property Taxes, Levies for General Purposes					9,048,219		9,048,219
Other Taxes					11,894		11,894
Unrestricted Investment Earnings					41,547	4,136	45,683
Miscellaneous					773,503		773,503
Total General Revenues					<u>9,875,163</u>	<u>4,136</u>	<u>9,879,299</u>
Change in Net Position					1,093,093	89,863	1,182,956
Net Position - Beginning					17,243,910	2,089,469	19,333,379
Net Position - Ending					<u>\$18,337,003</u>	<u>\$2,179,332</u>	<u>\$20,516,335</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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

	General Fund	Road and Bridge	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$2,010,005	\$3,089,050	\$39,739	\$276,686	\$1,702,286	\$7,117,766
Receivables (net of allowance for uncollectibles)	188,729	56,494	0		30,911	276,134
Total Assets	\$2,198,734	\$3,145,544	\$39,739	\$276,686	\$1,733,197	\$7,393,900
LIABILITIES AND FUND BALANCES:						
Accounts Payable	\$86,443	\$13,194	\$0	\$0	\$29,648	\$129,285
Accrued Wages Payable	159,362	61,718			17,000	238,080
Total Liabilities	245,805	74,912	0	0	46,648	367,365
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenues - Ad Valorem Taxes	188,729	56,494				245,223
Fund Balances:						
Restricted						
Construction				276,686	558,249	834,935
Debt Service			39,739			39,739
General Administration					267,051	267,051
Health					15,838	15,838
Judicial					184,099	184,099
Legal					52,844	52,844
Public Safety					608,468	608,468
Public Transportation		3,014,138				3,014,138
Unassigned	1,764,200					1,764,200
Total Fund Balance	1,764,200	3,014,138	39,739	276,686	1,686,549	6,781,312
Total Liabilities and Fund Balances	\$2,198,734	\$3,145,544	\$39,739	\$276,686	\$1,733,197	\$7,393,900

The accompanying notes are an integral part of this statement.

LAVACA 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	\$6,781,312
Amounts reported for governmental activities in the statement of net position ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	
Internal Service funds are used by management to account for funds for Self-Insurance. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	45,254
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	15,145,233
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	1,245,395
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	245,223
	(5,125,414)
Net position of governmental activities - statement of net position	<u>\$18,337,003</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	Road and Bridge	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>						
Taxes						
Property	\$5,346,838	\$3,408,793	\$291,784			\$9,047,415
Other	11,894					11,894
Intergovernmental	125,825	524,443			637,778	1,288,046
Licenses and Permits	41,875	794,816				836,691
Charges for Services	1,239,486				193,969	1,433,455
Fines and Forfeitures	179,487				1,181	180,668
Interest	18,804	14,664	760	1,003	6,069	41,300
Miscellaneous	102,908	644,510		900	25,185	773,503
Total Revenues	<u>7,067,117</u>	<u>5,387,226</u>	<u>292,544</u>	<u>1,903</u>	<u>864,182</u>	<u>13,612,972</u>
<i>EXPENDITURES</i>						
Current:						
General Administration	1,449,860		408		56,218	1,506,486
Legal	226,866				28,713	255,579
Judicial	836,934				28,362	865,296
Financial Administration	1,003,725					1,003,725
Public Facilities	186,229					186,229
Public Safety	2,746,828				51,766	2,798,594
Public Transportation		4,528,345				4,528,345
Health and Welfare	148,039				648,776	796,815
Conservation - Agriculture	108,826					108,826
Capital Projects -						
Capital Outlay and Other						0
Debt Service						
Principal Retirement	33,233	123,465	405,000			561,698
Interest Retirement	6,121	9,449	36,883			52,453
Total Expenditures	<u>6,746,661</u>	<u>4,661,259</u>	<u>442,291</u>	<u>0</u>	<u>813,835</u>	<u>12,664,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	320,456	725,967	(149,747)	1,903	50,347	948,926
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating Transfers In	9,580	91,000	93,015		11,115	204,710
Operating Transfers Out	(95,615)	(16,080)	(93,015)		0	(204,710)
Total Other Financing Sources (Uses)	<u>(86,035)</u>	<u>74,920</u>	<u>0</u>	<u>0</u>	<u>11,115</u>	<u>0</u>
Net Changes in Fund Balances	234,421	800,887	(149,747)	1,903	61,462	948,926
Fund Balances - Beginning	1,529,779	2,213,251	189,486	274,783	1,625,087	5,832,386
Fund Balances - Ending	<u>\$1,764,200</u>	<u>\$3,014,138</u>	<u>\$39,739</u>	<u>\$276,686</u>	<u>\$1,686,549</u>	<u>\$6,781,312</u>

The accompanying notes are an integral part of this statement.

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

Net Changes in Fund Balances - total governmental funds	\$948,926
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.	(470,577)
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.	(26,567)
Deferred Outflow of Resources-Contribution. This is the change in these amounts this year.	11,582
Deferred Outflow-Investment Experience. This is the change in these amounts this year.	280,642
Deferred Outflow-Actual Experience vs. Assumption. This is the change in these amounts this year.	(285,517)
(Increase) decrease in Compensated Absences from beginning of period to end of period.	(26,089)
(Increase) decrease in Accrued Interest Payable from beginning of period to end of period.	(10,469)
Certain Property Tax Revenues are deferred in the funds. This is the change in these amounts this year.	804
Amortization of Bond Premium	0
Internal Service funds are used by management to account for funds for Self-Insurance. The net revenue of certain activities of Internal service funds is reported with governmental activities.	8,858
(Increase) decrease in Net Pension Liability from beginning of period to end of period.	33,930
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	627,570
Change in net position of governmental activities - statement of activities	<u>\$1,093,093</u>

The accompanying notes are an integral part of this statement.

LAVACA 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 Final Budget - Positive (Negative)
	Original	Final		
<i>REVENUES</i>				
Taxes				
Property	\$5,461,890	\$5,461,890	\$5,346,838	(\$115,052)
Other	8,000	8,000	11,894	3,894
Intergovernmental	88,150	111,953	125,825	13,872
Licenses and Permits	42,000	42,000	41,875	(125)
Charges for Services	640,150	640,150	1,238,407	598,257
Fines and Forfeitures	173,500	173,500	179,487	5,987
Interest	16,500	16,500	18,740	2,240
Miscellaneous	42,093	42,093	101,399	59,306
Total Revenues	6,472,283	6,496,086	7,064,465	568,379

EXPENDITURES

Current:

General Administration				
County Clerk	549,593	549,593	508,668	40,925
County Judge	325,070	325,070	296,092	28,978
Elections	234,018	234,018	218,733	15,285
Non-Departmental	436,144	406,997	414,529	(7,532)
Records Management	0	0	1,681	(1,681)
Legal				
County Attorney	277,237	277,237	226,866	50,371
Judicial				
Court	240,951	276,087	309,382	(33,295)
District Clerk	213,406	213,406	196,092	17,314
Justice's of the Peace	339,502	339,593	331,460	8,133
Financial Administration				
County Auditor	319,551	319,551	309,135	10,416
County Treasurer	126,922	126,922	125,889	1,033
Tax Assessor-Collector	608,478	608,478	568,701	39,777
Public Facilities				
Annex	137,100	137,100	106,779	30,321
Courthouse	85,000	85,000	67,291	17,709
Office Buildings	15,350	15,350	12,159	3,191
Public Safety				
Constables	181,657	181,714	170,592	11,122
Jail	404,750	404,750	351,868	52,882
Sheriff	2,242,992	2,269,419	2,224,368	45,051

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Public Welfare	\$171,353	\$174,094	\$148,039	\$26,055
Conservation - Agriculture				
Agriculture Extension Service	111,829	111,829	108,826	3,003
Capital Projects -				
Capital Outlay and Other	3,000	1,080	0	1,080
Debt Service				
Principal Retirement	33,233	33,233	33,233	0
Interest and Fiscal Charges	6,121	6,121	6,121	0
Total Expenditures	<u>7,063,257</u>	<u>7,096,642</u>	<u>6,736,504</u>	<u>360,138</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(590,974)</u>	<u>(600,556)</u>	<u>327,961</u>	<u>928,517</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	9,582	9,580	(2)
Operating Transfers Out	(90,000)	(90,000)	(95,615)	(5,615)
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(80,418)</u>	<u>(86,035)</u>	<u>(5,617)</u>
Net Changes in Fund Balances	<u>(680,974)</u>	<u>(680,974)</u>	<u>241,926</u>	<u>922,900</u>
Fund Balances - Beginning	1,507,684	1,507,684	1,507,684	
Fund Balances - Ending	<u>\$826,710</u>	<u>\$826,710</u>	<u>\$1,749,610</u>	<u>\$922,900</u>

The accompanying notes are an integral part of this statement.

