

SOMERVELL COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017

SOMERVELL COUNTY, TEXAS

For the year ended September 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members
of the Commissioners' Court
Somervell 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 Somervell 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 Somervell County, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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, budgetary comparison information, Texas County and District Retirement System pension schedules, and related notes to supplementary information on pages 3 through 12, and pages 45 through 48, 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 regarding 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 the Somervell County's financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining 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 financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Boucher, Morgan & Young". The signature is written in dark ink and is positioned in the lower-left quadrant of the page.

Stephenville , Texas
August 2, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Somervell County, Texas, we offer readers of Somervell County's financial statements this narrative overview and analysis of the financial activities of Somervell County for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Somervell County exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2017, by \$32,929,165 (*net position*). Of this amount, \$10,108,282 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position decreased by \$937,100.
- As of the close of the current fiscal year, Somervell County's governmental funds reported combined ending fund balances of \$10,607,493.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,377,573, or 95% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Somervell County's basic financial statements and its component unit. The County's 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 the County's finances, in a manner similar to a private-sector business. This includes the statement of net assets and the statement of activities.

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

The *statement of activities* presents information showing how the 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 such as uncollected taxes and fines revenues and accrued interest payable on outstanding debt.

Both of the government-wide financial statements distinguish functions of the County 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 the County include public

facilities, financial administration, legal, judicial, health and welfare, conservation, public safety, road and bridge, commissioner's office, parks and recreation, economic development and non-departmental. The business-type activities of the County include the golf course and expo/amphitheater. The government-wide financial statements can be found on Exhibits A-1 and B-1 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 objective. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The focus of the fund financial statements is on major funds that meet minimum criteria (a percentage of assets, liabilities, revenue or expenditures of fund category and of the governmental funds combined), or those that the County wishes to report as major.

Governmental fund. 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several 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, which is a major fund. Data from the remaining 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.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C-1 and C-3 of this report.

Proprietary funds. The County maintains a proprietary fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its golf course and expo/amphitheatre. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the golf course and for the expo/amphitheatre, both of which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on Exhibits D-1 to D-3 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibit E-1 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-43 of this report.

Required Supplementary Information Other than MD&A — Auditing standards generally accepted in the United States of America require, in addition to the basic financial statements and accompanying notes, the report present certain required supplementary information. Retirement plan funding progress is included in this section along with schedules of actual and budgetary comparisons of the County's General Fund. Required supplementary information can be found on pages 45-47 of this report.

Combining fund financial statements. The combining statements referred to earlier in connection with governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 50-53 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 the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$32,929,165 as of September 30, 2017. By far, the largest portion of the County's net position reflects its investment in capital assets (e.g. land, building, machinery and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the County's net position, \$190,809, represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$10,108,282, may be used to meet the government's ongoing obligations to citizens and creditors.

Following are summaries of the County's Statement of Net Position (Table 1) and Statement of Activities (Table 2).

Table 1

	Condensed Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 11,528,714	\$ 11,464,005	\$ 1,079,919	\$ 944,380	\$ 12,608,633	\$ 12,408,385
Capital assets	12,301,796	12,638,119	10,509,406	11,212,829	22,811,202	23,850,948
Deferred outflows	2,127,272	2,520,397	445,144	523,561	2,572,416	3,043,958
Total Assets and Deferred Outflows	25,957,782	26,622,521	12,034,469	12,680,770	37,992,251	39,303,291
Current liabilities	290,858	256,635	36,781	67,291	327,639	323,926
Long-term liabilities	-	274,376	181,128	267,184	181,128	541,560
Net pension liability	3,416,096	3,401,997	709,508	706,695	4,125,604	4,108,692
Deferred inflows	354,781	383,238	73,934	79,610	428,715	462,848
Total Liabilities and Deferred Inflows	4,061,735	4,316,246	1,001,351	1,120,780	5,063,086	5,437,026
Net Position:						
Invested in capital assets net of related debt	12,301,796	12,363,743	10,328,278	10,945,645	22,630,074	23,309,388
Restricted	190,809	138,627	-	-	190,809	138,627
Unrestricted	9,403,442	9,803,905	704,840	614,345	10,108,282	10,418,250
Total Net Position	\$ 21,896,047	\$ 22,306,275	\$ 11,033,118	\$ 11,559,990	\$ 32,929,165	\$ 33,866,265

