

LAVACA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
SEPTEMBER 30, 2017

LAVACA COUNTY, TEXAS  
Annual Financial Report  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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FINANCIAL SECTION

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

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## INDEPENDENT AUDITOR'S REPORT

To the County Judge and 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Road and Bridge Funds, and the Debt Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Employees Retirement System Information on pages 3–12, and 61-66 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



BEYER & COMPANY  
Certified Public Accountants  
April 21, 2018

## 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, 2017.

### Financial Highlights

- . The assets of Lavaca County, Texas exceeded its liabilities at the close of the most recent fiscal year by \$21,321,615 (net position). Of this amount, \$1,262,516 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- . The government's total net position increased by \$87,480. This increase is immaterial.
- . As of the close of the current fiscal year, Lavaca County, Texas' governmental funds reported combined ending fund balances of \$8,188,130, an increase of \$601,020 in comparison with the prior year. Approximately 22% of this total amount, \$1,806,160 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 \$1,806,160, or 25 percent of total general fund expenditures, the fund balance for the road and bridge fund was \$4,021,732, or 84 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 position presents information on all of Lavaca County, Texas' assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Lavaca County, Texas is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements distinguish functions of 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 13-14 of this report.

***Fund financial statements:*** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 thirty nine (39) 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-five (35) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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 15-22 of this report. The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Lavaca County, Texas also has two agency funds and one trust fund presented in this report. Such funds are not included in the county wide statement but are shown separately on pages 27-28 and page 77.

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 29-60 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 61-66 of this report.

The combining statements referred to earlier in connection with the general fund, the major road and bridge funds, and the nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 67-76 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Lavaca County, Texas, assets exceeded liabilities by \$21,321,615 at the close of the most recent fiscal year.

A large portion of Lavaca County, Texas' net position (64 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	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$9,453,857	\$8,771,067	\$2,047,742	\$2,002,609	\$11,501,599	\$10,773,676
Capital Assets:	14,242,652	14,737,967	789,912	749,600	15,032,564	15,487,567
	23,696,509	23,509,034	2,837,654	2,752,209	26,534,163	26,261,243
Total Deferred Outflows of Resources	2,543,840	2,970,669	312,803	365,287	2,856,643	3,335,956
Total Assets	\$26,240,349	\$26,479,703	\$3,150,457	\$3,117,496	\$29,390,806	\$29,597,199
Long-Term Liabilities	6,676,464	6,955,579	754,189	642,345	7,430,653	7,597,924
Other Liabilities	348,612	327,759	32,544	36,675	381,156	364,434
Total Liabilities	7,025,076	7,283,338	786,733	679,020	7,811,809	7,962,358
Total Deferred Inflows of Resources	229,199	356,829	28,183	43,877	257,382	400,706
Invested in Capital Assets, Net of Related Debt	12,942,726	13,122,049	680,287	749,600	13,623,013	13,871,649
Restricted	6,436,086	5,574,125			6,436,086	5,574,125
Unrestricted	(392,738)	143,362	1,655,254	1,644,999	1,262,516	1,788,361
Total Net Position	\$18,986,074	\$18,839,536	\$2,335,541	\$2,394,599	\$21,321,615	\$21,234,135

An additional portion of Lavaca County, Texas' net position (30 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,262,516) 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 position, both for the government as a whole, as well as for its separate governmental activities. At the end of the prior fiscal year, Lavaca County, Texas reported positive balances in all three categories of net position for its governmental activities and business-type activities except for the governmental funds which reported a negative unrestricted net position of \$392,738.

The government's total net position increased by \$87,480. This increase is immaterial.

There was an increase of \$861,961 in restricted net position reported in connection with Lavaca County, Texas' government-type activities. This increase is the result of an increase in road and bridge reserve of \$519,627 for road construction.

*Governmental activities:*

Governmental activities increased Lavaca County, Texas' net position by \$146,538, thereby accounting for 100 percent of the total increase in the net position of Lavaca County, Texas. This increase is attributable to careful budget management.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$2,114,124	\$2,252,281	\$1,098,658	\$1,218,848	\$3,212,782	\$3,471,129
Operating Grants and Contributions	175,954	307,146		0	175,954	307,146
Capital Grants and Contributions	72,855	606,426	0	136,855	72,855	743,281
General Revenues:						
Maintenance and Operations Taxes	10,504,154	9,620,683			10,504,154	9,620,683
Other Taxes	10,165	9,630			10,165	9,630
Unrestricted Investment Earnings	53,783	48,861	4,744	4,537	58,527	53,398
Miscellaneous	484,240	348,102			484,240	348,102
Total Revenue	13,415,275	13,193,129	1,103,402	1,360,240	14,518,677	14,553,369
Expenses:						
General Administration	2,200,063	1,889,890			2,200,063	1,889,890
Legal	344,882	311,492			344,882	311,492
Judicial	989,411	862,717			989,411	862,717
Financial Administration	1,108,334	1,038,261			1,108,334	1,038,261
Public Facilities	210,146	190,151			210,146	190,151
Public Safety	3,121,275	2,922,478			3,121,275	2,922,478
Public Transportation	4,971,759	5,088,290			4,971,759	5,088,290
Health and Welfare	167,598	242,330			167,598	242,330
Conservation - Agriculture	117,423	111,101			117,423	111,101
Interest and Fiscal Charges	37,846	33,886			37,846	33,886
Ambulance			1,162,460	1,144,973	1,162,460	1,144,973
Total Expenses	13,268,737	12,690,596	1,162,460	1,144,973	14,431,197	13,835,569
Increase in Net Position Before Transfers and Special Items	146,538	502,533	(59,058)	215,267	87,480	717,800
Transfers	0	0	0	0	0	0
Increase in Net Position	146,538	502,533	(59,058)	215,267	87,480	717,800
Net Position at 09/30/2016	18,839,536	18,337,003	2,394,599	2,179,332	21,234,135	20,516,335
Net Position at 09/30/2017	\$18,986,074	\$18,839,536	\$2,335,541	\$2,394,599	\$21,321,615	\$21,234,135

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Government Activities:				
General Administration	\$2,200,063	\$500,633	\$49,183	\$0
Legal	344,882	11,201	32,005	
Judicial	989,411	238,703	70,457	
Financial Administration	1,108,334	621,402		
Public Facilities	210,146			
Public Safety	3,121,275	34,657	20,200	
Public Transportation	4,971,759	707,528		72,855
Health and Welfare	167,598		4,109	
Conservation - Agriculture	117,423			
Interest and Fiscal Charges	37,846			
Total Government Activities	<u>\$13,268,737</u>	<u>\$2,114,124</u>	<u>\$175,954</u>	<u>\$72,855</u>

Revenues by Source - Governmental Activities

	REVENUES	%
Charges for Services	\$2,114,124	16%
Operating Grants and Contributions	175,954	1%
Capital Grants and Contributions	72,855	1%
Maintenance and Operations Taxes	10,504,154	78%
Other Taxes	10,165	0%
Unrestricted Investment Earnings	53,783	0%
Miscellaneous	484,240	4%
	<u>\$13,415,275</u>	<u>100%</u>

*Business-Type Activities:*

Business-type activities (ambulance, workmen’s compensation, and unemployment funds) in Lavaca County represented 0 percent of the total increase in the net position 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
<b>Primary Government</b>			
Business-Type Activities:			
Water	\$1,162,460	\$1,098,658	\$0
Total Business-Type Activities	\$1,162,460	\$1,098,658	\$0

Revenues by Source - Business-Type Activities

	<u>REVENUES</u>	<u>%</u>
Charges for Services	\$1,098,658	99.57%
Unrestricted Investment Earnings	4,744	0.43%
	<u>\$1,103,402</u>	<u>100.00%</u>

Business-type activities:

Business-type activities decreased the County’s net position by \$59,058.

- . Demand for services for business-type activities decreased by \$120,190.
- . Total expenses increased by \$17,487.
- . The business-type activities received no capital grants.

## 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 \$8,188,130, an increase of \$601,020 in comparison with the prior year. Approximately 22 percent of this total amount (\$1,806,160) 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 \$1,806,160, while total fund balance reached \$1,806,160. 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 25 percent of total general fund expenditures, while total fund balance represents 25 percent of that same amount.

The fund balance of Lavaca County, Texas' general fund decreased by \$206,825 during the current fiscal year. Key factors in this decrease are as follows: This decrease is attributable to an increase in total expenditures of \$512,220, an increase in income of \$177,003, and careful budget management. The largest increase in expenditures was \$141,438 in the sheriff's office and the largest increase in income was \$241,271 in ad valorem taxes.

The road and bridge fund had a total fund balance of \$4,021,732. 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 84 percent of that same amount. The fund balance of the road and bridge fund increased by \$519,627 during the current year. This increase is attributable to an increase in ad valorem taxes of \$633,898 and careful budget management.

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 \$22,961. The major increase was in the sheriff departments which increased by \$15,652.

### 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, 2017, amounts to \$15,032,564 (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 5 percent increase for business-type activities). The County had no major construction during the year ended September 30, 2017.

#### LAVACA COUNTY, TEXAS CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$487,447	\$487,447	\$22,609	\$22,609	\$510,056	\$510,056
Building and Improvements	10,383,762	10,721,871	504,952	520,402	10,888,714	11,242,273
Machinery and Equipment	3,371,443	3,528,649	156,894	50,941	3,528,337	3,579,590
Infrastructure					0	0
Automotive			105,457	155,648	105,457	155,648
Total	\$14,242,652	\$14,737,967	\$789,912	\$749,600	\$15,032,564	\$15,487,567

Additional information on Lavaca County, Texas' capital assets can be found in note IV C on page 41 and 42 of this report.