LAVACA 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	\$3,504,360	\$3,504,360	\$3,408,793	(\$95,567)
Intergovernmental	0	118,728	524,443	405,715
Licenses and Permits	620,000	620,000	794,816	174,816
Interest	20,000	20,000	14,664	(5,336)
Miscellaneous	16,000	506,285	644,510	138,225
Total Revenues	<u>4,160,360</u>	<u>4,769,373</u>	<u>5,387,226</u>	<u>617,853</u>
EXPENDITURES				
Current				
Public Transportation				
Road and Bridge	5,442,674	6,051,689	4,528,345	1,523,344
Debt Service				
Principal Retirement	123,465	123,465	123,465	0
Interest and Fiscal Charges	9,599	9,599	9,449	150
Total Expenditures	<u>5,575,738</u>	<u>6,184,753</u>	<u>4,661,259</u>	<u>1,523,494</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,415,378)</u>	<u>(1,415,380)</u>	<u>725,967</u>	<u>2,141,347</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	91,000	91,000	91,000	0
Operating Transfers Out	(6,500)	(16,082)	(16,080)	2
Total Other Financing Sources (Uses)	<u>84,500</u>	<u>74,918</u>	<u>74,920</u>	<u>2</u>
Net Changes in Fund Balances	<u>(1,330,878)</u>	<u>(1,340,462)</u>	<u>800,887</u>	<u>2,141,349</u>
Fund Balances - Beginning	2,213,251	2,213,251	2,213,251	
Fund Balances - Ending	<u>\$882,373</u>	<u>\$872,789</u>	<u>\$3,014,138</u>	<u>\$2,141,349</u>

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

LAVACA COUNTY, TEXAS
DEBT SERVICE 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	\$270,132	\$270,132	\$291,784	\$21,652
Interest	600	600	760	160
Total Revenues	<u>270,732</u>	<u>270,732</u>	<u>292,544</u>	<u>21,812</u>
EXPENDITURES				
Current:				
General Administration			408	(408)
Debt Service				
Principal Retirement	405,000	405,000	405,000	0
Interest Retirement	36,883	36,883	36,883	0
Total Expenditures	<u>441,883</u>	<u>441,883</u>	<u>442,291</u>	<u>(408)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(171,151)	(171,151)	(149,747)	21,404
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0	93,015	93,015
Operating Transfers Out	0	0	(93,015)	(93,015)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	(171,151)	(171,151)	(149,747)	21,404
Fund Balances - Beginning	189,486	189,486	189,486	
Fund Balances - Ending	<u>\$18,335</u>	<u>\$18,335</u>	<u>\$39,739</u>	<u>\$21,404</u>

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

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

	Proprietary Fund		Internal Service	Internal Service	Internal Service	Internal Service	Total
	Ambulance Fund	Ambulance Fund	Workmen's Compensation	Workmen's Compensation	Unemployment Insurance	Unemployment Insurance	Proprietary Funds
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$1,155,403	\$1,065,669	\$26,358	\$26,311	\$18,896	\$10,077	\$1,200,657
Receivables (net of allowance for uncollectibles)	688,261	620,907		8			688,261
Total Current Assets	1,843,664	1,686,576	26,358	26,319	18,896	10,077	1,888,918
Noncurrent Assets							
Capital Assets							
Land	22,609	12,000					22,609
Automotive	612,921	612,921					612,921
Buildings and Improvements	628,127	628,127					628,127
Machinery and Equipment	294,618	294,618					294,618
Total Capital Assets	1,558,275	1,547,666	0	0	0	0	1,558,275
Less Accumulated Depreciation							
Total Capital Assets (net of accumulated depreciation)	(883,954)	(812,189)					(883,954)
Total Noncurrent Assets	674,321	735,477	0	0	0	0	674,321
TOTAL ASSETS	\$2,517,985	\$2,422,053	\$26,358	\$26,319	\$18,896	\$10,077	\$2,563,239
DEFERRED OUTFLOWS OF RESOURCES							
Def. Outflow of Resources-Contributions (after 12/31/13)		84,215					0
Def. Outflow of Res.-Contributions (after 12/31/14)	85,639						85,639
Deferred Outflow-Investment Experience	34,509						34,509
Deferred Outflow-Actual Experience vs. Assumption							0
Total Deferred Outflow of Resources	120,148	84,215	0	0	0	0	120,148
LIABILITIES, FUND EQUITY AND OTHER CREDITS							
Liabilities							
Current Liabilities(Payable from Current Assets)							
Accounts Payable	\$3,803	\$2,026					\$3,803
Accrued Wages Payable	28,988	19,719					28,988
Compensated Absences	15,149	15,129					15,149
Total Current Liabilities	47,940	36,874	0	0	0	0	47,940
Noncurrent Liabilities							
Net Pension Liability	375,753	379,925					375,753
Total Noncurrent Liabilities	375,753	379,925	0	0	0	0	375,753
TOTAL LIABILITIES	423,693	416,799	0	0	0	0	423,693
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflow-Actual Experience vs. Assumption	35,108						35,108
Total Deferred Inflow of Resources	35,108	0	0	0	0	0	35,108
Invested in Capital Assets, Net of Related Debt	674,321	735,477					674,321
Unrestricted	1,505,011	1,353,992	26,358	26,319	18,896	10,077	1,550,265
TOTAL NET POSITION	\$2,179,332	\$2,089,469	\$26,358	\$26,319	\$18,896	\$10,077	\$2,224,586

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

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Proprietary Fund		Internal Service	Internal Service	Internal Service	Internal Service	Total Proprietary Funds
	Ambulance Fund	Ambulance Fund	Workmen's Compensation	Workmen's Compensation	Unemployment Insurance	Unemployment Insurance	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	
OPERATING REVENUES:							
Charges for Services	\$1,073,937	\$1,600,039	\$78,805	\$68,941	\$8,751	\$7,453	\$1,161,493
Miscellaneous	11,778						11,778
TOTAL OPERATING REVENUES	1,085,715	1,600,039	78,805	68,941	8,751	7,453	1,173,271
OPERATING EXPENSES							
Personal Services	750,160	720,439					750,160
Supplies	45,434	52,049					45,434
Other Services and Charges	132,630	854,446	78,945	78,930			211,575
Depreciation	71,764	112,547					71,764
TOTAL OPERATING EXPENSES	999,988	1,739,481	78,945	78,930	0	0	1,078,933
OPERATING INCOME (LOSS)	85,727	(139,442)	(140)	(9,989)	8,751	7,453	94,338
NON-OPERATING REVENUES (EXPENSES):							
Interest Income	4,136	4,201	179	162	68	24	4,383
TOTAL NON-OPERATING REVENUES (EXPENSES)	4,136	4,201	179	162	68	24	4,383
Income Before Transfers	89,863	(135,241)	39	(9,827)	8,819	7,477	98,721
Federal Grant							
Transfers In							
Change in Net Position	89,863	(135,241)	39	(9,827)	8,819	7,477	98,721
Total Net Position - Beginning	2,089,469	2,224,710	26,319	36,146	10,077	2,600	2,125,865
Total Net Position - Ending	\$2,179,332	\$2,089,469	\$26,358	\$26,319	\$18,896	\$10,077	\$2,224,586

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

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Proprietary Fund		Internal Service	Internal Service	Internal Service	Internal Service	Total
	Ambulance Fund	Ambulance Fund	Workmen's Compensation	Workmen's Compensation	Unemployment Insurance	Unemployment Insurance	Proprietary Funds
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
Cash flows from Operating Activities							
Receipts from Customers and Users	\$1,018,361	\$1,516,447	\$78,813	\$68,946	\$8,751	\$7,453	\$1,105,925
Payments to Suppliers	(176,287)	(904,470)	(78,945)	(78,930)	0	0	(255,232)
Payments to Employees	(745,868)	(715,401)	0	0	0	0	(745,868)
Net Cash Provided(Used) By Operating Activities:	96,206	(103,424)	(132)	(9,984)	8,751	7,453	104,825
Cash Flows from Non-Capital and Related Financing Activities							
Transfers In	0	0	0	0	0	0	0
Net Cash Provided(Used) By Non-Capital and Related Financing Activities	0	0	0	0	0	0	0
Cash Flows from Capital and Related Financing Activities							
State Grant	0	0	0	0	0	0	0
Net Cash Provided(Used) By Capital and Related Financing Activities	0	0	0	0	0	0	0
Cash Flows from Capital and Related Financing Activities							
Purchases of Capital Assets	(10,608)	0	0	0	0	0	(10,608)
Net Cash Provided (Used) By Capital and Related Financing Activities	(10,608)	0	0	0	0	0	(10,608)
Cash Flows from Investing Activities							
Interest Received	4,136	4,244	179	162	68	24	4,383
Net Cash Provided(Used) By Investing Activities	4,136	4,244	179	162	68	24	4,383
Net Increase (Decrease) in Cash Equivalents	89,734	(99,180)	47	(9,822)	8,819	7,477	98,600
Cash and Cash Equivalents at Beginning of Year	1,065,669	1,164,849	26,311	36,133	10,077	2,600	1,102,057
Cash and Cash Equivalents at End of Year	\$1,155,403	\$1,065,669	\$26,358	\$26,311	\$18,896	\$10,077	\$1,200,657