Table 2

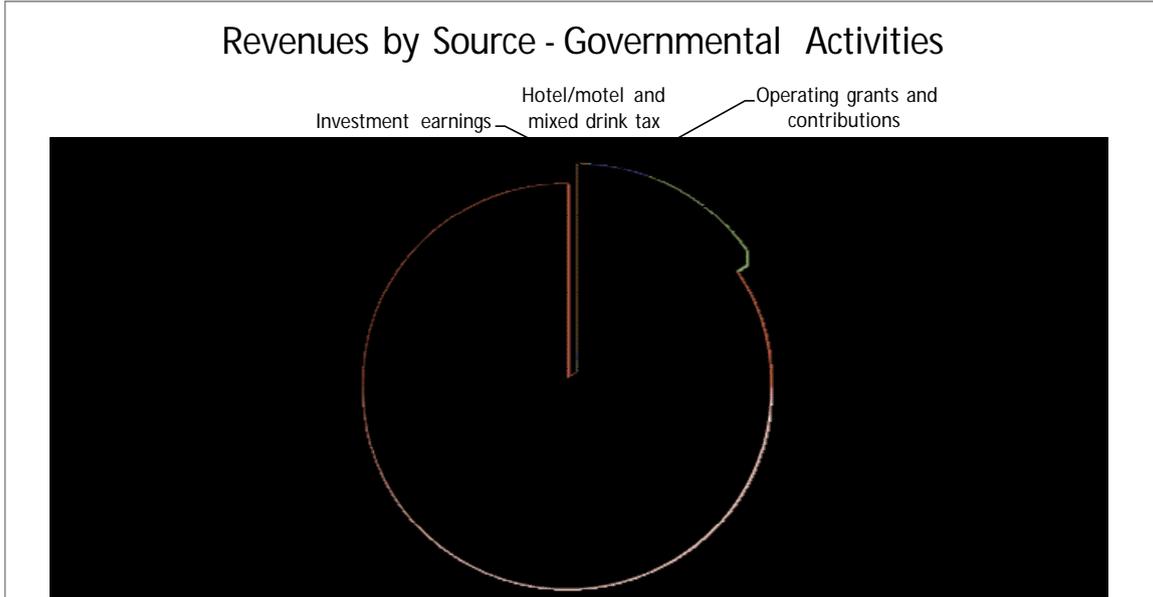
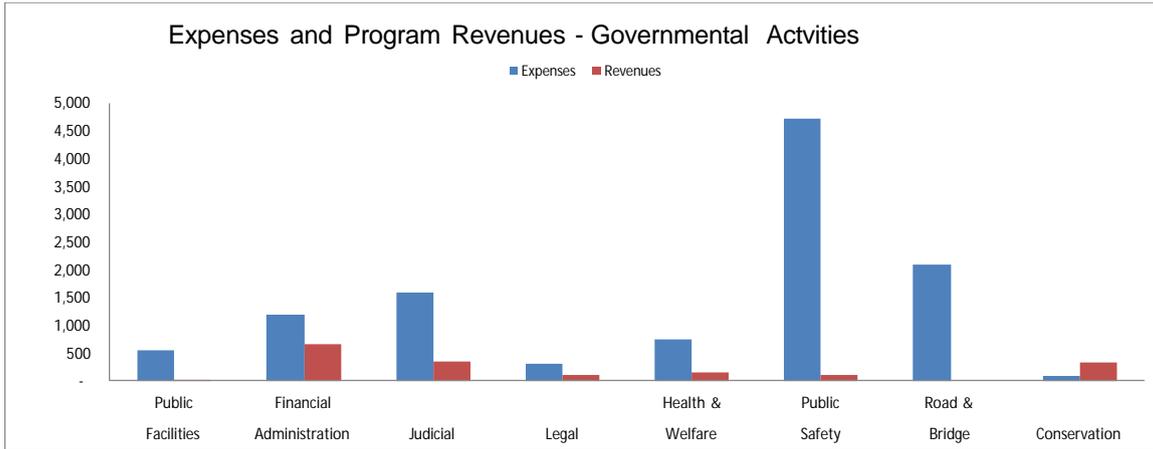
	Condensed Changes in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,204,961	\$ 1,259,924	\$ 2,220,218	\$ 2,348,131	\$ 3,425,179	\$ 3,608,055
Operating grants and contributions	517,080	387,790	-	-	517,080	387,790
General Revenue						
Property taxes	10,157,840	11,045,948	-	-	10,157,840	11,045,948
Mixed drink tax	13,640	13,628	-	-	13,640	13,628
Hotel/motel tax	48,837	38,099	-	-	48,837	38,099
Investment earnings	94,835	25,740	5,252	1,445	100,087	27,185
Other revenues	97,378	145,987	-	-	97,378	145,987
Total revenues	<u>12,134,571</u>	<u>12,917,116</u>	<u>2,225,470</u>	<u>2,349,576</u>	<u>14,360,041</u>	<u>15,266,692</u>
Expenses						
Public facilities	556,735	540,340	-	-	556,735	540,340
Financial administration	1,178,239	1,152,742	-	-	1,178,239	1,152,742
Legal	307,848	303,343	-	-	307,848	303,343
Judicial	1,578,587	1,353,149	-	-	1,578,587	1,353,149
Health and welfare	739,927	742,383	-	-	739,927	742,383
Conservation	92,250	123,569	-	-	92,250	123,569
Public safety	4,727,222	4,241,686	-	-	4,727,222	4,241,686