*Long-term debt:*

At the end of the current fiscal year, Lavaca County, Texas had total bonded debt outstanding of \$1,145,000. Of this amount, \$1,145,000 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	\$1,145,000	\$0	\$215,000	\$1,145,000	\$220,000	\$925,000
	<u>1,145,000</u>	<u>0</u>	<u>215,000</u>	<u>1,145,000</u>	<u>220,000</u>	<u>925,000</u>
Grand Total	<u>\$1,145,000</u>	<u>\$0</u>	<u>\$215,000</u>	<u>\$1,145,000</u>	<u>\$220,000</u>	<u>\$925,000</u>

Lavaca County, Texas' bonded short-term and long-term debt decreased by \$215,000 (16 percent) during the current fiscal year. The key factor in this decrease was the payment of debt principal on the jail facility bonds of \$215,000. Additional information on Lavaca County, Texas' Long-term debt can be found in note IV F on pages 44 and 45 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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$8,629,525	\$1,118,328	\$9,747,853
Receivables (net of allowance for uncollectibles)	824,332	929,414	1,753,746
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	10,383,762	504,952	10,888,714
Machinery and Equipment	3,371,443	262,351	3,633,794
Infrastructure			0
Total Assets	<u>\$23,696,509</u>	<u>\$2,837,654</u>	<u>\$26,534,163</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow of Resources-contributions (after 12/31/16)	721,464	88,715	810,179
Deferred Outflow-net difference between projected and actual earnings	1,642,056	201,915	1,843,971
Deferred Outflow-changes of assumptions	180,320	22,173	202,493
Total Deferred Outflows of Resources	<u>2,543,840</u>	<u>312,803</u>	<u>2,856,643</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$55,997	\$3,112	\$59,109
Accrued Wages Payable	288,365	29,432	317,797
Accrued Interest Payable	4,250		4,250
Noncurrent Liabilities:			
Due Within One Year	633,629	48,816	682,445
Due in More Than One Year	6,042,835	705,373	6,748,208
Total Liabilities	<u>7,025,076</u>	<u>786,733</u>	<u>7,811,809</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow-Actual Experience vs. Assumption	229,199	28,183	257,382
Total Deferred Inflows of Resources	<u>229,199</u>	<u>28,183</u>	<u>257,382</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	12,942,726	680,287	13,623,013
Restricted			
Construction	842,533		842,533
Debt Service	83,057		83,057
General Administration	371,618		371,618
Health	13,558		13,558
Judicial	212,899		212,899
Legal	64,853		64,853
Public Safety	825,836		825,836
Public Transportation	4,021,732		4,021,732
Unrestricted	(392,738)	1,655,254	1,262,516
Total Net Position	<u>\$18,986,074</u>	<u>\$2,335,541</u>	<u>\$21,321,615</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<b>Government Activities:</b>							
General Administration	\$2,200,063	\$500,633	\$49,183		(\$1,650,247)	(\$1,650,247)	
Legal	344,882	11,201	32,005		(301,676)	(301,676)	
Judicial	989,411	238,703	70,457		(680,251)	(680,251)	
Financial Administration	1,108,334	621,402			(486,932)	(486,932)	
Public Facilities	210,146				(210,146)	(210,146)	
Public Safety	3,121,275	34,657	20,200		(3,066,418)	(3,066,418)	
Public Transportation	4,971,759	707,528		72,855	(4,191,376)	(4,191,376)	
Health and Welfare	167,598		4,109		(163,489)	(163,489)	
Conservation - Agriculture	117,423				(117,423)	(117,423)	
Interest and Fiscal Charges	37,846				(37,846)	(37,846)	
<b>Total Government Activities</b>	<b>13,268,737</b>	<b>2,114,124</b>	<b>175,954</b>	<b>72,855</b>	<b>(10,905,804)</b>	<b>0</b>	
<b>Business-Type Activities:</b>							
Ambulance	1,162,460	1,098,658		0	(63,802)	(63,802)	
<b>Total Business-Type Activities:</b>	<b>1,162,460</b>	<b>1,098,658</b>	<b>0</b>	<b>0</b>	<b>(63,802)</b>	<b>(63,802)</b>	
<b>Total Primary Government</b>	<b>\$14,431,197</b>	<b>\$3,212,782</b>	<b>\$175,954</b>	<b>\$72,855</b>	<b>(10,905,804)</b>	<b>(63,802)</b>	
<b>General Revenues</b>							
Property Taxes, Levies for General Purposes					10,504,154	10,504,154	
Other Taxes					10,165	10,165	
Unrestricted Investment Earnings					53,783	4,744	
Miscellaneous					484,240	484,240	
<b>Total General Revenues</b>					<b>11,052,342</b>	<b>4,744</b>	
Change in Net Position					146,538	(59,058)	
Net Position - Beginning					18,839,536	21,234,135	
Net Position - Ending					<b>\$18,986,074</b>	<b>\$21,321,615</b>	

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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

	General Fund	Road and Bridge	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$2,065,035	\$4,105,124	\$83,057	\$333,296	\$1,945,689	\$8,532,201
Receivables (net of allowance for uncollectibles)	245,979	74,156			0	320,135
<b>Total Assets</b>	<b>\$2,311,014</b>	<b>\$4,179,280</b>	<b>\$83,057</b>	<b>\$333,296</b>	<b>\$1,945,689</b>	<b>\$8,852,336</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
Accounts Payable	\$47,060	\$8,334			\$312	\$55,706
Accrued Wages Payable	211,815	75,058			1,492	288,365
<b>Total Liabilities</b>	<b>258,875</b>	<b>83,392</b>	<b>0</b>	<b>0</b>	<b>1,804</b>	<b>344,071</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Property Taxes	245,979	74,156				320,135
<b>Fund Balances:</b>						
<b>Restricted</b>						
Construction				333,296	509,237	842,533
Debt Service			83,057			83,057
General Administration					317,502	317,502
Health					13,558	13,558
Judicial					212,899	212,899
Legal					64,853	64,853
Public Safety					825,836	825,836
Public Transportation		4,021,732				4,021,732
Unassigned	1,806,160					1,806,160
<b>Total Fund Balance</b>	<b>1,806,160</b>	<b>4,021,732</b>	<b>83,057</b>	<b>333,296</b>	<b>1,943,885</b>	<b>8,188,130</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$2,311,014</b>	<b>\$4,179,280</b>	<b>\$83,057</b>	<b>\$333,296</b>	<b>\$1,945,689</b>	<b>\$8,852,336</b>

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, 2017

Total Fund Balances - governmental funds balance sheet	\$8,188,130
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.	14,242,652
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.	42,917
Private purpose trust fund	54,116
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,818,838
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds (net of allowance for uncollectibles).	320,135
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(6,680,714)
Net Position of Governmental Activities - statement of net position	<u>\$18,986,074</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, 2017

	General Fund	Road and Bridge	Debt Service	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<i>REVENUES</i>						
Taxes						
Property	\$5,796,167	\$4,405,259	\$262,942			\$10,464,368
Other	10,165					10,165
Intergovernmental	124,649	72,855			51,305	248,809
Licenses and Permits	28,550	707,028				735,578
Charges for Services	1,049,842				181,415	1,231,257
Fines and Forfeitures	96,818				742	97,560
Interest	20,756	22,260	839	1,362	8,031	53,248
Miscellaneous	170,223	38,915		1,300	203,876	414,314
Total Revenues	<u>7,297,170</u>	<u>5,246,317</u>	<u>263,781</u>	<u>2,662</u>	<u>445,369</u>	<u>13,255,299</u>
<i>EXPENDITURES</i>						
Current:						
General Administration	1,717,014				155,370	1,872,384
Legal	308,777				28,689	337,466
Judicial	941,266				25,202	966,468
Financial Administration	1,051,083					1,051,083
Public Facilities	122,800					122,800
Public Safety	2,851,551				43,020	2,894,571
Public Transportation		4,725,248			30,911	4,756,159
Health and Welfare	163,245					163,245
Conservation - Agriculture	111,913					111,913
Capital Projects -						
Capital Outlay and Other				24,352		24,352
Debt Service						
Principal Retirement	19,611	81,381	215,000			315,992
Interest Retirement	1,735	7,061	29,050			37,846
Total Expenditures	<u>7,288,995</u>	<u>4,813,690</u>	<u>244,050</u>	<u>24,352</u>	<u>283,192</u>	<u>12,654,279</u>
Excess (Deficiency) of Revenues Over (Under)						
Expenditures	8,175	432,627	19,731	(21,690)	162,177	601,020
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating Transfers In	0	114,985		125,000	3,000	242,985
Operating Transfers Out	(215,000)	(27,985)			0	(242,985)
Total Other Financing Sources (Uses)	<u>(215,000)</u>	<u>87,000</u>	<u>0</u>	<u>125,000</u>	<u>3,000</u>	<u>0</u>
Net Changes in Fund Balances	(206,825)	519,627	19,731	103,310	165,177	601,020
Fund Balances - Beginning	2,012,985	3,502,105	63,326	229,986	1,778,708	7,587,110
Fund Balances - Ending	<u>\$1,806,160</u>	<u>\$4,021,732</u>	<u>\$83,057</u>	<u>\$333,296</u>	<u>\$1,943,885</u>	<u>\$8,188,130</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, 2017