(continued)

(continued)

	Proprietary Fund		Internal Service	Internal Service	Internal Service	Internal Service	Total
	Ambulance Fund	Ambulance Fund	Workmen's Compensation	Workmen's Compensation	Unemployment Insurance	Unemployment Insurance	Proprietary Funds
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
Reconciliation of Operating Income to Net Cash Provided(Used) By Operating Activities							
Operating Income (Loss)	\$85,727	(\$139,442)	(\$140)	(\$9,989)	\$8,751	\$7,453	\$94,338
Adjustments to Reconcile to Net Cash Flow							
Non-Cash Items Included in Net Income							
Depreciation	71,764	112,547	0	0	0	0	71,764
Changes in Current Items							
Decrease(Increase) in Accounts Receivable	(67,354)	(83,592)	8	5	0	0	(67,346)
Decr. (Incr.) Deferred Outflow of Resources-Contr.	(1,424)						(1,424)
Decr. (Incr.) Deferred Outflow-Investment Experience	(34,509)						(34,509)
Decr. (Incr.) Def. Outflow-Actual Exp. vs. Assumption	35,108						35,108
Increase(Decrease) in Accounts Payable	1,777	2,025	0	0	0	0	1,777
Increase(Decrease) in Accrued Wages Payable	9,269	2,697	0	0	0	0	9,269
Increase (Decrease) in Net pension Liability	(4,172)						(4,172)
Increase(Decrease) in Compensated Absences	20	2,341	0	0	0	0	20
Net Cash Provided(Used) by Operating Activities	\$96,206	(\$103,424)	(\$132)	(\$9,984)	\$8,751	\$7,453	\$104,825

Noncash Investing, Capital and Financing Activities:
None

Note: The above funds are all Enterprise Funds

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

LAVACA COUNTY, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Private Purpose Trust Funds		
	Agency Funds	Historical Commission	Total
ASSETS			
Cash and Cash Equivalents	\$454,961	\$52,914	\$52,914
Receivables (net of allowance for uncollectibles)	0		0
Due from Others	0		0
Total Assets	<u>\$454,961</u>	<u>\$52,914</u>	<u>\$52,914</u>
LIABILITIES			
Accounts Payable	\$0	\$1,069	\$1,069
Due to Others	454,961	0	0
Total Liabilities	<u>454,961</u>	<u>1,069</u>	<u>1,069</u>
NET POSITION			
Held in Trust-Historical Purposes		51,845	51,845
Total Net Position	<u>\$0</u>	<u>\$51,845</u>	<u>\$51,845</u>

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

LAVACA COUNTY, TEXAS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Private Purpose Trust Funds	
	Historical Commission	Total
ADDITIONS		
Contributions:		
Private Donations	\$12,120	\$12,120
Books	3,038	3,038
Total Contributions	<u>15,158</u>	<u>15,158</u>
Investment Earnings:		
Interest Received	193	193
Total Investment Earnings	<u>193</u>	<u>193</u>
Less Investment Expense	0	0
Net Investment Earnings	<u>193</u>	<u>193</u>
TOTAL ADDITIONS	<u>15,351</u>	<u>15,351</u>
DEDUCTIONS		
Culture and Recreation-History	11,021	11,021
Total Deductions	<u>11,021</u>	<u>11,021</u>
Change in Net Position	4,330	4,330
Net Position-Beginning	47,515	47,515
Net Position-Ending	<u>\$51,845</u>	<u>\$51,845</u>

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

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

I. Summary of Significant Accounting Policies

A. Reporting entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

The debt service fund accounts for ad valorem monies used to service the bonded debt.

The capital improvement fund accounts for monies used for construction.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total 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.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The government reports the following major proprietary funds:

The ambulance fund is used for emergency medical transportation.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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 40 percent of the current and 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.

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2015. Certain payments to vendors reflect costs applicable to future accounting periods. There were no prepaid items at September 30, 2015. There were no costs recorded as prepaid items at September 30, 2015.

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

4. Restricted Assets

There were 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 or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost as follows and an estimated useful life in excess of one year. 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. Infrastructure items such as roads, highways, and bridges are not included. Property and Equipment with a dollar value greater or equal to \$500 but less than \$1,000 are considered inventoried assets. These assets are inventoried for security purposes in the Fixed Asset System but not capitalized for depreciation purposes.

Buildings/building improvements	\$5,000
Improvements other than buildings	\$5,000
Infrastructure	\$50,000
Machinery, Equipment, and Other Assets	\$1,000
Leasehold Improvements	\$5,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County had major road reconstruction during the year ended September 30, 2015.

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

<i>Assets</i>	<i>Years</i>
Buildings	30-40
Building Improvements	20-40
System Infrastructure	15-45
Vehicles	5-10
Office Equipment	5-10
Computer Equipment	5

6. Compensated Absences

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

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund Balances – Governmental Funds

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

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

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

Unassigned — all other spendable amounts.

As of September 30, 2015, fund balances are composed of the following:

Fund Balances:	
Restricted	
Construction	\$834,935
Debt Service	39,739
General Administration	267,051
Health	15,838
Judicial	184,099
Legal	52,844
Public Safety	608,468
Public Transportation	3,014,138
Unassigned	1,764,200
Total Fund Balance	<u>\$6,781,312</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 18 to 25 percent of the subsequent year's budgeted General Fund expenditures.

9. Comparative data/reclassifications

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

10. Deferred outflows/inflows of resources

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

11. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. 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 \$5,125,414 difference are as follows:

Bonds Payable	1,565,000
Capital Lease	230,409
Accrued Interest Payable	10,469
Compensated Absences	263,759
Net Pension Liability	3,055,777
	<u>\$5,125,414</u>

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets. (continued)

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 assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds" report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$15,145,233 difference are as follows:

Capital assets not being depreciated	\$487,447
Capital assets being depreciated	24,815,645
Depreciation expense	(10,157,859)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	\$15,145,233

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. 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 uncollectible.*)" The details of this \$245,223 difference are as follows:

Property Taxes Receivable	\$408,705
Allowance for Doubtful Accounts	(163,482)
Net	\$245,223

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. 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 \$1,245,395 difference are as follows:

Fines Receivable	\$1,107,638
Allowance for Doubtful Accounts	(553,819)
Deferred Outflow of Resources-Contributions (after 12/31/14)	696,451
Deferred Outflow-Investment Experience	280,642
Deferred Outflow-Actual Experience vs. Assumption	(285,517)
Net	\$1,245,395

- 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 assets 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 \$470,577 difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$0
Capital Outlay - Additions - Being Depreciated (Net)	438,420
Capital Outlay - Deletions	(75,873)
Depreciation Expense	(833,124)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>(\$470,577)</u></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 line item. Budgets for the 2015 fiscal year were adopted for the General Fund, the Road and Bridge Funds, the Debt Service fund, and the Capital Improvement fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2015, expenditures exceeded appropriations in the following fund.

Debt Service Fund	\$408
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C. Deficit fund equity

The county had no deficit fund balances at September 30, 2015.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Legal and Contractual Provisions Governing Deposits and Investments:

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

Policies Governing Deposits and Investments:

The County has adopted a deposit and investment policy and the county addresses the following risks:

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has a deposit policy for custodial credit risk. As of September 30, 2015, the government's bank balance of \$9,236,404 was not exposed to custodial credit risk because it was fully insured by the U.S. Government and/or the State of Texas and/or is 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 \$24,240,573 and the FDIC coverage is \$250,000.

The County had no investments at September 30, 2015.