Road and bridge	2,087,850	1,870,109	-	-	2,087,850	1,870,109
Commissioners' office	8,344	7,156	-	-	8,344	7,156
Parks and recreation	195,492	170,599	-	-	195,492	170,599
Economic development	49,886	122,614	-	-	49,886	122,614
Nondepartmental	254,789	301,797	-	-	254,789	301,797
Interest and fiscal charges	6,891	13,602	9,225	12,098	16,116	25,700
Golf Course	-	-	2,149,010	1,924,040	2,149,010	1,924,040
Expo/Amphitheater	-	-	1,287,532	1,313,724	1,287,532	1,313,724
Total Expenses	<u>11,784,060</u>	<u>10,943,089</u>	<u>3,445,767</u>	<u>3,249,862</u>	<u>15,229,827</u>	<u>14,192,951</u>
Increase (decrease) in net position before transfers	350,511	1,974,027	(1,220,297)	(900,286)	(869,786)	1,073,741
Gain (loss) on disposal of capital assets	(67,314)	-	-	-	(67,314)	-
Transfers	(693,425)	(682,893)	693,425	682,893	-	-
Increase (decrease) in net position	(410,228)	1,291,134	(526,872)	(217,393)	(937,100)	1,073,741
Net Position October 1	22,306,275	21,015,141	11,559,990	11,777,383	33,866,265	32,792,524
Net Position September 30	<u>\$ 21,896,047</u>	<u>\$ 22,306,275</u>	<u>\$ 11,033,118</u>	<u>\$ 11,559,990</u>	<u>\$ 32,929,165</u>	<u>\$ 33,866,265</u>