Net Changes in Fund Balances - total governmental funds	\$601,020
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.	(495,315)
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.	(23,499)
Deferred Outflow of Resources-contribution. This is the change in these amounts this year.	36,329
Deferred Outflow-net difference between projected and actual earnings. This is the change in these amounts this year.	(372,998)
Deferred Outflow-changes of assumptions. This is the change in these amounts this year.	(90,160)
Deferred Inflow-actual experience vs. assumption. This is the change in these amounts this year.	127,630
(Increase) decrease in compensated absences from beginning of period to end of period.	(21,534)
(Increase) decrease in accrued interest payable from beginning of period to end of period.	0
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	39,786
Private purpose trust fund net revenues.	54,116
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.	(9,486)
(Increase) decrease in capital lease payable from beginning of period to end of period.	0
(Increase) decrease in net pension liability from beginning of period to end of period.	(15,343)
Repayment of loan principal is an expenditure in the funds but not an expense in the SOA.	315,992
Change in Net Position of Governmental Activities - statement of activities	<u>\$146,538</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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<i>REVENUES</i>				
Taxes				
Property	\$5,945,669	\$5,945,669	\$5,796,167	(\$149,502)
Other	8,000	8,000	10,165	2,165
Intergovernmental	102,900	118,552	124,649	6,097
Licenses and Permits	40,500	40,500	28,550	(11,950)
Charges for Services	873,800	873,800	1,045,835	172,035
Fines and Forfeitures	223,100	223,100	96,818	(126,282)
Interest	19,000	19,000	20,716	1,716
Miscellaneous	43,050	49,907	165,486	115,579
<b>Total Revenues</b>	<b>7,256,019</b>	<b>7,278,528</b>	<b>7,288,386</b>	<b>9,858</b>

*EXPENDITURES*

Current:

General Administration				
County Clerk	520,225	521,665	511,550	10,115
County Judge	388,117	389,253	366,428	22,825
Elections	269,773	269,773	229,469	40,304
Non-Departmental	560,749	560,749	521,410	39,339
Records Management	135,372	135,372	87,005	48,367
Legal				
County Attorney	307,353	309,686	308,777	909
Judicial				
Court	324,929	324,929	376,694	(51,765)
District Clerk	231,029	231,029	207,733	23,296
Justices of the Peace	366,440	366,440	356,839	9,601
Financial Administration				
County Auditor	327,435	327,435	322,834	4,601
County Treasurer	139,500	139,500	131,174	8,326
Tax Assessor-Collector	633,911	633,911	597,075	36,836
Public Facilities				
Annex	71,135	71,135	53,166	17,969
Courthouse	71,200	71,200	63,511	7,689
Office Buildings	11,100	11,100	6,123	4,977
Public Safety				
Constables	207,535	209,935	183,768	26,167
Jail	407,000	407,000	348,093	58,907
Sheriff	2,353,511	2,369,163	2,319,690	49,473

(continued)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Public Welfare	\$181,443	\$181,443	\$163,245	\$18,198
Conservation - Agriculture				
Agriculture Extension Service	115,008	115,008	111,913	3,095
Debt Service				
Principal Retirement	19,650	19,650	19,611	39
Interest and Fiscal Charges	1,750	1,750	1,735	15
Total Expenditures	<u>7,644,165</u>	<u>7,667,126</u>	<u>7,287,843</u>	<u>379,283</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(388,146)</u>	<u>(388,598)</u>	<u>543</u>	<u>389,141</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				0
Operating Transfers Out	(215,000)	(215,000)	(215,000)	0
Total Other Financing Sources (Uses)	<u>(215,000)</u>	<u>(215,000)</u>	<u>(215,000)</u>	<u>0</u>
Net Changes in Fund Balances	(603,146)	(603,598)	(214,457)	389,141
Fund Balances - Beginning	1,999,831	1,999,831	1,999,831	
Fund Balances - Ending	<u>\$1,396,685</u>	<u>\$1,396,233</u>	<u>\$1,785,374</u>	<u>\$389,141</u>

The above budget includes only the General Fund and not the Jail Commissary Fund, the Unclaimed Credits Fund, and the Election Service Fund.

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$4,490,366	\$4,490,366	\$4,405,259	(\$85,107)
Intergovernmental	34,000	34,000	72,855	38,855
Licenses and Permits	660,000	660,000	707,028	47,028
Interest	14,000	14,000	22,260	8,260
Miscellaneous	4,600	4,600	38,915	34,315
Total Revenues	<u>5,202,966</u>	<u>5,202,966</u>	<u>5,246,317</u>	<u>43,351</u>
<b>EXPENDITURES</b>				
Current				
Public Transportation				
Road and Bridge	7,655,810	7,660,824	4,725,248	2,935,576
Debt Service				
Principal Retirement	81,493	81,493	81,381	112
Interest and Fiscal Charges	7,310	7,310	7,061	249
Total Expenditures	<u>7,744,613</u>	<u>7,749,627</u>	<u>4,813,690</u>	<u>2,935,937</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,541,647)</u>	<u>(2,546,661)</u>	<u>432,627</u>	<u>2,979,288</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Other Financing Sources - Capital Lease	0	0	0	0
Operating Transfers In	101,000	101,000	114,985	13,985
Operating Transfers Out	(14,000)	(14,000)	(27,985)	(13,985)
Total Other Financing Sources (Uses)	<u>87,000</u>	<u>87,000</u>	<u>87,000</u>	<u>0</u>
Net Changes in Fund Balances	<u>(2,454,647)</u>	<u>(2,459,661)</u>	<u>519,627</u>	<u>2,979,288</u>
Fund Balances - Beginning	<u>3,502,105</u>	<u>3,502,105</u>	<u>3,502,105</u>	
Fund Balances - Ending	<u>\$1,047,458</u>	<u>\$1,042,444</u>	<u>\$4,021,732</u>	<u>\$2,979,288</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$245,470	\$245,470	\$262,942	\$17,472
Interest	0	0	839	839
Total Revenues	<u>245,470</u>	<u>245,470</u>	<u>263,781</u>	<u>18,311</u>
<b>EXPENDITURES</b>				
Current:				
Debt Service				
Principal Retirement	229,525	215,000	215,000	0
Interest Retirement	14,525	29,050	29,050	0
Total Expenditures	<u>244,050</u>	<u>244,050</u>	<u>244,050</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,420	1,420	19,731	18,311
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	1,420	1,420	19,731	18,311
Fund Balances - Beginning	63,326	63,326	63,326	
Fund Balances - Ending	<u>\$64,746</u>	<u>\$64,746</u>	<u>\$83,057</u>	<u>\$18,311</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, 2017

	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
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	\$1,118,328	\$1,170,196	\$30,157	\$32,355	\$12,760	\$20,048	\$1,161,245
Receivables (net of allowance for uncollectibles)	929,414	832,413					929,414
<b>Total Current Assets</b>	<b>2,047,742</b>	<b>2,002,609</b>	<b>30,157</b>	<b>32,355</b>	<b>12,760</b>	<b>20,048</b>	<b>2,090,659</b>
<b>Noncurrent Assets</b>							
<b>Capital Assets</b>							
Land	22,609	22,609					22,609
Automotive	701,961	701,961					701,961
Buildings and Improvements	675,942	675,942					675,942
Machinery and Equipment	431,649	294,618					431,649
<b>Total Capital Assets</b>	<b>1,832,161</b>	<b>1,695,130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,832,161</b>
Less Accumulated Depreciation	(1,042,249)	(945,530)					(1,042,249)
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>789,912</b>	<b>749,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>789,912</b>
<b>Total Noncurrent Assets</b>	<b>789,912</b>	<b>749,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>789,912</b>
<b>TOTAL ASSETS</b>	<b>\$2,837,654</b>	<b>\$2,752,209</b>	<b>\$30,157</b>	<b>\$32,355</b>	<b>\$12,760</b>	<b>\$20,048</b>	<b>\$2,880,571</b>
<b>DEFERRED OUTFLOWS OF RESOURCES - GASB 68</b>							
Def. Outflow of Res.-Contributions (after 12/31/15)		84,247					0
Def. Outflow of Res.-Contributions (after 12/31/16)	88,715						88,715
Net Difference Between Projected and Actual Earnings	201,915	247,780					201,915
Changes of Assumptions	22,173	33,260					22,173
<b>Total Deferred Outflow of Resources</b>	<b>312,803</b>	<b>365,287</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>312,803</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>							
<b>Liabilities</b>							
<b>Current Liabilities (Payable from Current Assets)</b>							
Accounts Payable	\$3,112	\$2,888					\$3,112
Accrued Wages Payable	29,432	33,787					29,432
Compensated Absences	21,410	21,078					21,410
Capital Leases - Current Portion	27,406						27,406
<b>Total Current Liabilities</b>	<b>81,360</b>	<b>57,753</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81,360</b>
<b>Noncurrent Liabilities</b>							
Net Pension Liability	623,154	621,267					623,154
Capital Leases	82,219						82,219
<b>Total Noncurrent Liabilities</b>	<b>705,373</b>	<b>621,267</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>705,373</b>
<b>TOTAL LIABILITIES</b>	<b>786,733</b>	<b>679,020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>786,733</b>
<b>DEFERRED INFLOWS OF RESOURCES - GASB 68</b>							
Differences Between Expected and Actual Experience	28,183	43,877					28,183
<b>Total Deferred Inflow of Resources</b>	<b>28,183</b>	<b>43,877</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,183</b>
Invested in Capital Assets, Net of Related Debt	680,287	749,600					680,287
Unrestricted	1,655,254	1,644,999	30,157	32,355	12,760	20,048	1,698,171
<b>TOTAL NET POSITION</b>	<b>\$2,335,541</b>	<b>\$2,394,599</b>	<b>\$30,157</b>	<b>\$32,355</b>	<b>\$12,760</b>	<b>\$20,048</b>	<b>\$2,378,458</b>