B. Receivables

Receivables as of September 30, 2015 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	Debt Service	Ambulance	Total
<u>Receivables</u>				
Taxes	\$314,548	\$94,157		\$408,705
Accounts	30,911		2,016,426	2,047,337
Fines	1,107,638			1,107,638
Gross Receivables	<u>1,453,097</u>	<u>94,157</u>	<u>2,016,426</u>	<u>3,563,680</u>
Less: Allowance for Uncollectibles	<u>679,638</u>	<u>37,663</u>	<u>1,328,165</u>	<u>2,045,466</u>
Net Total Receivables	<u>\$773,459</u>	<u>\$56,494</u>	<u>\$688,261</u>	<u>\$1,518,214</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	\$538,246	\$0	\$50,799	\$487,447
Total capital assets not being depreciated:	538,246	0	50,799	487,447

Capital assets being depreciated:				
Infrastructure	2,980,510	0	0	2,980,510
Building and Improvements	13,599,184	0	169,232	13,429,952
Machinery, Equipment and Vehicles	8,378,842	438,420	412,079	8,405,183
Total capital assets being depreciated:	24,958,536	438,420	581,311	24,815,645

Less: Accumulated Depreciation for:				
Infrastructure	2,980,510	0	0	2,980,510
Building and Improvements	2,273,229	332,563	163,732	2,442,060
Machinery, Equipment and Vehicles	4,627,233	500,561	392,505	4,735,289
Total Accumulated Depreciation	9,880,972	833,124	556,237	10,157,859
Total Capital Assets Depreciated, Net	15,077,564	(394,704)	25,074	14,657,786
Governmental Activities capital assets, Net	\$15,615,810	(\$394,704)	\$75,873	\$15,145,233

Business-type Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$12,000	\$10,609		\$22,609
Total capital assets not being depreciated:	12,000	10,609		22,609

Capital assets being depreciated:				
Automotive	612,921			612,921
Building and Improvements	628,127			628,127
Machinery and Equipment	294,618			294,618
Total capital assets being depreciated:	1,535,666	0	0	1,535,666

Less: Accumulated Depreciation for:				
Automotive	501,033	37,709		538,742
Building and Improvements	104,183	15,704		119,887
Machinery and Equipment	206,973	18,352		225,325
Total Accumulated Depreciation	812,189	71,765	0	883,954
Total Capital Assets Depreciated, Net	723,477	(71,765)	0	651,712
Business-type Activities capital assets, Net	\$735,477	(\$61,156)	\$0	\$674,321

Construction commitments

The County had major road re construction during the year ended September 30, 2015.

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

Governmental Activities	
General Administration	\$205,322
Legal	306
Financial Administration	11,925
Public Facilities	76,991
Public Safety	189,694
Public Transportation	337,589
Health and Welfare	10,216
Conservation - Agriculture	1,081
Total Depreciation Expense - Governmental Activities	<u>\$833,124</u>
Business-Type Activities	
Ambulance	<u>\$71,765</u>
Total Depreciation Expense - Business-Type Activities	<u>\$71,765</u>

D. Interfund Receivables, Payables, and Transfers

Due to/from other funds:

There were no due to/from other funds at September 30, 2015.

There were no advances at September 30, 2015.

The following are transfers for the year ended September 30, 2015.

INTRAFUND	TRANSFER IN				TOTAL
	GENERAL FUND	ROAD AND BRIDGE FUND	DEBT SERVICE	NON-MAJOR GOVERNMENTAL FUNDS	
TRANSFER OUT					
GENERAL FUND		\$84,500		\$11,115	\$95,615
DEBT SERVICE FUND			93,015		93,015
ROAD AND BRIDGE FUND	9,580	6,500			16,080
TOTALS	\$9,580	\$91,000	\$93,015	\$11,115	\$204,710

The transfer from the general to the road and bridge fund is for road and bridge operations. The transfer from the road and bridge funds to the road and bridge funds is for road and bridge operations. The transfer from the road and bridge funds to the general fund is for general operations. The transfer from the debt service funds to the debt service funds is for debt service requirements.

The above transfers are non recurring transfers.

E. Leases

Operating Leases:

The government leases equipment under non-cancelable operating leases. Total costs for such leases were \$17,658 for the year ended September 30, 2015. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30,	<u>Amount</u>
2016	\$11,322
2017	5,322
2018	4,880
2019	<u>462</u>
Total	<u>\$21,986</u>

F. Long-Term Debt

Certificates of Obligation

The government issued Refunding Certificates of Obligation, Series 2012 in the Amount of \$1,965,000. The Certificates of Obligation are serviced by the debt service fund.

PURPOSE	RATE	ORIGINAL AMOUNTS	CURRENT AMOUNTS	SERIES	MATURITY DATE	COVENANTS	SECURITY
Governmental activities	.75-2.50%	\$1,965,000	\$1,565,000	2012	2022	Sinking Fund	Ad Valorem Tax
Total		<u>\$1,965,000</u>	<u>\$1,565,000</u>				

Annual debt service requirements to maturity for the Certificates of Obligation are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2016	\$205,000	\$316,033
2017	215,000	29,050
2018	220,000	25,502
2019	225,000	21,433
2020	225,000	16,820
2021-2025	475,000	17,757
TOTALS	<u>\$1,565,000</u>	<u>\$426,595</u>

Capital Leases

The Capital Leases consists of the following: The County entered into a capital lease to purchase County and Sheriff equipment and backhoe loaders for Road and Bridge Precincts No. 2 and 4. The total amount of debt is \$230,409.

The debt will be serviced by both the general fund.

The following for the above debt is a schedule of the future minimum lease payments and the present value of net minimum lease payments at September 30, 2015.

The accumulated depreciation of the above equipment is as follows:

ASSET	Governmental Activities				Total Amount
	COUNTY CLERK EQUIPMENT	SHERIFF EQUIPMENT	PCT. 2 JD BACKHOE LOADER	PCT. 4 JD BACKHOE LOADER	
COST	\$93,085	\$33,734	\$136,709	\$100,732	\$364,260
ACCUMULATED DEPRECIATION	18,617	6,747	10,823	10,913	47,099
NET ASSET	<u>\$111,702</u>	<u>\$40,481</u>	<u>\$147,532</u>	<u>\$111,645</u>	<u>\$411,359</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

YEAR	Governmental Activities				Total Amount
	COUNTY	SHERIFF EQUIPMENT	PCT. 2	PCT. 4	
	CLERK EQUIPMENT		JD BACKHOE LOADER	JD BACKHOE LOADER	
2016	\$21,346	\$12,288	\$30,062	\$21,741	\$85,437
2017	21,346		30,062	21,741	73,149
2018	21,346		30,062	21,741	73,149
2019			30,062		30,062
Total Minimum Lease Payments	64,038	12,288	120,248	65,223	261,797
Less: Amount Representing Interest	5,144	1,075	22,074	3,095	31,388
Present Value of Net Minimum Lease Payments	\$58,894	\$11,213	\$98,174	\$62,128	\$230,409

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<u>Governmental Activities:</u>						
General Obligation Bonds	\$1,775,000	\$0	\$210,000	\$1,565,000	\$205,000	\$1,360,000
Total Bonds Payable	1,775,000	0	210,000	1,565,000	205,000	1,360,000
Notes Payable	195,000		195,000	0		0
Capital Leases	387,106		156,697	230,409	76,741	153,668
OPEB Liability	65,873		65,873	0		0
Net Pension Liability	3,089,707		33,930	3,055,777		3,055,777
Compensated Absences	237,670	263,759	237,670	263,759	263,759	0
Total Governmental Activities	5,750,356	263,759	899,170	5,114,945	545,500	4,569,445
<u>Business-Type Activities:</u>						
Net Pension Liability	379,925		4,172	375,753		375,753
Compensated Absences	15,129	15,149	15,129	15,149	15,149	0
Total Business-Type Activities	395,054	15,149	19,301	390,902	15,149	375,753
Grand Total	\$6,145,410	\$278,908	\$918,471	\$5,505,847	\$560,649	\$4,945,198

The general fund, the road and bridge fund, and the ambulance funds are used to service the compensated absences. The estimated amount due in the 2014-15 year is \$278,908.

The government-wide statement of activities includes \$560,649 as "noncurrent liabilities, due within one year".

The net pension liability is discussed in note G below.

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).

Changes in accrued liabilities for these claims follow:

	Year ended <u>09/30/14</u>	Year ended <u>09/30/15</u>
Unpaid claims, beginning of fiscal year	\$ -0-	\$ -0-
Incurred claims (including IBNRs)		
Claim payments	<u>-0-</u>	<u>-0-</u>
Unpaid claims, end of fiscal year	<u>\$ -0-</u>	<u>\$ -0-</u>

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 requiring disclosure.