Governmental Activities - Governmental activities decreased the County's net position by \$410,228 compared with a \$1,291,134 increase in the prior year. Total governmental activities revenues decreased \$782,545 to \$12,134,571. Total governmental activities expenses increased \$840,971 from the prior year.

Key elements of these changes are as follows:

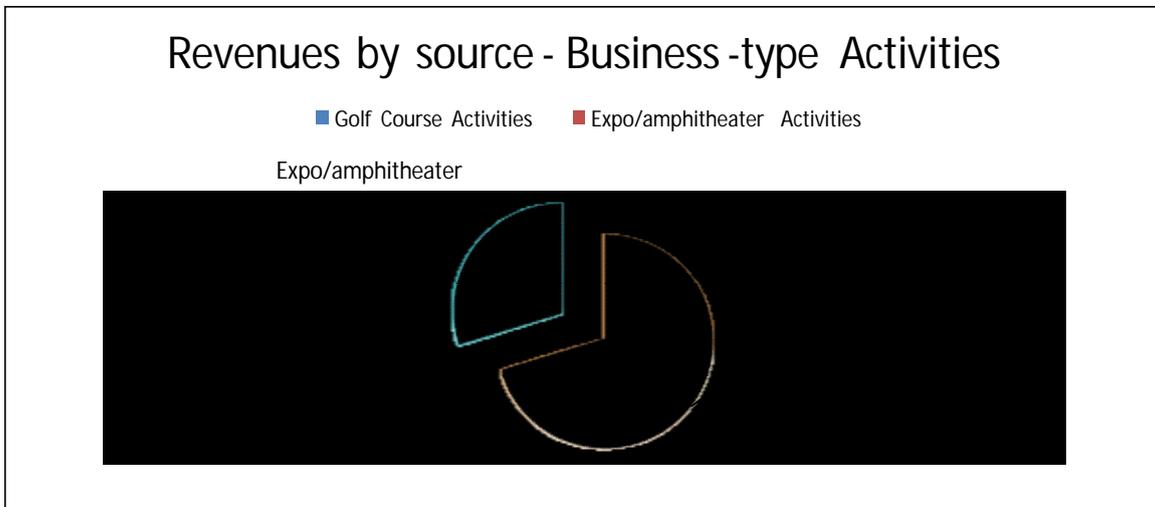
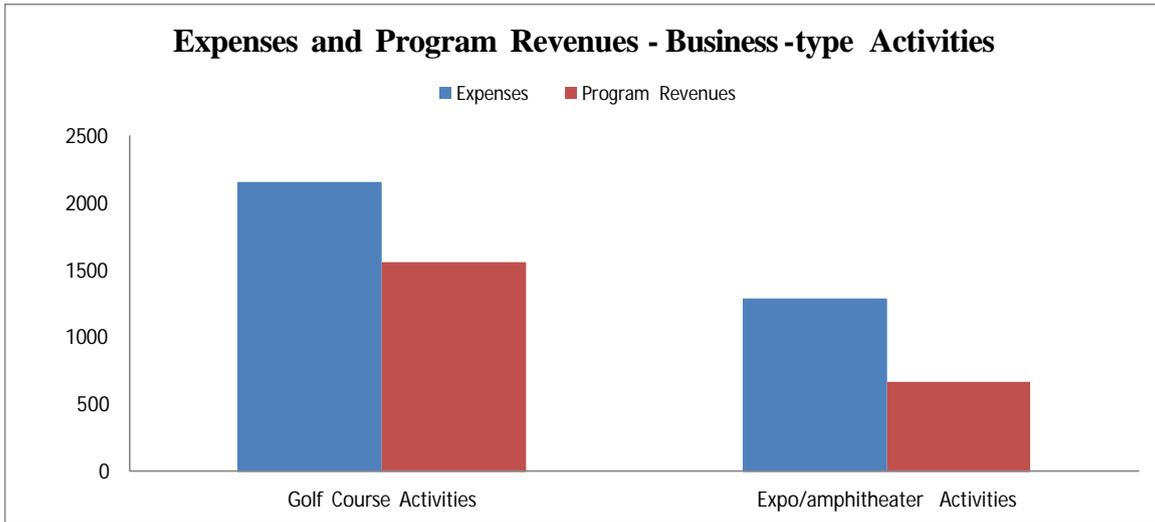
- Property tax revenues decreased \$888,108

Following are two graphs summarizing governmental revenues and expenses:



Business-type Activities - The business-type activities total revenues decreased \$124,106 to \$2,225,470. Total operating expenses, including depreciation, increased \$195,905 to \$3,445,767.

Following are two graphs summarizing business-type activities revenues and expenses:



Financial Analysis of the Government's Funds

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's 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, the County's governmental funds reported combined ending fund balances of \$10,607,493. Approximately 98% of this total amount (\$10,377,573) constitutes unassigned fund balance. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed for certain departmental uses.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,377,573 .