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, 2017

	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	\$1,098,658	\$1,218,848	\$73,228	\$79,995	\$0	\$1,071	\$1,171,886
Miscellaneous	0	0					0
<b>TOTAL OPERATING REVENUES</b>	<b>1,098,658</b>	<b>1,218,848</b>	<b>73,228</b>	<b>79,995</b>	<b>0</b>	<b>1,071</b>	<b>1,171,886</b>
OPERATING EXPENSES							
Personal Services	854,519	862,388					854,519
Supplies	45,474	48,922					45,474
Other Services and Charges	165,748	172,087	75,652	74,215	7,365		248,765
Depreciation	96,719	61,576					96,719
<b>TOTAL OPERATING EXPENSES</b>	<b>1,162,460</b>	<b>1,144,973</b>	<b>75,652</b>	<b>74,215</b>	<b>7,365</b>	<b>0</b>	<b>1,245,477</b>
OPERATING INCOME (LOSS)	(63,802)	73,875	(2,424)	5,780	(7,365)	1,071	(73,591)
NON-OPERATING REVENUES (EXPENSES):							
Interest Income	4,744	4,537	226	217	77	81	5,047
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>4,744</b>	<b>4,537</b>	<b>226</b>	<b>217</b>	<b>77</b>	<b>81</b>	<b>5,047</b>
Income Before Transfers	(59,058)	78,412	(2,198)	5,997	(7,288)	1,152	(68,544)
Contributions		136,855					0
Transfers In							
<b>Change in Net Position</b>	<b>(59,058)</b>	<b>215,267</b>	<b>(2,198)</b>	<b>5,997</b>	<b>(7,288)</b>	<b>1,152</b>	<b>(68,544)</b>
Total Net Position - Beginning	2,394,599	2,179,332	32,355	26,358	20,048	18,896	2,447,002
<b>Total Net Position - Ending</b>	<b>\$2,335,541</b>	<b>\$2,394,599</b>	<b>\$30,157</b>	<b>\$32,355</b>	<b>\$12,760</b>	<b>\$20,048</b>	<b>\$2,378,458</b>

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, 2017

	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	\$1,001,657	\$1,074,696	\$73,228	\$79,995	\$0	\$1,071	\$1,074,885
Payments to Suppliers	(210,998)	(221,924)	(75,652)	(74,215)	(7,365)	0	(294,015)
Payments to Employees	(819,865)	(842,516)	0	0	0	0	(819,865)
Net Cash Provided(Used) By Operating Activities:	(29,206)	10,256	(2,424)	5,780	(7,365)	1,071	(38,995)
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 State Grant	0	136,855	0	0	0	0	0
Net Cash Provided (Used) By Capital and Related Financing Activities	0	136,855	0	0	0	0	0
Cash Flows from Capital and Related Financing Activities							
Purchases of Capital Assets	(137,031)	(136,855)	0	0	0	0	(137,031)
Proceeds from Capital Debt	137,031						137,031
Principal Payment on Revenue Bonds, Notes and Capital Leases	(27,406)						(27,406)
Net Cash Provided (Used) by Capital and Related Financing Activities	(27,406)	(136,855)	0	0	0	0	(27,406)
Cash Flows from Investing Activities							
Interest Received	4,744	4,537	226	217	77	81	5,047
Net Cash Provided(Used) by Investing Activities	4,744	4,537	226	217	77	81	5,047
Net Increase (Decrease) in Cash Equivalents	(51,868)	14,793	(2,198)	5,997	(7,288)	1,152	(61,354)
Cash and Cash Equivalents at Beginning of Year	1,170,196	1,155,403	32,355	26,358	20,048	18,896	1,222,599
Cash and Cash Equivalents at End of Year	\$1,118,328	\$1,170,196	\$30,157	\$32,355	\$12,760	\$20,048	\$1,161,245

(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)	(\$63,802)	\$73,875	(\$2,424)	\$5,780	(\$7,365)	\$1,071	(\$73,591)
Adjustments to Reconcile to Net Cash Flow							
Non-Cash Items Included in Net Income							
Depreciation	96,719	61,576	0	0	0	0	96,719
Changes in Current Items							
Decrease(Increase) in Accounts Receivable	(97,001)	(144,152)	0	0	0	0	(97,001)
Decr(Incr) Deferred Outflow of Resources-Contr.	(4,468)	1,392					(4,468)
Decr(Incr)-net dif. between projected and actual earnings	45,865	(213,271)					45,865
Decr(Incr)-changes of assumptions	11,087	(33,260)					11,087
Decr(Incr)-dif. between expected and actual experience	(15,694)	8,769					(15,694)
Increase(Decrease) in Accounts Payable	224	(915)	0	0	0	0	224
Increase(Decrease) in Accrued Wages Payable	(4,355)	4,799	0	0	0	0	(4,355)
Increase (Decrease) in Net pension Liability	1,887	245,514					1,887
Increase(Decrease) in Compensated Absences	332	5,929	0	0	0	0	332
Net Cash Provided (Used) by Operating Activities	(\$29,206)	\$10,256	(\$2,424)	\$5,780	(\$7,365)	\$1,071	(\$38,995)
	0	0	0	0	0	0	0
Noncash Investing, Capital and Financing Activities:							
Contributions	\$0	\$136,855					\$0
Capital Lease	137,031						137,031
Total	\$137,031	\$136,855	\$0	\$0	\$0	\$0	\$137,031

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, 2017

	Agency Funds	Private Purpose Trust Funds	Historical Commission	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$926,567		\$54,407	\$54,407
Receivables (net of allowance for uncollectibles)	0			0
Due from Others	0			0
Total Assets	<u>\$926,567</u>		<u>\$54,407</u>	<u>\$54,407</u>
<b>LIABILITIES</b>				
Accounts Payable	\$0		\$291	\$291
Due to Others	926,567		0	0
Total Liabilities	<u>926,567</u>		<u>291</u>	<u>291</u>
<b>NET POSITION</b>				
Held in Trust-Historical Purposes			54,116	54,116
Total Net Position	<u>\$0</u>		<u>\$54,116</u>	<u>\$54,116</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, 2017

	Private Purpose Trust Funds	
	Historical Commission	Total
ADDITIONS		
Contributions:		
Private Donations	\$13,377	\$13,377
Books		0
Total Contributions	<u>13,377</u>	<u>13,377</u>
Investment Earnings:		
Interest Received	232	232
Total Investment Earnings	<u>232</u>	<u>232</u>
Less Investment Expense	<u>0</u>	<u>0</u>
Net Investment Earnings	<u>232</u>	<u>232</u>
TOTAL ADDITIONS	<u>13,609</u>	<u>13,609</u>
DEDUCTIONS		
Culture and Recreation-History	16,042	16,042
Total Deductions	<u>16,042</u>	<u>16,042</u>
Change in Net Position	(2,433)	(2,433)
Net Position-Beginning	56,549	56,549
Net Position-Ending	<u>\$54,116</u>	<u>\$54,116</u>

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

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

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), public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. The accounting policies of Lavaca County, Texas, (the County) conform to generally accepted accounting principles. The County also applies all relevant Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

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

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. When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

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 nonmajor 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 charges for services. 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.

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 present 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Ambulance fund is ambulance run fees. The principal operating revenues of the Internal Service Fund are charges to the various funds for workmen's compensation premiums and unemployment tax charges. Operating expenses for enterprise funds include workmen's compensation premiums, unemployment taxes, and ambulance expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major proprietary funds:

The ambulance fund is used for emergency medical transportation. The workmen's compensation fund and the unemployment insurance are used to facilitate the process of providing workmen's compensation insurance and discharging the unemployment obligation.

C. Fiduciary Funds

*Fiduciary Funds* account for assets held by the County in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The County's fiduciary funds include the following: The County Officer Accounts and Clerk Draw fund are both used to account for the fines and fees collected and remitted by the County Officers in the course of their operations. The Historical Commission fund is used as to administer monies for Lavaca County's history.

D. 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. For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

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, 2017. Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Traditionally, property taxes are levied October 1, of the year in which assessed or as soon thereafter as practicable. Taxes are due and payable when levied since that is when the County bills the taxpayers. The County begins to collect the taxes as soon as the taxpayers are billed.

3. Inventories and Prepaid Items

Inventories of materials and supplies held by the General Fund are considered immaterial and thus are not accounted for in the Balance Sheet. In the General Fund, disbursements for supplies and materials are considered to be expenditures at the time of purchase. There were no inventory items at September 30, 2017. Certain payments to vendors reflect costs applicable to future accounting periods. There were no prepaid items at September 30, 2017. There were no costs recorded as prepaid items at September 30, 2017.

4. Restricted Assets - There were no restricted assets at September 30, 2017.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental 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, 2017.

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

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

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

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

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

Fund Balances:	
Restricted	
Construction	\$842,533
Debt Service	83,057
General Administration	317,502
Health	13,558
Judicial	212,899
Legal	64,853
Public Safety	825,836
Public Transportation	4,021,732
Unassigned	<u>1,806,160</u>
Total Fund Balance	<u>\$8,188,130</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 deferred under GASB 68.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government only has one item that qualifies for reporting in this category. It is deferred under GASB 68.

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

11. Net position flow assumption

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

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

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net 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 \$6,680,714 difference are as follows:

Bonds Payable	1,145,000
Capital Lease	154,926
Accrued Interest Payable	4,250
Compensated Absences	308,791
Net Pension Liability	<u>5,067,747</u>
	<u>\$6,680,714</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net 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 \$14,242,652 difference are as follows:

Capital assets not being depreciated	\$487,447
Capital assets being depreciated	25,455,122
Depreciation expense	(11,699,917)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in Net Position of governmental activities	<u>\$14,242,652</u>

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 \$320,135 difference are as follows:

Property Taxes Receivable	\$533,558
Allowance for Doubtful Accounts	<u>(213,423)</u>
Net	<u>\$320,135</u>

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 \$2,818,838 difference are as follows:

Fines Receivable	\$1,008,394
Allowance for Doubtful Accounts	(504,197)
Deferred Outflow of Resources-Contributions (after 12/31/16)	721,464
Deferred Outflow-Net difference between projected and actual earnings	1,642,056
Deferred Outflow-Changes of assumptions	180,320
Deferred Intflow-Actual Experience vs. Assumption	<u>(229,199)</u>
Net	<u>\$2,818,838</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net 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 (\$495,315) difference are as follows:

Capital Outlay - Additions - Not Being Depreciated	\$0
Capital Outlay - Additions - Being Depreciated (Net)	354,498
Capital Outlay - Deletions	0
Depreciation Expense	(849,813)
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u><u>(\$495,315)</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 2017 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, 2017, expenditures did not exceed appropriations in any funds.