C. Subsequent Events

None

D. Contingent Liabilities

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

The County was not a defendant in any lawsuit at September 30, 2015.

E. Prior Period Adjustments

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

The County had a prior period adjustment where by both business-type activities and governmental activities Net Assets were decreased by \$2,404,838 and \$295,710, respectively. The restatement was a result of the County implementing GASB 68.

The County also had a prior period adjustment where by governmental activities Net Assets were decreased by \$344,196. The restatement was a result of the GASB 34 receivables being incorrectly calculated in the prior year.

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

	Net Assets, as Previously Reported	GASB 34 RESTATEMENT	GASB 68 RESTATEMENT	Net Assets As Restated
Governmental Activities:				
Net Assets	\$19,992,944	(\$344,196)	(\$2,404,838)	\$17,243,910
Total Governmental Activities	<u>\$19,992,944</u>	<u>(\$344,196)</u>	<u>(\$2,404,838)</u>	<u>\$17,243,910</u>

	Net Assets, as Previously Reported	GASB 68 RESTATEMENT	Net Assets As Restated
Business-Type Activities:			
Net Assets	\$2,385,179	(\$295,710)	\$2,089,469
Total Business-Type Activities	<u>\$2,385,179</u>	<u>(\$295,710)</u>	<u>\$2,089,469</u>

F. Other Post Employment Benefits

PLAN PARTICIPANTS

Permanent full-time employees of Lavaca County who retire after January 1, 2008, are eligible to participate in the county's health care plan and continue dental coverage. Lavaca County's health plan is provided through the Texas Association of Counties Health and Employee Benefits Pool. Dental coverage is through Dearborn National.

NORMAL RETIREMENT INSURANCE BENEFIT ELIGIBILITY

Retiree is eligible to remain on health care plan and continue dental coverage after having completed twenty-five (25) years of service with Lavaca County and reaching the age of fifty-five (55). After becoming eligible for Medicare, retirees and the dependents of retirees will no longer qualify for health insurance or dental coverage through Lavaca County.

BENEFITS PAID BY HEALTH PLAN

Medical coverage for retirees is the same coverage provided to active county employees in accordance with the terms and conditions of the current county health plan. Eligible retirees are allowed to remain on the county's health plan and offered the same premium as active Lavaca County employees. The premium is the sole responsibility of the retiree between the age of fifty-five (55) and becoming Medicare eligible.

Health care premiums are determined through the Texas Association of Counties Health and Employee Benefits Pool, using several factors such as; county size, demographics, specific benefit plans, and claim history. Again, Lavaca County does not offer a different premium for pre-65 retirees.

Active Lavaca County employees do not contribute to any type of retiree health care plan.

BENEFITS FOR SPOUSES AND DEPENDENTS OF RETIREES

Retiree may continue health care and dental coverage for spouse and/or dependent(s) under the Lavaca County's health plan at the expense of the retiree. Premium for dependent coverage is the same as offered to active employees of Lavaca County. After the retiree becomes eligible for Medicare, spouse and/or dependents of the retiree are no longer eligible for Lavaca County's health or dental coverage.

OPT-OUTS/PAYMENT-IN-LIEU/REIMBURSEMENTS

Lavaca County offers the retiree health insurance and dental coverage, if eligible, at the expense of the retiree. The retiree is not required to participate in the health care plan or continue dental coverage offered by Lavaca County. If retiree opts out of the county's health plan, Lavaca County will not provide any payment-in-lieu of retiree health care nor any type of reimbursement.

LIFE INSURANCE COVERAGE

Lavaca County does not provide life insurance for retirees.

DENTAL/VISION COVERAGE

Lavaca County allows retirees to continue dental coverage at the expense of the retiree. Lavaca County offers no vision care coverage.

FY 2014-2015 Retiree Premiums:

Coverage	Monthly Premium
Retiree Only	\$771.02
Retiree and Spouse	\$1,612.88

Based on the above we consider the expense amount to the County is considered immaterial and thus is not included in the County-wide financial statements either as an expense or a liability.

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 16.12%.

Actuarial cost method

TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year.

Amortization policy

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

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

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

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

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

Asset valuation method

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

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

Actuarial assumptions

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

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

Oversight

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

Review of actuarial assumptions

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

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

Review of employer contribution rates

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

Review and modification of funding policy

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

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2013	December 31, 2014
Total pension liability	\$34,113,019	\$35,687,552
Fiduciary net position	30,643,387	32,256,021
Net pension liability / (asset)	3,469,632	3,431,530
Fiduciary net position as a % of total pension liability	89.83%	90.38%
Pensionable covered payroll	\$6,008,416	\$6,207,264
Net pension liability as a % of covered payroll	57.75%	55.28%

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

Discount rate	8.10%	8.10%
Long-term expected rate of return, net of investment expense	8.10%	8.10%
Municipal bond rate ⁽³⁾	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 (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2013	\$34,113,019	\$30,643,387	\$3,469,632
Changes for the year:			
Service cost	890,868		890,868
Interest on total pension liability	2,733,063		2,733,063
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	(400,781)		(400,781)
Effect of assumptions changes or inputs	0		0
Refund of contributions	(48,242)	(48,242)	0
Benefit payments	(1,600,376)	(1,600,376)	0
Administrative expenses		(24,240)	24,240
Member contributions		434,509	(434,509)
Net investment income		2,093,326	(2,093,326)
Employer contributions		1,000,610	(1,000,610)
Other	0	(242,953)	242,953
Balances as of December 31, 2014	\$35,687,552	\$32,256,021	\$3,431,530

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 Lavaca 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	\$39,979,859	\$35,687,552	\$32,119,191
Fiduciary net position	32,256,021	32,256,021	32,256,021
Net pension liability / (asset)	\$7,723,838	\$3,431,530	(\$136,830)

Pension Expense / (Income)

	January 1, 2014 to December 31, 2014
Pension Expense / (Income)	
Service cost	\$890,868
Interest on total pension liability	2,733,063
Effect of plan changes	0
Administrative expenses	24,240
Member contributions	(434,509)
Expected investment return net of investment expenses	(2,487,265)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(80,156)
Recognition of assumption changes or inputs	0
Recognition of investment gains or losses	78,788
Other (2)	242,953
Pension expense / (income)	\$967,982

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$320,625	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings	0	315,151
Contributions made subsequent to measurement date	N/A	782,090

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	\$(1,368)
2016	(1,368)
2017	(1,368)
2018	(1,368)
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	\$393,939	12/31/2014	5.0	\$78,788	\$0	\$315,151
Economic/ demographic (gains) or losses	(400,781)	12/31/2014	5.0	(80,156)	(320,625)	0
Assumption changes or inputs	0	12/31/2014	5.0	0	0	0
Employer contributions made subsequent to measurement date	See Above					

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 TC DRS' 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 ¹¹¹	Geometric Real Rate of Return (Expected minus Inflation) ¹²¹
USEquities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ³¹	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 ⁴¹	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	109	109
- Inactive employees entitled to but not yet receiving benefits	42	42
- Active employees	<u>128</u>	<u>128</u>
- Total	279	279

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										
Service ccst	\$890,868	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,733,063	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	a	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	a	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	(400,781)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,648,618)	<u>N/A</u>	N/A							
Net change in total pension liability	<u>1,574,532</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	34,113,019	<u>N/A</u>	N/A							
Total pension liability, ending (a)	<u>\$35,687,552</u>	<u>N/A</u>	N/A							
Fiduciary Net Position										
Employer contributions	\$1,000,610	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	434,509	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	2,093,326	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,648,618)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(24,240)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>(242,953)</u>	<u>N/A</u>	N/A							
Net change in fiduciary net position	1,612,634	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	30,643,387	<u>N/A</u>	N/A							
Fiduciary net position, ending (b)	<u>\$32,256,021</u>	<u>N/A</u>	N/A							
Net pension liability / (asset), ending = (a) - (b)	<u>\$3,131,530</u>	<u>N/A</u>	N/A							
Fiduciary net position as a % of total pension liability	90.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$6,207,264	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	55.28%	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	Actual Contribution as a % of Covered Payroll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	\$385,943	\$385,943	0	\$4,723,900	8.2%
2007	410,864	410,864	0	4,956,135	8.3%
2008	770,991	770,991	0	5,280,759	14.6%
2009	808,292	835,588	(27,296)	5,570,586	15.0%
2010	780,971	836,755	(55,784)	5,578,367	15.0%
2011	795,123	854,968	(59,845)	5,699,807	15.0%
2012	850,274	874,765	(24,492)	5,831,783	15.0%
2013	905,468	931,304	(25,835)	6,008,416	15.5%
2014	1,000,610	1,000,610	0	6,207,264	16.1%

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 Lavaca 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

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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 Lavaca County.