Following is a chart comparison of the general fund's net change in fund balance for 2017 and 2016:

General Fund's Net Change in Fund Balance

	2017	2016	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Property taxes	\$ 10,151,893	\$ 11,041,439	\$ (889,546)	-8.06%
Fees of office	165,775	158,980	6,795	4.27%
Charges for services	123,068	100,464	22,604	0%
Fines and forfeitures	185,673	213,450	(27,777)	-13.01%
Intergovernmental	802,358	753,336	49,022	6.51%
Interest	93,985	25,477	68,508	268.90%
Other	272,705	324,303	(51,598)	-15.91%
Proceeds on disposal of assets	761	-	761	#DIV/0!
Proceeds on note payable	-	-	-	100.00%
Total revenues	<u>11,796,218</u>	<u>12,617,449</u>	<u>(821,231)</u>	-6.51%
Expenditures				
Current:				
Public facilities	527,610	524,517	3,093	0.59%
Financial administration	1,136,554	1,134,418	2,136	0.19%
Legal	275,713	279,276	(3,563)	-1.28%
Judicial	1,425,296	1,228,486	196,810	16.02%
Health and welfare	327,174	332,878	(5,704)	-1.71%
Conservation	88,950	121,593	(32,643)	-26.85%
Public safety	4,226,513	3,816,135	410,378	10.75%
Road and bridge	1,740,536	1,569,929	170,607	10.87%
Commissioners' office	7,884	7,018	866	12.34%
Parks and recreation	138,661	116,830	21,831	18.69%
Economic development	19,848	84,154	(64,306)	-76.41%
Nondepartmental	167,600	213,196	(45,596)	-21.39%
Debt principal	274,376	267,666	6,710	2.51%
Debt interest	6,891	13,602	(6,711)	-49.34%
Capital outlay	799,492	472,177	327,315	69.32%
Transfers out	693,425	682,893	10,532	1.54%
Total expenditures	<u>11,856,523</u>	<u>10,864,768</u>	<u>991,755</u>	109.13%
Net change in fund balance	<u>\$ (60,305)</u>	<u>\$ 1,752,681</u>	<u>\$(1,812,986)</u>	-103.44%

Proprietary funds. The County's proprietary funds provide *the same* type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the Golf Course at the end of the year was \$521,498, and for the Expo/Amphitheater was \$183,342. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final budget can be briefly summarized by the following table:

	<u>Original</u>	<u>Final</u>	Increase (Decrease) in Budget
Public facilities	\$ 568,164	\$ 576,523	\$ 8,359
Financial administration	1,297,072	1,166,060	(131,012)
Legal	285,840	295,489	9,649
Judicial	1,372,137	1,504,179	132,042
Health and welfare	322,003	329,648	7,645
Conservation	119,681	120,569	888
Public safety	4,176,944	4,338,354	161,410
Road and bridge maintenance	1,344,520	1,327,422	(17,098)
Precinct 1	129,885	140,385	10,500
Precinct 2	174,885	174,885	-
Precinct 3	129,885	139,385	9,500
Precinct 4	129,885	139,885	10,000
Commissioners' office	9,486	9,486	-
Parks and recreation	138,987	154,200	15,213
Economic development	96,161	46,816	(49,345)
Nondepartmental	285,580	248,791	(36,789)
Capital outlay	<u>853,242</u>	<u>1,470,935</u>	<u>617,693</u>
Total Expenditures	<u>\$ 11,434,357</u>	<u>\$ 12,183,012</u>	<u>\$ 748,655</u>

Additional information is provided on Exhibit G-1.

Capital Assets

The County's net investment in capital assets for its governmental and business type activities as of September 30, 2017, amounts to \$22,630,074 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges, golf courses, amphitheater and exposition center.

**Somervell County's Capital Assets at Year-End
Net of Accumulated Depreciation**

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 1,734,314	\$ 1,734,314	\$ 2,760,640	\$ 2,760,640	\$ 4,494,954	\$ 4,494,954
Land improvements	42,980	52,302	983,422	1,150,403	1,026,402	1,202,705
Buildings & improvements	6,495,343	6,856,190	5,918,508	6,308,628	12,413,851	13,164,818
Vehicles	1,772,175	1,635,726	-	-	1,772,175	1,635,726
Machinery and equipment	958,576	958,965	751,264	892,064	1,709,840	1,851,029
Infrastructure	1,298,408	1,400,622	95,572	101,094	1,393,980	1,501,716
Total	<u>\$ 12,301,796</u>	<u>\$ 12,638,119</u>	<u>\$ 10,509,406</u>	<u>\$ 11,212,829</u>	<u>\$ 22,811,202</u>	<u>\$ 23,850,948</u>

Additional information on the County's capital assets can be found in the notes to the financial statements .