#### C. Deficit fund equity

The county had no deficit fund balances at September 30, 2017.

#### 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, 2017, the government's bank balance of \$11,211,684 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 \$19,568,125 and the FDIC coverage is \$250,000.

The County had no investments at September 30, 2017.

B. Receivables

Receivables as of September 30, 2017 for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Road and Bridge	Ambulance	Total
<u>Receivables</u>				
Taxes	\$409,965	\$123,593		\$533,558
Accounts			2,806,107	2,806,107
Fines	1,008,394			1,008,394
Gross Receivables	<u>1,418,359</u>	<u>123,593</u>	<u>2,806,107</u>	<u>4,348,059</u>
Less: Allowance for Uncollectibles	<u>668,183</u>	<u>49,437</u>	<u>1,876,693</u>	<u>2,594,313</u>
Net Total Receivables	<u>\$750,176</u>	<u>\$74,156</u>	<u>\$929,414</u>	<u>\$1,753,746</u>

## C. Capital Assets

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

Governmental Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$487,447	\$0		\$487,447
Total capital assets not being depreciated:	487,447	0	0	487,447
Capital assets being depreciated:				
Infrastructure	2,980,510	0	0	2,980,510
Building and Improvements	13,496,495		0	13,496,495
Machinery, Equipment and Vehicles	8,679,001	354,498	55,382	8,978,117
Total capital assets being depreciated:	25,156,006	354,498	55,382	25,455,122
Less: Accumulated Depreciation for:				
Infrastructure	2,980,510	0	0	2,980,510
Building and Improvements	2,774,624	338,109	0	3,112,733
Machinery, Equipment and Vehicles	5,150,352	511,704	55,382	5,606,674
Total Accumulated Depreciation	10,905,486	849,813	55,382	11,699,917
Total Capital Assets Depreciated, Net	14,250,520	(495,315)	0	13,755,205
Governmental Activities capital assets, Net	\$14,737,967	(\$495,315)	\$0	\$14,242,652

Business-type Activities:	Beginning			Ending
Capital assets not being depreciated:	Balances	Increases	Decreases	Balances
Land	\$22,609			\$22,609
Total capital assets not being depreciated:	22,609	0	0	22,609

Capital assets being depreciated:				
Automotive	701,961			701,961
Building and Improvements	675,942			675,942
Machinery and Equipment	294,618	137,031		431,649
Total capital assets being depreciated:	1,672,521	137,031	0	1,809,552

Less: Accumulated Depreciation for:				
Automotive	546,313	50,191		596,504
Building and Improvements	155,540	15,450		170,990
Machinery and Equipment	243,677	31,078		274,755
Total Accumulated Depreciation	945,530	96,719	0	1,042,249
Total Capital Assets Depreciated, Net	726,991	40,312	0	767,303
Governmental Activities capital assets, Net	\$749,600	\$40,312	\$0	\$789,912

## Construction commitments

The County had major road reconstruction during the year ended September 30, 2017.

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

Governmental Activities	
General Administration	\$206,045
Legal	2,381
Financial Administration	13,335
Public Facilities	82,590
Public Safety	186,631
Public Transportation	344,882
Health and Welfare	12,868
Conservation - Agriculture	<u>1,081</u>
Total Depreciation Expense - Governmental Activities	<u>\$849,813</u>
Business-Type Activities	
Ambulance	<u>\$96,719</u>
Total Depreciation Expense - Business-Type Activities	<u>\$96,719</u>

D. Interfund Receivables, Payables, and Transfers

Due to/from other funds:

There were no due to/from other funds at September 30, 2017.

There were no advances at September 30, 2017.

The following are transfers for the year ended September 30, 2017.

INTRAFUND	TRANSFER IN			TOTAL
	ROAD AND BRIDGE FUND	CAPITAL IMPROVEMENT FUND	NON-MAJOR GOVERNMENTAL FUNDS	
TRANSFER OUT				
GENERAL FUND	\$90,000	\$125,000		\$215,000
ROAD AND BRIDGE FUND	24,985		3,000	27,985
TOTALS	\$114,985	\$125,000	\$3,000	\$242,985

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 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 \$6,966 for the year ended September 30, 2017. Rent expenditures were \$0 for the year ended September 30, 2017. Sublease rental income was \$0 for the year ended September 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending Sept. 30,	<u>Amount</u>
2018	\$ 6,524
2019	2,106
2020	1,644
2021	<u>411</u>
Total	<u>\$10,685</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	\$1,145,000	2012	2022	Sinking Fund	Ad Valorem Tax
Total		<u>\$1,965,000</u>	<u>\$1,145,000</u>				

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2018	\$220,000	\$25,502
2019	225,000	21,433
2020	225,000	16,820
2021	235,000	11,757
2022	240,000	6,000
TOTALS	<u>\$1,145,000</u>	<u>\$81,512</u>

Capital Leases

The Capital Leases consists of the following: The County entered into a capital lease to purchase County Clerk equipment, Ambulance Equipment, and equipment for Road and Bridge Precincts No. 1, 2, and 4. The total amount of debt is \$264,552. The security pledged for the capital leases is the equipment financed. The debt will be serviced by both the general fund, the Ambulance fund, and the road and bridge funds.

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, 2017.

The accumulated depreciation of the above equipment is as follows:

ASSET	Governmental Activities				Business-Type Activities	Total Amount
	COUNTY CLERK EQUIPMENT	PCT. 1 2017 INT. DUMP TRUCK	PCT. 2 JD BACKHOE LOADER	PCT. 4 JD BACKHOE LOADER	AMBULANCE FUND AMBULANCE LIFEPACKS	
COST	\$93,085	\$102,249	\$136,709	\$100,732	\$137,031	\$569,806
ACCUMULATED DEPRECIATION	55,851	40,900	82,025	60,439	16,746	255,961
NET ASSET	<u>\$37,234</u>	<u>\$61,349</u>	<u>\$54,684</u>	<u>\$40,293</u>	<u>\$120,285</u>	<u>\$313,845</u>

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

YEAR	Governmental Activities				Business-Type	Total Amount
	COUNTY CLERK EQUIPMENT	PCT. 1	PCT. 2	PCT. 4	AMBULANCE	
		2017 INT. DUMP TRUCK	JD BACKHOE LOADER	JD BACKHOE LOADER	FUND AMBULANCE LIFEPACKS	
2018	\$21,346	\$36,639	\$30,062	\$21,741	\$27,406	\$137,194
2019		36,640	30,062		27,406	94,108
2020					27,406	27,406
2021					27,407	27,407
Total Minimum Lease Payments	21,346	73,279	60,124	21,741	109,625	286,115
Less: Amount Representing Interest	622	3,918	16,575	449	0	21,564
Present Value of Net Minimum Lease Payments	\$20,724	\$69,361	\$43,549	\$21,292	\$109,625	\$264,551

**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	\$1,360,000	\$0	\$215,000	\$1,145,000	\$220,000	\$925,000
Total Bonds Payable	1,360,000	0	215,000	1,145,000	220,000	925,000
Capital Leases	255,918		100,992	154,926	104,838	50,088
Net Pension Liability	5,052,404	15,343		5,067,747		5,067,747
Compensated Absences	287,257	308,791	287,257	308,791	308,791	0
Total Governmental Activities	6,955,579	324,134	603,249	6,676,464	633,629	6,042,835
<u>Business-Type Activities:</u>						
Net Pension Liability	621,267	1,887		623,154		623,154
Capital Leases		137,031	27,406	109,625	27,406	82,219
Compensated Absences	21,078	21,410	21,078	21,410	21,410	0
Total Business-Type Activities	642,345	160,328	48,484	754,189	48,816	705,373
Grand Total	\$7,597,924	\$484,462	\$651,733	\$7,430,653	\$682,445	\$6,748,208

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 2017-18 year is \$330,201.

The government-wide statement of activities includes \$682,445 as "noncurrent liabilities, due within one year".

The general fund, the road and bridge fund, and the ambulance funds are used to service the net pension liability. The net pension liability is discussed in note E 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>09/30/16</u>	Year ended <u>09/30/17</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

January 22, 2018

1. Acknowledged receipt of a grant in the amount of \$100,000 from the Dickson Allen Foundation for the purchase of a new ambulance.
2. Accepted the Certificate of Unbudgeted Revenue: Insurance Proceeds for Hurricane Harvey Damage in the amount of \$446,602.

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, 2017.

E. Summary of TCDRS Funding Policy

**Net Pension Liability / (Asset)**

<b>Net Pension Liability / (Asset)</b>	<b>December 31, 2015</b>	<b>December 31, 2016</b>
Total pension liability	\$37,799,972	\$39,900,690
Fiduciary net position	32,126,300	34,209,787
Net pension liability/ (asset)	5,673,672	5,690,902
Fiduciary net position as a % of total pension liability	84.99%	85.74%
Pensionable covered payroll <sup>(1)</sup>	\$6,657,948	\$6,654,111
Net pension liability as a % of covered payroll	85.22%	85.52%