Following is a description of the assumptions used in the December 31, 2014 actuarial valuation analysis for Lavaca County. This information may also be found in the Lavaca 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.

LAVACA COUNTY, TEXAS
 CAPITAL IMPROVEMENT
 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				
Interest	\$400	\$400	\$1,003	\$603
Miscellaneous	1,000	1,000	900	(100)
Total Revenues	1,400	1,400	1,903	503
EXPENDITURES				
Capital Projects -				
Capital Outlay and Other				0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,400	1,400	1,903	503
OTHER FINANCING SOURCES (USES):				
Other Financing Sources -				
Operating Transfers In				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Changes in Fund Balances	1,400	1,400	1,903	503
Fund Balances - Beginning	274,783	274,783	274,783	
Fund Balances - Ending	\$276,183	\$276,183	\$276,686	\$503

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET - GENERAL FUND
 SEPTEMBER 30, 2015

	General Fund	Jail Commissary Account	Unclaimed Credits	Election Service Fund	Total
ASSETS					
Cash and Cash Equivalents	\$1,994,721	\$7,965	\$3,070	\$4,249	\$2,010,005
Receivables (net of allowance for uncollectibles)	188,729				188,729
Prepaid Insurance					0
Total Assets	\$2,183,450	\$7,965	\$3,070	\$4,249	\$2,198,734
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$85,749		\$694		\$86,443
Bank Overdraft					0
Due to Other Funds					0
Accrued Wages Payable	159,362				159,362
Total Liabilities	245,111	0	694	0	245,805
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenues - Ad Valorem Taxes	188,729				188,729
Fund Balances:					
Unassigned	1,749,610	7,965	2,376	4,249	1,764,200
Total Fund Balance	1,749,610	7,965	2,376	4,249	1,764,200
Total Liabilities and Fund Balances	\$1,994,721	\$7,965	\$3,070	\$4,249	\$2,010,005

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Jail Commissary Account	Unclaimed Credits	Election Service Fund	Total
<i>REVENUES</i>					
Taxes					
Property	\$5,346,838				\$5,346,838
Other	11,894				11,894
Intergovernmental	125,825				125,825
Licenses and Permits	41,875				41,875
Charges for Services	1,238,407			1,079	1,239,486
Fines and Forfeitures	179,487				179,487
Interest	18,740		11	53	18,804
Miscellaneous	101,399	973	536		102,908
Total Revenues	<u>7,064,465</u>	<u>973</u>	<u>547</u>	<u>1,132</u>	<u>7,067,117</u>
<i>EXPENDITURES</i>					
Current:					
General Administration	1,439,703		7	10,150	1,449,860
Legal	226,866				226,866
Judicial	836,934				836,934
Financial Administration	1,003,725				1,003,725
Public Facilities	186,229				186,229
Public Safety	2,746,828				2,746,828
Health and Welfare	148,039				148,039
Conservation - Agriculture	108,826				108,826
Debt Service					
Principal Retirement	33,233				33,233
Interest and Fiscal Charges	6,121				6,121
Total Expenditures	<u>6,736,504</u>	<u>0</u>	<u>7</u>	<u>10,150</u>	<u>6,746,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>327,961</u>	<u>973</u>	<u>540</u>	<u>(9,018)</u>	<u>320,456</u>
<i>OTHER FINANCING SOURCES (USES):</i>					
Sale of Capital Assets					0
Operating Transfers In	9,580				9,580
Operating Transfers Out	(95,615)				(95,615)
Total Other Financing Sources (Uses)	<u>(86,035)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(86,035)</u>
Net Changes in Fund Balances	241,926	973	540	(9,018)	234,421
Fund Balances - Beginning	1,507,684	6,992	1,836	13,267	1,529,779
Fund Balances - Ending	<u>\$1,749,610</u>	<u>\$7,965</u>	<u>\$2,376</u>	<u>\$4,249</u>	<u>\$1,764,200</u>

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUND
 SEPTEMBER 30, 2015

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Road and Bridge Equipment No. 1	Road and Bridge Equipment No. 2	Road and Bridge Equipment No. 3	Road and Bridge Equipment No. 4	Road and Bridge Property No. 2
ASSETS									
Cash and Cash Equivalents	\$182,065	\$235,983	\$146,324	\$174,851	\$42,627	\$38,079	\$45,430	\$959	\$40,741
Receivables (net of allowance for uncollectibles)									
Total Assets	<u>\$182,065</u>	<u>\$235,983</u>	<u>\$146,324</u>	<u>\$174,851</u>	<u>\$42,627</u>	<u>\$38,079</u>	<u>\$45,430</u>	<u>\$959</u>	<u>\$40,741</u>
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts Payable	\$124	\$569	\$443	\$292					
Accrued Wages Payable	17,934	15,993	13,684	14,107					
Total Liabilities	<u>18,058</u>	<u>16,562</u>	<u>14,127</u>	<u>14,399</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES									
Unearned Revenues - Ad Valorem Taxes									
Fund Balances:									
Restricted									
Public Transportation	164,007	219,421	132,197	160,452	42,627	38,079	45,430	959	40,741
Total Fund Balance	<u>164,007</u>	<u>219,421</u>	<u>132,197</u>	<u>160,452</u>	<u>42,627</u>	<u>38,079</u>	<u>45,430</u>	<u>959</u>	<u>40,741</u>
Total Liabilities and Fund Balances	<u>\$182,065</u>	<u>\$235,983</u>	<u>\$146,324</u>	<u>\$174,851</u>	<u>\$42,627</u>	<u>\$38,079</u>	<u>\$45,430</u>	<u>\$959</u>	<u>\$40,741</u>

The accompanying notes are an integral part of this statement.

Road and Bridge Property No. 4	Road and Bridge FMR No. 1	Road and Bridge FMR No. 2	Road and Bridge FMR No. 3	Road and Bridge FMR No. 4	Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Right of Way	Total Road and Bridge
\$20,589	\$548,178	\$710,655	\$433,661	\$302,106	\$17,659	\$524	\$29,253	\$19,120	\$100,246	\$3,089,050
	16,383	16,383	12,994	10,734						56,494
\$20,589	\$564,561	\$727,038	\$446,655	\$312,840	\$17,659	\$524	\$29,253	\$19,120	\$100,246	\$3,145,544
	\$3,796	\$2,536	\$3,363	\$2,071						\$13,194
0	3,796	2,536	3,363	2,071	0	0	0	0	0	61,718
	16,383	16,383	12,994	10,734						74,912
										56,494
20,589	544,382	708,119	430,298	300,035	17,659	524	29,253	19,120	100,246	3,014,138
20,589	544,382	708,119	430,298	300,035	17,659	524	29,253	19,120	100,246	3,014,138
\$20,589	\$548,178	\$710,655	\$433,661	\$302,106	\$17,659	\$524	\$29,253	\$19,120	\$100,246	\$3,089,050

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS
 YEAR ENDED SEPTEMBER 30, 2015

	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4	Road and Bridge Equipment No. 1	Road and Bridge Equipment No. 2	Road and Bridge Equipment No. 3	Road and Bridge Equipment No. 4	Road and Bridge Property No. 2
REVENUES									
Taxes									
Property	\$379,804	\$379,804	\$301,034	\$248,520					
Intergovernmental		148,701	296,292						
Licenses and Permits	198,704	198,704	198,704	198,704					
Interest	3,518	3,518	3,517	3,518					149
Miscellaneous			979		23,248	27,775	65,151	285	
Total Revenues	<u>582,026</u>	<u>730,727</u>	<u>800,526</u>	<u>450,742</u>	<u>23,248</u>	<u>27,775</u>	<u>65,151</u>	<u>285</u>	<u>149</u>
EXPENDITURES									
Current:									
Public Transportation									
Road and Bridge	520,476	731,034	846,198	395,994	51,304	21,500	86,413	4,693	1
Debt Service									
Principal Retirement								19,577	
Interest and Fiscal Charges								2,165	
Total Expenditures	<u>520,476</u>	<u>731,034</u>	<u>846,198</u>	<u>395,994</u>	<u>51,304</u>	<u>21,500</u>	<u>86,413</u>	<u>26,435</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under)									
Expenditures	61,550	(307)	(45,672)	54,748	(28,056)	6,275	(21,262)	(26,150)	148
OTHER FINANCING SOURCES (USES):									
Operating Transfers In					22,500	22,500	22,500	22,500	1,000
Operating Transfers Out		(1,000)					(2,587)		(2,586)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(1,000)</u>	<u>0</u>	<u>0</u>	<u>22,500</u>	<u>22,500</u>	<u>19,913</u>	<u>22,500</u>	<u>(1,586)</u>
Net Changes in Fund Balances	61,550	(1,307)	(45,672)	54,748	(5,556)	28,775	(1,349)	(3,650)	(1,438)
Fund Balances - Beginning	102,457	220,728	177,869	105,704	48,183	9,304	46,779	4,609	42,179
Fund Balances - Ending	<u>\$164,007</u>	<u>\$219,421</u>	<u>\$132,197</u>	<u>\$160,452</u>	<u>\$42,627</u>	<u>\$38,079</u>	<u>\$45,430</u>	<u>\$959</u>	<u>\$40,741</u>

The accompanying notes are an integral part of this statement.