Debt Administration

At the end of the current fiscal year, the County had no bonded debt and a note payable totaling \$181,128 .

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Request for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor, P.O. Box 804, Glen Rose, Texas 76043.

BASIC FINANCIAL STATEMENTS

**SOMERVELL COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Cash and cash equivalents	\$ 10,653,427	\$ 1,065,564	\$ 11,718,991
Receivables (net of allowance for uncollectible)	700,990	14,355	715,345
Capital Assets (net of accumulated depreciation):			
Land	1,734,314	2,760,640	4,494,954
Infrastructure, net	1,298,408	95,572	1,393,980
Buildings, net	6,495,343	5,918,508	12,413,851
Improvements other than buildings, net	42,980	983,422	1,026,402
Machinery and equipment, net	958,576	751,264	1,709,840
Vehicles, net	1,772,175	-	1,772,175
Other assets-restricted cash	174,297	-	174,297
Total Assets	<u>23,830,510</u>	<u>11,589,325</u>	<u>35,419,835</u>
Deferred Outflows:			
Deferred retirement contributions	556,758	115,424	672,182
Deferred investment experience	1,448,184	303,798	1,751,982
Deferred assumption/input changes	122,330	25,922	148,252
Total Deferred Outflows	<u>2,127,272</u>	<u>445,144</u>	<u>2,572,416</u>
Total Assets and Deferred Outflows	<u>\$ 25,957,782</u>	<u>\$ 12,034,469</u>	<u>\$ 37,992,251</u>
LIABILITIES			
Accounts payable	143,704	3,655	147,359
Accrued expenses	147,154	33,126	180,280
Accrued interest payable	-	-	-
Noncurrent Liabilities:			
Due within one year	-	89,027	89,027
Due in more than one year	-	92,101	92,101
Net pension liability	3,416,096	709,508	4,125,604
Total Liabilities	<u>3,706,954</u>	<u>927,417</u>	<u>4,634,371</u>
Deferred Inflows:			
Deferred actual vs. assumption	<u>354,781</u>	<u>73,934</u>	<u>428,715</u>
Total Liabilities and Deferred Inflows	<u>\$ 4,061,735</u>	<u>\$ 1,001,351</u>	<u>\$ 5,063,086</u>
NET POSITION			
Net investment in capital assets	12,301,796	10,328,278	22,630,074
Restricted for:			
Restricted for special revenue funds	190,809	-	190,809
Unrestricted net position	9,403,442	704,840	10,108,282
Total Net Position	<u>\$ 21,896,047</u>	<u>\$ 11,033,118</u>	<u>\$ 32,929,165</u>

The accompanying notes are an integral part of the financial statements.