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

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

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

**Discount Rate**

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

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

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

**Other Key Actuarial Assumptions**

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

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

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

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

## Depletion of Plan Assets / GASB Discount Rate

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

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

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

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

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

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

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

### Projection of Fiduciary Net Position\*

Calendar Year Ending**	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses*** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2017	\$34,209,787	\$1,556,823	\$2,376,553	\$34,210	\$2,737,082	\$36,092,929
2018	36,092,929	1,545,296	2,273,891	36,093	2,893,160	38,221,401
2019	38,221,401	1,543,432	2,421,766	38,221	3,059,536	40,364,381
2020	40,364,381	1,556,632	2,601,300	40,364	3,226,427	42,505,776
2021	42,505,776	1,568,315	2,783,600	42,506	3,393,019	44,641,004
2022	44,641,004	1,555,770	2,979,752	44,641	3,557,600	46,729,981
2023	46,729,981	1,542,172	3,210,977	46,730	3,717,002	48,731,447
2024	48,731,447	1,529,057	3,401,852	48,731	3,870,941	50,680,862
2025	50,680,862	1,518,239	3,600,950	50,681	4,020,430	52,567,900
2026	52,567,900	1,505,768	3,810,609	52,568	4,164,384	54,374,875
2036	67,655,107	1,449,383	5,423,688	67,655	5,319,551	68,932,699
2046	85,153,809	1,756,421	5,551,194	85,154	6,743,381	88,017,263
2056	136,468,496	2,367,108	4,259,208	136,468	10,973,391	145,413,318
2066	281,317,220	3,310,876	2,496,204	281,317	22,807,875	304,658,450
2076	635,411,902	4,667,867	1,133,325	635,412	51,583,493	689,894,525
2086	1,440,011,553	6,584,487	366,672	1,440,012	116,830,670	1,561,620,025
2096	3,218,298,575	9,288,069	57,486	3,218,299	260,920,941	3,485,231,800

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

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

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

## Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances as of December 31, 2015	\$37,799,972	\$32,126,300	\$5,673,672
Changes for the year:			
Service cost	1,009,501		1,009,501
Interest on total pension liability <sup>(1)</sup>	3,024,593		3,024,593
Effect of plan changes <sup>(2)</sup>	0		0
Effect of economic/demographic gains or losses	13,008		13,008
Effect of assumptions changes or inputs	0		0
Refund of contributions	(90,586)	(90,586)	0
Benefit payments	(1,855,797)	(1,855,797)	0
Administrative expenses		(25,854)	25,854
Member contributions		465,788	(465,788)
Net investment income		2,382,190	(2,382,190)
Employer contributions		1,072,639	(1,072,639)
Other <sup>(3)</sup>	0	135,107	(135,107)
Balances as of December 31, 2016	\$39,900,690	\$34,209,787	\$5,690,902

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

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

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

### Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 8.10%, as well as what the 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	\$44,734,034	\$39,900,690	\$35,840,167
Fiduciary net position	<u>34,209,787</u>	<u>34,209,787</u>	<u>34,209,787</u>
Net pension liability/ (asset)	\$10,524,247	\$5,690,902	\$1,630,380

## Pension Expense / (Income)

Pension Expense/ (Income)	January 1, 2016 to December 31, 2016
Service cost	\$1,009,501
Interest on total pension liability <sup>(1)</sup>	3,024,593
Effect of plan changes	0
Administrative expenses	25,854
Member contributions	(465,788)
Expected investment return net of investment expenses	(2,590,368)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(130,317)
Recognition of assumption changes or inputs	101,247
Recognition of investment gains or losses	627,041
Other <sup>(1)</sup>	(135,107)
Pension expense/ (income)	\$1,466,655

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

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

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

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$267,138	\$9,756
Changes of assumptions	0	202,493
Net difference between projected and actual earnings	0	1,843,971
Contributions made subsequent to measurement date <sup>(3)</sup>	N/A	Employer determined

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

Year ended December 31:	
2017	\$597,971
2018	597,971
2019	551,505
2020	41,636
2021	0
Thereafter <sup>(4)</sup>	0

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

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

## Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation				Balances of Deferred Inflows and Outflows as of 12/31/2016	
Original Amount (a)	Date Established (b)	Original Recognition Period <sup>(1)</sup> (c)	Amount Recognized for 2016 <sup>(1)</sup> (a) + (c)	Inflows	Outflows
<i>Investment (gains) or losses</i>					
\$208,178	12/31/2016	5.0	\$41,636	\$0	\$166,543
2,533,088	12/31/2015	5.0	506,618	0	1,519,853
393,939	12/31/2014	5.0	78,788	0	157,576
<i>Economic demographic (gains) or losses</i>					
13,008	12/31/2016	4.0	3,252	0	9,756
(213,650)	12/31/2015	4.0	(53,413)	106,825	0
(400,781)	12/31/2014	5.0	(80,156)	160,312	0
<i>Assumption changes or inputs</i>					
0	12/31/2016	4.0	0	0	0
404,986	12/31/2015	4.0	101,247	0	202,493
0	12/31/2014	5.0	0	0	0

*Employer contributions made subsequent to measurement date <sup>(2)</sup>*

-----Employer Determined-----

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

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

## GASB 68 Plan Description for Lavaca County

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

- a. Lavaca County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  - 1) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
  - 2) The plan provides retirement, disability and survivor benefits.
  - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
  - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
  - 5) Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Lavaca County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2016 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

### Membership Information

Members	Dec.31, 2015	Dec. 31,2016
Number of inactive employees entitled to but not yet receiving benefits:	95	93
Number of active employees:	182	183
Average monthly salary*:	\$3,011	\$3,011
Average age*:	49.69	50.31
Average length of service in years*:	12.27	12.68

### Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients:	109	116
Average monthly benefit:	\$1,391	\$1,405

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

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

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

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

## **Summary of TCDRS Funding Policy**

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

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

#### **Introduction**

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

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

#### **TCDRS funding overview**

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

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

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

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

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

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

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

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

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

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

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

#### ***Amortization policy***

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

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

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

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

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

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

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

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

### ***Actuarial assumptions***

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

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

### **Oversight**

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

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

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended December 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Total Pension Liability</b>										
Service cost	\$1,009,501	\$915,697	\$890,868	N/A						
Interest on total pension liability	3,024,593	2,869,126	2,733,063	N/A						
Effect of plan changes	0	(145,397)	0	N/A						
Effect of assumption changes or inputs	0	404,986	0	N/A						
Effect of economic/demographic (gains) or losses	13,008	(213,650)	(400,781)	N/A						
Benefit payments/refunds of contributions	<u>(1,946,383)</u>	<u>(1,718,343)</u>	<u>(1,648,618)</u>	<u>N/A</u>						
Net change in total pension liability	2,100,718	2,112,420	1,574,532	N/A						
Total pension liability, beginning	<u>37,799,972</u>	<u>35,687,552</u>	<u>34,113,019</u>	<u>N/A</u>						
Total pension liability, ending (a)	<u>\$39,900,690</u>	<u>\$37,799,972</u>	<u>\$35,687,552</u>	<u>N/A</u>						
<b>Fiduciary Net Position</b>										
Employer contributions	\$1,072,639	\$1,073,260	\$1,000,610	N/A						
Member contributions	465,788	466,056	434,509	N/A						
Investment income net of investment expenses	2,382,190	93,944	2,093,326	N/A						
Benefit payments/refunds of contributions	(1,946,383)	(1,718,343)	(1,648,618)	N/A						
Administrative expenses	(25,854)	(23,176)	(24,240)	N/A						
Other	<u>135,107</u>	<u>(21,463)</u>	(242,953)	N/A						
Net change in fiduciary net position	2,083,487	(129,721)	1,612,634	N/A						
Fiduciary net position, beginning	<u>32,126,300</u>	<u>32,256,021</u>	<u>30,643,387</u>	<u>N/A</u>						
Fiduciary net position, ending (b)	<u>\$34,209,787</u>	<u>\$32,126,300</u>	<u>\$32,256,021</u>	<u>N/A</u>						
Net pension liability/ (asset), ending= (a) - (b)	<u>\$5,690,902</u>	<u>\$5,673,672</u>	<u>\$3,431,530</u>	<u>N/A</u>						
Fiduciary net position as a % of total pension liability	85.74%	84.99%	90.38%	N/A						
Pensionable covered payroll	\$6,654,111	\$6,657,948	\$6,207,264	N/A						
Net pension liability/(asset) as % of covered payroll	85.52%	85.22%	55.28%	N/A						

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

## Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution <sup>(1)</sup>	Actual Employer Contribution <sup>(1)</sup>	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(2)</sup>	Actual Contribution as a % of Covered Payroll
2007	\$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%
2015	1,059,945	1,073,260	(13,315)	6,657,948	16.1%
2016	1,045,361	1,072,639	<b>(27,279)</b>	6,654,111	16.1%

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

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

## Notes to Schedule

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

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

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.4 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions. 2016: No changes in plan provisions.

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

## Actuarial Methods and Assumptions Used for GASB Calculations

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

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

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

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

## Actuarial Methods and Assumptions Used for Funding Valuation

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

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

### Economic Assumptions

#### TCDRS system-wide economic assumptions:

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

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

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

#### Employer-specific economic assumptions:

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

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

LAVACA COUNTY, TEXAS  
 CAPITAL IMPROVEMENT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Interest	\$400	\$400	\$1,362	\$962
Miscellaneous	1,000	1,000	1,300	300
Total Revenues	1,400	1,400	2,662	1,262
<b>EXPENDITURES</b>				
Capital Projects -				
Capital Outlay and Other	125,000	125,000	24,352	100,648
Total Expenditures	125,000	125,000	24,352	100,648
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,600)	(123,600)	(21,690)	101,910
<b>OTHER FINANCING SOURCES (USES):</b>				
Other Financing Sources -				
Operating Transfers In	125,000	125,000	125,000	0
Total Other Financing Sources (Uses)	125,000	125,000	125,000	0
Net Changes in Fund Balances	1,400	1,400	103,310	101,910
Fund Balances - Beginning	229,986	229,986	229,986	
Fund Balances - Ending	\$231,386	\$231,386	\$333,296	\$101,910