Road and Bridge Property No. 4	Road and Bridge FMR No. 1	Road and Bridge FMR No. 2	Road and Bridge FMR No. 3	Road and Bridge FMR No. 4	Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Right of Way	Total Road and Bridge
	\$608,893 31,482	\$608,893	\$482,915	\$398,930 13,648	8,580	8,580	8,580	8,580		\$3,408,793 524,443 794,816 14,664
74	65	252,667	273,691	649					370	644,510
74	640,440	861,560	756,606	413,227	8,580	8,580	8,580	8,580	370	5,387,226
	469,561	374,791	665,685	332,645		19,300			8,750	4,528,345
	43,687 1,638	60,201 5,646								123,465 9,449
0	514,886	440,638	665,685	332,645	0	19,300	0	0	8,750	4,661,259
74	125,554	420,922	90,921	80,582	8,580	(10,720)	8,580	8,580	(8,380)	725,967
	(4,087)	(1,500)	(2,500)	(1,820)						91,000 (16,080)
0	(4,087)	(1,500)	(2,500)	(1,820)	0	0	0	0	0	74,920
74	121,467	419,422	88,421	78,762	8,580	(10,720)	8,580	8,580	(8,380)	800,887
20,515	422,915	288,697	341,877	221,273	9,079	11,244	20,673	10,540	108,626	2,213,251
\$20,589	\$544,382	\$708,119	\$430,298	\$300,035	\$17,659	\$524	\$29,253	\$19,120	\$100,246	\$3,014,138

LAVACA COUNTY, TEXAS
 COMBINING BALANCE SHEET - DEBT SERVICE FUND
 SEPTEMBER 30, 2015

	Jail Construction	Annex	2012 Refunding	Total Road and Bridge
ASSETS				
Cash and Cash Equivalents	\$0	\$0	\$39,739	\$39,739
Total Assets	\$0	\$0	\$39,739	\$39,739
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable				\$0
Total Liabilities	0	0	0	0
Fund Balances:				
Restricted				
Debt Service	0	0	39,739	39,739
Total Fund Balance	0	0	39,739	39,739
Total Liabilities and Fund Balances	\$0	\$0	\$39,739	\$39,739

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - DEBT SERVICE FUNDS
 YEAR ENDED SEPTEMBER 30, 2015

	Jail Construction	Annex	2012 Refunding	Total Road and Bridge
<i>REVENUES</i>				
Taxes				
Property		\$136,583	\$155,201	\$291,784
Interest	82	94	584	760
Total Revenues	82	136,677	155,785	292,544
<i>EXPENDITURES</i>				
Current:				
General Administration	408			408
Debt Service				
Principal Retirement		195,000	210,000	405,000
Interest and Fiscal Charges		3,900	32,983	36,883
Total Expenditures	408	198,900	242,983	442,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	(326)	(62,223)	(87,198)	(149,747)
<i>OTHER FINANCING SOURCES (USES):</i>				
Operating Transfers In			93,015	93,015
Operating Transfers Out	(87,154)	(5,861)		(93,015)
Total Other Financing Sources (Uses)	(87,154)	(5,861)	93,015	0
Net Changes in Fund Balances	(87,480)	(68,084)	5,817	(149,747)
Fund Balances - Beginning	87,480	68,084	33,922	189,486
Fund Balances - Ending	\$0	\$0	\$39,739	\$39,739

The accompanying notes are an integral part

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

	SPECIAL REVENUE																	
	Records Management County Clerk	Records Management Courthouse	Sheriff's Contraband	Courthouse Security	Emergency Appropriation	Tobacco Settlement	Law Library	Senior Citizens	Law Enforcement Training	Special Reserve	Child Abuse Prevention	Appellate Judicial System Fee	Task Force Indigent Defence	Attorney Hot Check Collection	Records Management District Clerk	Records Archive	Justice Court Technology No. 1	
	ASSETS																	
Cash and Cash Equivalents	\$105,098	\$10,588	\$3,389	\$90,370	\$112,867	\$6,722	\$71,750	\$22,886	\$18,887	\$558,249	\$332	\$1,920	\$19,857	\$11,869	\$11,349	\$153,129	\$2,580	
Receivables (net of allowance for uncollectibles)								30,911										
Total Assets	\$105,098	\$10,588	\$3,389	\$90,370	\$112,867	\$6,722	\$71,750	\$53,797	\$18,887	\$558,249	\$332	\$1,920	\$19,857	\$11,869	\$11,349	\$153,129	\$2,580	
LIABILITIES AND FUND BALANCES																		
Liabilities																		
Accounts Payable	\$462		\$72				\$816	\$27,681					\$95		\$471	\$51		
Accrued Wages Payable								17,000										
Total Liabilities	462	0	72	0	0	0	816	44,681	0	0	0	0	0	95	0	471	51	
Fund Balances																		
Restricted																		
Construction										558,249								
General Administration	104,636															152,658		
Health							6,722	9,116										
Judicial							70,934				332	1,920	19,857		11,349		2,529	
Legal													11,774					
Public Safety		10,588	3,317	90,370	112,867				18,887									
Unassigned																		
Total Fund Balances	104,636	10,588	3,317	90,370	112,867	6,722	70,934	9,116	18,887	558,249	332	1,920	19,857	11,774	11,349	152,658	2,529	
TOTAL LIABILITIES AND FUND BALANCES	\$105,098	\$10,588	\$3,389	\$90,370	\$112,867	\$6,722	\$71,750	\$53,797	\$18,887	\$558,249	\$332	\$1,920	\$19,857	\$11,869	\$11,349	\$153,129	\$2,580	

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

SPECIAL REVENUE

Justice Court Technology No. 2	Justice Court Technology No. 3	Justice Court Technology No. 4	Ambulance Service Grant	Jury Service	Family Protection	Border Service	Justice Court Building Security No. 1	Justice Court Building Security No. 2	Justice Court Building Security No. 3	Justice Court Building Security No. 4	Abandoned Motor Vehicle	County Clerk Technology	District Clerk Technology	District Clerk Archive	County Attorney Pretrial Fee	County Clerk Digital Preserve	District Clerk Digital Preserve	County Attorney Judicial Appt. Fee	TOTAL NON-MAJOR GOVERNMENTAL
\$991	\$193	\$19,014	\$318,634	\$8,435	\$10,360	\$0	\$5,652	\$902	\$703	\$8,947	\$53,805	\$1,011	\$1,203	\$8,400	\$31,809	\$8,746	\$12,378	\$9,261	\$1,702,286
																			30,911
\$991	\$193	\$19,014	\$318,634	\$8,435	\$10,360	\$0	\$5,652	\$902	\$703	\$8,947	\$53,805	\$1,011	\$1,203	\$8,400	\$31,809	\$8,746	\$12,378	\$9,261	\$1,733,197
																			\$29,648
																			17,000
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	46,648
																			558,249
												1,011				8,746			267,051
991	193	19,014		8,435	10,360		5,652	902	703	8,947			1,203	8,400			12,378		15,838
			318,634			0					53,805				31,809			9,261	184,099
																			52,844
991	193	19,014	318,634	8,435	10,360	0	5,652	902	703	8,947	53,805	1,011	1,203	8,400	31,809	8,746	12,378	9,261	608,468
																			0
\$991	\$193	\$19,014	\$318,634	\$8,435	\$10,360	\$0	\$5,652	\$902	\$703	\$8,947	\$53,805	\$1,011	\$1,203	\$8,400	\$31,809	\$8,746	\$12,378	\$9,261	\$1,733,197