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, 2017

	General Fund	Jail Commissary Account	Unclaimed Credits	Election Service Fund	Total
<i>ASSETS</i>					
Cash and Cash Equivalents	\$2,043,555	\$10,758	\$3,252	\$7,470	\$2,065,035
Receivables (net of allowance for uncollectibles)	245,979				245,979
Prepaid Insurance					0
Total Assets	<u>\$2,289,534</u>	<u>\$10,758</u>	<u>\$3,252</u>	<u>\$7,470</u>	<u>\$2,311,014</u>
<i>LIABILITIES AND FUND BALANCES:</i>					
<i>Liabilities:</i>					
Accounts Payable	\$46,366		\$694		\$47,060
Bank Overdraft					0
Due to Other Funds					0
Accrued Wages Payable	47,829				47,829
Total Liabilities	<u>94,195</u>	<u>0</u>	<u>694</u>	<u>0</u>	<u>94,889</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>					
Unearned Revenues - Ad Valorem Taxes	<u>409,965</u>				<u>409,965</u>
<i>Fund Balances:</i>					
Unassigned	<u>1,785,374</u>	<u>10,758</u>	<u>2,558</u>	<u>7,470</u>	<u>1,806,160</u>
Total Fund Balance	<u>1,785,374</u>	<u>10,758</u>	<u>2,558</u>	<u>7,470</u>	<u>1,806,160</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$2,289,534</u>	<u>\$10,758</u>	<u>\$3,252</u>	<u>\$7,470</u>	<u>\$2,311,014</u>

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, 2017

	General Fund	Jail Commissary Account	Unclaimed Credits	Election Service Fund	Total
<i>REVENUES</i>					
Taxes					
Property	\$5,796,167				\$5,796,167
Other	10,165				10,165
Intergovernmental	124,649				124,649
Licenses and Permits	28,550				28,550
Charges for Services	1,045,835			4,007	1,049,842
Fines and Forfeitures	96,818				96,818
Interest	20,716		15	25	20,756
Miscellaneous	165,486	4,679	58		170,223
Total Revenues	<u>7,288,386</u>	<u>4,679</u>	<u>73</u>	<u>4,032</u>	<u>7,297,170</u>
<i>EXPENDITURES</i>					
Current:					
General Administration	1,715,862		7	1,145	1,717,014
Legal	308,777				308,777
Judicial	941,266				941,266
Financial Administration	1,051,083				1,051,083
Public Facilities	122,800				122,800
Public Safety	2,851,551				2,851,551
Health and Welfare	163,245				163,245
Conservation - Agriculture	111,913				111,913
Debt Service					
Principal Retirement	19,611				19,611
Interest and Fiscal Charges	1,735				1,735
Total Expenditures	<u>7,287,843</u>	<u>0</u>	<u>7</u>	<u>1,145</u>	<u>7,288,995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>543</u>	<u>4,679</u>	<u>66</u>	<u>2,887</u>	<u>8,175</u>
<i>OTHER FINANCING SOURCES (USES):</i>					
Sale of Capital Assets					0
Operating Transfers In	0				0
Operating Transfers Out	(215,000)				(215,000)
Total Other Financing Sources (Uses)	<u>(215,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(215,000)</u>
Net Changes in Fund Balances	(214,457)	4,679	66	2,887	(206,825)
Fund Balances - Beginning	1,999,831	6,079	2,492	4,583	2,012,985
Fund Balances - Ending	<u>\$1,785,374</u>	<u>\$10,758</u>	<u>\$2,558</u>	<u>\$7,470</u>	<u>\$1,806,160</u>

The accompanying notes are an integral part of this statement.

LAVACA COUNTY, TEXAS  
 COMBINING BALANCE SHEET - ROAD AND BRIDGE FUND  
 SEPTEMBER 30, 2017

	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	Road and Bridge Property No. 4	Road and Bridge FMR No. 1
<i>ASSETS</i>											
Cash and Cash Equivalents	\$555,443	\$370,561	\$182,508	\$359,783	\$91,965	\$17,499	\$76	\$4,068	\$42,315	\$30,800	\$774,208
Receivables (net of allowance for uncollectibles)											21,498
Total Assets	<u>\$555,443</u>	<u>\$370,561</u>	<u>\$182,508</u>	<u>\$359,783</u>	<u>\$91,965</u>	<u>\$17,499</u>	<u>\$76</u>	<u>\$4,068</u>	<u>\$42,315</u>	<u>\$30,800</u>	<u>\$795,706</u>
<i>LIABILITIES AND FUND BALANCES:</i>											
<i>Liabilities:</i>											
Accounts Payable	\$53	\$1,434	\$616	\$475							\$2,381
Accrued Wages Payable	21,041	20,481	16,659	16,877							
Total Liabilities	<u>21,094</u>	<u>21,915</u>	<u>17,275</u>	<u>17,352</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,381</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>											
Unearned Revenues - Ad Valorem Taxes											21,498
<i>Fund Balances:</i>											
<i>Restricted</i>											
Public Transportation	534,349	348,646	165,233	342,431	91,965	17,499	76	4,068	42,315	30,800	771,827
Total Fund Balance	<u>534,349</u>	<u>348,646</u>	<u>165,233</u>	<u>342,431</u>	<u>91,965</u>	<u>17,499</u>	<u>76</u>	<u>4,068</u>	<u>42,315</u>	<u>30,800</u>	<u>771,827</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$555,443</u>	<u>\$370,561</u>	<u>\$182,508</u>	<u>\$359,783</u>	<u>\$91,965</u>	<u>\$17,499</u>	<u>\$76</u>	<u>\$4,068</u>	<u>\$42,315</u>	<u>\$30,800</u>	<u>\$795,706</u>

The accompanying notes are an integral part of this statement.

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
\$649,359	\$261,535	\$617,131	\$22,266	\$5,335	\$46,404	\$75	\$73,793	\$4,105,124
21,498	17,051	14,109						74,156
<u>\$670,857</u>	<u>\$278,586</u>	<u>\$631,240</u>	<u>\$22,266</u>	<u>\$5,335</u>	<u>\$46,404</u>	<u>\$75</u>	<u>\$73,793</u>	<u>\$4,179,280</u>
\$873	\$1,301	\$871					\$330	\$8,334
								75,058
<u>873</u>	<u>1,301</u>	<u>871</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>330</u>	<u>83,392</u>
<u>21,498</u>	<u>17,051</u>	<u>14,109</u>						<u>74,156</u>
648,486	260,234	616,260	22,266	5,335	46,404	75	73,463	4,021,732
<u>648,486</u>	<u>260,234</u>	<u>616,260</u>	<u>22,266</u>	<u>5,335</u>	<u>46,404</u>	<u>75</u>	<u>73,463</u>	<u>4,021,732</u>
<u>\$670,857</u>	<u>\$278,586</u>	<u>\$631,240</u>	<u>\$22,266</u>	<u>\$5,335</u>	<u>\$46,404</u>	<u>\$75</u>	<u>\$73,793</u>	<u>\$4,179,280</u>

LAVACA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - ROAD AND BRIDGE FUNDS  
 YEAR ENDED SEPTEMBER 30, 2017

	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	Road and Bridge Property No. 4	Road and Bridge FMR No. 1
<i>REVENUES</i>											
Taxes											
Property	\$573,125	\$573,125	\$454,548	\$375,496							\$704,400
Intergovernmental			16,451								
Licenses and Permits	176,757	176,757	176,757	176,757							
Interest	5,401	5,402	5,401	5,401					179	129	
Miscellaneous					4,338	22,249	248	679			7,401
Total Revenues	<u>755,283</u>	<u>755,284</u>	<u>653,157</u>	<u>557,654</u>	<u>4,338</u>	<u>22,249</u>	<u>248</u>	<u>679</u>	<u>179</u>	<u>129</u>	<u>711,801</u>
<i>EXPENDITURES</i>											
Current:											
Public Transportation											
Road and Bridge	500,695	663,624	572,196	424,198		43,003	45,248		132		730,913
Debt Service											
Principal Retirement								20,703			32,888
Interest and Fiscal Charges								1,038			3,751
Total Expenditures	<u>500,695</u>	<u>663,624</u>	<u>572,196</u>	<u>424,198</u>	<u>0</u>	<u>43,003</u>	<u>45,248</u>	<u>21,741</u>	<u>132</u>	<u>0</u>	<u>767,552</u>
Excess (Deficiency) of Revenues Over (Under)											
Expenditures	<u>254,588</u>	<u>91,660</u>	<u>80,961</u>	<u>133,456</u>	<u>4,338</u>	<u>(20,754)</u>	<u>(45,000)</u>	<u>(21,062)</u>	<u>47</u>	<u>129</u>	<u>(55,751)</u>
<i>OTHER FINANCING SOURCES (USES):</i>											
Other Financing Sources - Capital Lease											
Operating Transfers In					22,500	22,500	22,500	22,500	1,000	10,000	
Operating Transfers Out		(1,000)		(10,000)		(13,985)					(1,500)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(1,000)</u>	<u>0</u>	<u>(10,000)</u>	<u>22,500</u>	<u>8,515</u>	<u>22,500</u>	<u>22,500</u>	<u>1,000</u>	<u>10,000</u>	<u>(1,500)</u>
Net Changes in Fund Balances	254,588	90,660	80,961	123,456	26,838	(12,239)	(22,500)	1,438	1,047	10,129	(57,251)
Fund Balances - Beginning	279,761	257,986	84,272	218,975	65,127	29,738	22,576	2,630	41,268	20,671	829,078
Fund Balances - Ending	<u>\$534,349</u>	<u>\$348,646</u>	<u>\$165,233</u>	<u>\$342,431</u>	<u>\$91,965</u>	<u>\$17,499</u>	<u>\$76</u>	<u>\$4,068</u>	<u>\$42,315</u>	<u>\$30,800</u>	<u>\$771,827</u>

The accompanying notes are an integral part of this statement.

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
\$704,400	\$558,662	\$461,503						\$4,405,259
	23	22,077	8,576	8,576	8,576	8,576		72,855
								707,028
							347	22,260
4,000								38,915
<u>708,400</u>	<u>558,685</u>	<u>483,580</u>	<u>8,576</u>	<u>8,576</u>	<u>8,576</u>	<u>8,576</u>	<u>347</u>	<u>5,246,317</u>
584,734	708,651	382,368	12,544	12,340		31,991	12,611	4,725,248
27,790								81,381
2,272								7,061
<u>614,796</u>	<u>708,651</u>	<u>382,368</u>	<u>12,544</u>	<u>12,340</u>	<u>0</u>	<u>31,991</u>	<u>12,611</u>	<u>4,813,690</u>
93,604	(149,966)	101,212	(3,968)	(3,764)	8,576	(23,415)	(12,264)	432,627
								0
13,985								114,985
(1,500)								(27,985)
<u>12,485</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>87,000</u>
106,089	(149,966)	101,212	(3,968)	(3,764)	8,576	(23,415)	(12,264)	519,627
542,397	410,200	515,048	26,234	9,099	37,828	23,490	85,727	3,502,105
<u>\$648,486</u>	<u>\$260,234</u>	<u>\$616,260</u>	<u>\$22,266</u>	<u>\$5,335</u>	<u>\$46,404</u>	<u>\$75</u>	<u>\$73,463</u>	<u>\$4,021,732</u>

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

	SPECIAL REVENUE																	
	Abandoned Motor Vehicle	Ambulance Service Grant	Appellate Judicial System Fee	Attorney Hot Check Collection	Child Abuse Prevention	County Attorney Judicial Appt. Fee	County Attorney Pretrial Fee	County Clerk Digital Preserve	County Clerk Technology	Courthouse Security	District Clerk Archive	District Clerk Technology	District Clerk Digital Preserve	Emergency Appropriation	Family Protection	Jury Service	Justice Court Building Security No. 1	Justice Court Building Security No. 2
ASSETS																		
Cash and Cash Equivalents	\$45,721	\$513,146	\$1,805	\$17,259	\$575	\$204	\$47,492	\$9,440	\$1,155	\$104,885	\$12,178	\$1,633	\$16,743	\$122,332	\$12,886	\$8,798	\$4,238	\$1,040
Receivables (net of allowance for uncollectibles)																		
<b>Total Assets</b>	<b>\$45,721</b>	<b>\$513,146</b>	<b>\$1,805</b>	<b>\$17,259</b>	<b>\$575</b>	<b>\$204</b>	<b>\$47,492</b>	<b>\$9,440</b>	<b>\$1,155</b>	<b>\$104,885</b>	<b>\$12,178</b>	<b>\$1,633</b>	<b>\$16,743</b>	<b>\$122,332</b>	<b>\$12,886</b>	<b>\$8,798</b>	<b>\$4,238</b>	<b>\$1,040</b>
LIABILITIES AND FUND BALANCES																		
Liabilities																		
Accounts Payable				\$102														
Accrued Wages Payable																		
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balances																		
Restricted																		
Construction																		
General Administration								9,440	1,155									
Health																		
Judicial			1,805		575					12,178	1,633	16,743		12,886	8,798	4,238	1,040	
Legal				17,157		204	47,492											
Public Safety	45,721	513,146								104,885			122,332					
Unassigned																		
<b>Total Fund Balances</b>	<b>45,721</b>	<b>513,146</b>	<b>1,805</b>	<b>17,157</b>	<b>575</b>	<b>204</b>	<b>47,492</b>	<b>9,440</b>	<b>1,155</b>	<b>104,885</b>	<b>12,178</b>	<b>1,633</b>	<b>16,743</b>	<b>122,332</b>	<b>12,886</b>	<b>8,798</b>	<b>4,238</b>	<b>1,040</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$45,721</b>	<b>\$513,146</b>	<b>\$1,805</b>	<b>\$17,259</b>	<b>\$575</b>	<b>\$204</b>	<b>\$47,492</b>	<b>\$9,440</b>	<b>\$1,155</b>	<b>\$104,885</b>	<b>\$12,178</b>	<b>\$1,633</b>	<b>\$16,743</b>	<b>\$122,332</b>	<b>\$12,886</b>	<b>\$8,798</b>	<b>\$4,238</b>	<b>\$1,040</b>

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

SPECIAL REVENUE

Justice Court Building Security No. 3	Justice Court Building Security No. 4	Justice Court Technology No. 1	Justice Court Technology No. 2	Justice Court Technology No. 3	Justice Court Technology No. 4	Law Enforcement Training	Law Library	Records Archive	Records Management Courthouse	Records Management County Clerk	Records Management District Clerk	Senior Citizens	Sheriff's Contraband	Special Reserve	Task Force Indigent Defense	Tobacco Settlement	TOTAL NON-MAJOR GOVERNMENTAL
\$946	\$8,815	\$1,801	\$1,525	\$1,141	\$16,734	\$20,192	\$87,110	\$149,098	\$17,651	\$159,301	\$6,861		\$1,909	\$509,237	\$28,280	\$13,558	\$1,945,689
																	0
\$946	\$8,815	\$1,801	\$1,525	\$1,141	\$16,734	\$20,192	\$87,110	\$149,098	\$17,651	\$159,301	\$6,861	\$0	\$1,909	\$509,237	\$28,280	\$13,558	\$1,945,689
							\$210										\$312
								362		1,130							1,492
0	0	0	0	0	0	0	210	362	0	1,130	0	0	0	0	0	0	1,804
														509,237			509,237
								148,736		158,171							317,502
946	8,815	1,801	1,525	1,141	16,734		86,900				6,861				28,280	13,558	13,558
																	212,899
																	64,853
							20,192		17,651				1,909				825,836
																	0
946	8,815	1,801	1,525	1,141	16,734	20,192	86,900	148,736	17,651	158,171	6,861	0	1,909	509,237	28,280	13,558	1,943,885
\$946	\$8,815	\$1,801	\$1,525	\$1,141	\$16,734	\$20,192	\$87,110	\$149,098	\$17,651	\$159,301	\$6,861	\$0	\$1,909	\$509,237	\$28,280	\$13,558	\$1,945,689

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

	SPECIAL REVENUE																	
	Abandoned Motor Vehicle	Ambulance Service Grant	Appellate Judicial System Fee	Attorney Hot Check Collection	Child Abuse Prevention	County Attorney Judicial Appt. Fee	County Attorney Pretrial Fee	County Clerk Digital Preserve	County Clerk Technology	Courthouse Security	District Clerk Archive	District Clerk Technology	District Clerk Digital Preserve	Emergency Appropriation	Family Protection	Jury Service	Justice Court Building Security No. 1	Justice Court Building Security No. 2
<b>REVENUES</b>																		
Intergovernmental			\$1,805			\$27,500												
Charges for Services				2,990	100		6,500	1,340	274	10,659	2,018	140	2,275		1,125	3,324		
Fines and Forfeitures																	234	53
Interest	210	2,178		2	3	58	184	37	6	434	48	9	65	502	51		18	4
Miscellaneous		203,876																
<b>Total Revenues</b>	<b>210</b>	<b>206,054</b>	<b>1,805</b>	<b>2,992</b>	<b>103</b>	<b>27,558</b>	<b>6,684</b>	<b>1,377</b>	<b>280</b>	<b>11,093</b>	<b>2,066</b>	<b>149</b>	<b>2,340</b>	<b>502</b>	<b>1,176</b>	<b>3,324</b>	<b>252</b>	<b>57</b>
<b>EXPENDITURES</b>																		
Current:																		
General Administration																		
County Clerk																		
Records Management																		
Legal																		
Check Collection				1,189														
County Attorney						27,500												
Judicial																		
Indigent Defense																		
Judicial			1,555															
Jury																3,341		
Public Safety																		
Emergency Operations		24,108																
Sheriff	10,533									5,551								
Health and Welfare																		
Senior Citizens																		
Capital Projects -																		
Capital Outlay and Other																		
<b>Total Expenditures</b>	<b>10,533</b>	<b>24,108</b>	<b>1,555</b>	<b>1,189</b>	<b>0</b>	<b>27,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,551</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,341</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues Over (Under)																		
Expenditures	(10,323)	181,946	250	1,803	103	58	6,684	1,377	280	5,542	2,066	149	2,340	502	1,176	(17)	252	57
<b>OTHER FINANCING SOURCES (USES):</b>																		
Transfers In																		
Transfers Out																		
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Changes in Fund Balances</b>	<b>(10,323)</b>	<b>181,946</b>	<b>250</b>	<b>1,803</b>	<b>103</b>	<b>58</b>	<b>6,684</b>	<b>1,377</b>	<b>280</b>	<b>5,542</b>	<b>2,066</b>	<b>149</b>	<b>2,340</b>	<b>3,502</b>	<b>1,176</b>	<b>(17)</b>	<b>252</b>	<b>57</b>
Fund Balances - Beginning	56,044	331,200	1,555	15,354	472	146	40,808	8,063	875	99,343	10,112	1,484	14,403	118,830	11,710	8,815	3,986	983
<b>Fund Balances - Ending</b>	<b>\$45,721</b>	<b>\$513,146</b>	<b>\$1,805</b>	<b>\$17,157</b>	<b>\$575</b>	<b>\$204</b>	<b>\$47,492</b>	<b>\$9,440</b>	<b>\$1,155</b>	<b>\$104,885</b>	<b>\$12,178</b>	<b>\$1,633</b>	<b>\$16,743</b>	<b>\$122,332</b>	<b>\$12,886</b>	<b>\$8,798</b>	<b>\$4,238</b>	<b>\$1,040</b>

The accompanying notes are an integral part of this statement.



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

	<u>Agency Funds</u>		
	COUNTY OFFICER ACCOUNTS	CLERK DRAW	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$914,964	\$11,603	\$926,567
Receivables (net of allowance for uncollectibles)	0		0
Due from Others			0
Total Assets	<u>\$914,964</u>	<u>\$11,603</u>	<u>\$926,567</u>
<b>LIABILITIES:</b>			
Accounts Payable			0
Due to Others	914,964	11,603	926,567
Total Liabilities	<u>914,964</u>	<u>11,603</u>	<u>926,567</u>
<b>NET ASSETS</b>			
Held in Trust - Unexpendable	0	0	0
Held in Trust - Historical Purposes	0	0	0
Total Net Position	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>