LAVACA 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																
	Records Management County Clerk	Records Management Courthouse	Sheriff's Contraband	Courthouse Security	Emergency Appropriation	Tobacco Settlement	Law Library	Senior Citizens	Law Enforcement Training	Special Reserve	Child Abuse Prevention	Appellate Judicial System Fee	Task Force Indigent Defence	Attorney Hot Check Collection	Records Management District Clerk	Records Archive	Justice Court Technology No. 1
	REVENUES																
Intergovernmental						\$2,141		\$589,647				\$1,920	\$16,570				
Charges for Services	63,141	4,639		12,292			11,445		4,811		200			3,140	1,979	63,470	1,722
Fines and Forfeitures																	
Interest	377	49	18	320	404	30	244	118	76	2,005	1		73		43	485	12
Miscellaneous																	
Total Revenues	63,518	4,688	18	12,612	404	2,171	11,689	589,765	4,887	2,005	201	1,920	16,643	3,140	2,022	63,955	1,734
EXPENDITURES																	
Current:																	
General Administration																	
County Clerk	38,345																
Records Management																17,873	
Legal																	
Check Collection														1,213			
County Attorney																	
Judicial																	
Indigent Defense													11,825				
Judicial												1,775					4,163
Jury							1,296										
Public Safety																	
Emergency Operations																	
Sheriff		3,787	1,208	4,385					3,108								
Health and Welfare																	
Senior Citizens								648,776									
Total Expenditures	38,345	3,787	1,208	4,385	0	0	1,296	648,776	3,108	0	0	1,775	11,825	1,213	0	17,873	4,163
Excess (Deficiency) of Revenues Over (Under)																	
Expenditures	25,173	901	(1,190)	8,227	404	2,171	10,393	(59,011)	1,779	2,005	201	145	4,818	1,927	2,022	46,082	(2,429)
OTHER FINANCING SOURCES (USES):																	
Transfers In					5,500												
Transfers Out																	
Total Other Financing Sources (Uses)	0	0	0	0	5,500	0	0	0	0	0	0	0	0	0	0	0	0
Net Changes in Fund Balances	25,173	901	(1,190)	8,227	5,904	2,171	10,393	(59,011)	1,779	2,005	201	145	4,818	1,927	2,022	46,082	(2,429)
Fund Balances - Beginning	79,463	9,687	4,507	82,143	106,963	4,551	60,541	68,127	17,108	556,244	131	1,775	15,039	9,847	9,327	106,576	4,958
Fund Balances - Ending	\$104,636	\$10,588	\$3,317	\$90,370	\$112,867	\$6,722	\$70,934	\$9,116	\$18,887	\$558,249	\$332	\$1,920	\$19,857	\$11,774	\$11,349	\$152,658	\$2,529

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE

Justice Court Technology No. 2	Justice Court Technology No. 3	Justice Court Technology No. 4	Ambulance Service Grant	Jury Service	Family Protection	Border Service	Justice Court Building Security No. 1	Justice Court Building Security No. 2	Justice Court Building Security No. 3	Justice Court Building Security No. 4	Abandoned Motor Vehicle	County Clerk Technology	District Clerk Technology	District Clerk Archive	County Attorney Pretrial Fee	County Clerk Digital Preserve	District Clerk Digital Preserve	County Attorney Judicial Appt. Fee	TOTAL NON-MAJOR GOVERNMENTAL	
				5,304	915														\$27,500	\$637,778
313	524	2,182					428	78	131	544		330	302	1,890	11,500	1,640	2,230		193,969	
5	2	69	1,141		40		19	4	2	36	224	3	4	30	98	35	47	55	1,181	
			23,589								1,596								6,069	
318	526	2,251	24,730	5,304	955	0	447	82	133	580	1,820	333	306	1,920	11,598	1,675	2,277	27,555	25,185	
																				38,345
																				17,873
																			27,500	1,213
	1,421	2,710		5,047						125										27,500
			17,471																	11,825
							5,615				16,192									10,194
																				6,343
																				17,471
																				34,295
0	1,421	2,710	17,471	5,047	0	5,615	0	0	0	125	16,192	0	0	0	0	0	0	0	27,500	648,776
318	(895)	(459)	7,259	257	955	(5,615)	447	82	133	455	(14,372)	333	306	1,920	11,598	1,675	2,277	55	50,347	
							5,615													11,115
0	0	0	0	0	0	5,615	0	0	0	0	0	0	0	0	0	0	0	0	0	0
318	(895)	(459)	7,259	257	955	0	447	82	133	455	(14,372)	333	306	1,920	11,598	1,675	2,277	55	61,462	
673	1,088	19,473	311,375	8,178	9,405	0	5,205	820	570	8,492	68,177	678	897	6,480	20,211	7,071	10,101	9,206	1,625,087	
\$991	\$193	\$19,014	\$318,634	\$8,435	\$10,360	\$0	\$5,652	\$902	\$703	\$8,947	\$53,805	\$1,011	\$1,203	\$8,400	\$31,809	\$8,746	\$12,378	\$9,261	\$1,686,549	

SINGLE AUDIT SECTION

LAVACA COUNTY, TEXAS
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

SOURCE AND TITLE OF GRANT	PROGRAM OR AWARD AMOUNT	GRANTOR'S/ PASS-THROUGH GRANTOR'S NUMBER	PROGRAM EXPEND- ITURES
Texas Department of Transportation Infrastructure Fund Grant (M)			
Lavaca 2014 CTIF Award	\$1,004,598	CTIF-01-143	
Road and Bridge No. 2			\$173,523
Road and Bridge No. 3			309,892
Road and Bridge Farm to Market No. 1			103,395
Road and Bridge Farm to Market No. 4			96,406
			<u>683,216</u>
Local match for the above grant was \$170,804.			
Texas Department of Public Affairs Border Star (NM)		LBSP-15-0008	5,615
Total State Assistance			<u><u>\$688,831</u></u>

M=MAJOR PROGRAM
NM=NONMAJOR PROGRAM

See Accompanying Notes to Schedule of State Financial Assistance

BEYER & Co.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Commissioners' Court
Lavaca County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lavaca County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Lavaca County, Texas' basic financial statements, and have issued our report thereon dated March 11, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Wayne R. Beyer".

BEYER & COMPANY
Certified Public Accountants
March 11, 2016

BEYER & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GRANT STANDARDS
PROMULGATED BY THE OFFICE OF THE GOVERNOR UNDER 34 TAC PART 1, CHAPTER 20,
SUBCHAPTER I- COMPTRROLLER**

To the Commissioners' Court
Lavaca County, Texas

Report on Compliance for Each Major State Program

We have audited Lavaca County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lavaca County, Texas' major state programs for the year ended September 30, 2015. Lavaca County, Texas' major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lavaca County, Texas' major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter I- Comptroller. Those standards and Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter I- Comptroller require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Lavaca County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Lavaca County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter I- Comptroller.

Report on Internal Control over Compliance

Management of Lavaca County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lavaca County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter I- Comptroller, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lavaca County, Texas' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter I- Comptroller. Accordingly, this report is not suitable for any other purpose.



BEYER & COMPANY
Certified Public Accountants
March 11, 2016

LAVACA COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

General

The accompanying Schedule of Expenditure of State Awards presents the activity of all the Lavaca County, Texas's state grants for the year ended September 30, 2015. This report is intended for the information of the Lavaca County, Texas, state and state awarding agencies, and is not intended to be used and should not be used by anyone other than these specified parties.

Basis of Accounting

The Schedule of Expenditure of State Awards is presented using the modified accrual basis of accounting.

Non Cash Grants

The Lavaca County received no non-cash grants for the year ended September 30, 2015.

LAVACA COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

State

There were no prior audit findings for State Awards.

LAVACA COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Lavaca County, Texas.
2. There were no significant deficiencies disclosed during the audit. There was no material weaknesses disclosed during the audit.
3. There were no instances of noncompliance material to the financial statements of the Lavaca County, Texas, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. There were no significant deficiencies over major state award programs disclosed during the audit. There was no material weakness over major state award programs disclosed during the audit.
5. The auditor's report on compliance for the major state award programs for the Lavaca County, Texas expresses an unqualified opinion on all major state programs.
6. There were no audit findings that are required to be reported in accordance with Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC Part 1, Chapter 20, Subchapter I- Comptroller.
7. The programs tested as major programs: Infrastructure Fund Grant.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Lavaca County did not qualify as a low-risk auditee.
10. Material Weaknesses
 - a. There was no material weaknesses disclosed during the audit.

Findings and Questioned Costs for State Awards

None