**SOMERVELL COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

EXHIBIT B-1

	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:						
GOVERNMENTAL ACTIVITIES:						
Public facilities	\$ 556,735	\$ 22,817	\$ -	\$ (533,918)	\$ -	\$ (533,918)
Financial administration	1,178,239	233,249	421,154	(523,836)	-	(523,836)
Legal	307,848	24,568	85,477	(197,803)	-	(197,803)
Judicial	1,578,587	360,760	-	(1,217,827)	-	(1,217,827)
Health and welfare	739,927	148,831	-	(591,096)	-	(591,096)
Conservation	92,250	325,441	-	233,191	-	233,191
Public safety	4,727,222	89,295	10,449	(4,627,478)	-	(4,627,478)
Road and bridge maintenance	1,568,470	-	-	(1,568,470)	-	(1,568,470)
Precinct 1	145,494	-	-	(145,494)	-	(145,494)
Precinct 2	115,702	-	-	(115,702)	-	(115,702)
Precinct 3	119,789	-	-	(119,789)	-	(119,789)
Precinct 4	138,395	-	-	(138,395)	-	(138,395)
Commissioners' office	8,344	-	-	(8,344)	-	(8,344)
Parks and recreation	195,492	-	-	(195,492)	-	(195,492)
Economic development	49,886	-	-	(49,886)	-	(49,886)
Nondepartmental	254,789	-	-	(254,789)	-	(254,789)
Bond interest	6,891	-	-	(6,891)	-	(6,891)
Total Governmental Activities	<u>11,784,060</u>	<u>1,204,961</u>	<u>517,080</u>	<u>(10,062,019)</u>	<u>-</u>	<u>(10,062,019)</u>
BUSINESS-TYPE ACTIVITIES:						
Golf course	2,149,010	1,558,410	-	-	(590,600)	(590,600)
Expo Center/Amphitheatre	1,287,532	661,808	-	-	(625,724)	(625,724)
Total Business-Type Activities	<u>3,436,542</u>	<u>2,220,218</u>	<u>-</u>	<u>-</u>	<u>(1,216,324)</u>	<u>(1,216,324)</u>
TOTAL PRIMARY GOVERNMENT	<u><u>3,436,542</u></u>	<u><u>\$ 3,425,179</u></u>	<u><u>\$ 517,080</u></u>	<u><u>(10,062,019)</u></u>	<u><u>(1,216,324)</u></u>	<u><u>(11,278,343)</u></u>
General Revenues:						
Taxes:						
Property taxes, levied for general purposes				10,113,121	-	10,113,121
Property taxes, levied for debt service				1,105	-	1,105
Hotel/motel tax				48,837	-	48,837
Mixed drink tax				13,640	-	13,640
Other taxes				326	-	326
Investment earnings				94,835	5,252	100,087
Penalty and interest				43,614	(9,225)	34,389
Miscellaneous revenues				97,052	-	97,052
Gain (loss) on disposal of capital assets				(67,314)	-	(67,314)
Transfers in (out)				(693,425)	693,425	-
Total General Revenues and Transfers				<u>9,651,791</u>	<u>689,452</u>	<u>10,341,243</u>
Change in Net Position				(410,228)	(526,872)	(937,100)
Net Position - Beginning				<u>22,306,275</u>	<u>11,559,990</u>	<u>33,866,265</u>
Net Position - Ending				<u><u>\$ 21,896,047</u></u>	<u><u>\$ 11,033,118</u></u>	<u><u>\$ 32,929,165</u></u>

The accompanying notes are an integral part of the financial statements.

SOMERVELL COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

EXHIBIT C-1

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 10,628,233	\$ 25,194	\$ 10,653,427
Taxes receivable, net of allowance	83,857	2,207	86,064
Other receivables	7,219	11,377	18,596
Intergovernmental receivables	32,304	19,727	52,031
Cash-restricted	39,111	135,186	174,297
Total Assets	<u>\$ 10,790,724</u>	<u>\$ 193,691</u>	<u>\$ 10,984,415</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 143,029	\$ 675	143,704
Wages and salaries payable	<u>147,154</u>	<u>-</u>	<u>147,154</u>
Total Liabilities	<u>290,183</u>	<u>675</u>	<u>290,858</u>
Deferred inflows:			
Deferred property taxes	<u>83,857</u>	<u>2,207</u>	<u>86,064</u>
Total Deferred Inflows	<u>83,857</u>	<u>2,207</u>	<u>86,064</u>
Fund Balances:			
Restricted	39,111	190,809	229,920
Unassigned	<u>10,377,573</u>	<u>-</u>	<u>10,377,573</u>
Total Fund Balances	<u>10,416,684</u>	<u>190,809</u>	<u>10,607,493</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,790,724</u>	<u>\$ 193,691</u>	<u>\$ 10,984,415</u>

The accompanying notes are an integral part of the financial statements.

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds \$ 10,607,493

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds balance sheet.

Governmental capital assets	\$ 36,655,944	
Accumulated depreciation	<u>(24,354,148)</u>	12,301,796

Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.

Office fees	284,898	
Emergency medical services	259,401	
Property taxes	<u>86,064</u>	630,363

The statement of net position includes the County's proportionate share of the TCDRS net pension liability as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of resources.

Net pension liability	(3,416,096)	
Deferred retirement contributions	556,758	
Deferred actual vs. assumption	1,448,184	
Deferred assumption/input changes	122,330	
Deferred investment experience	<u>(354,781)</u>	(1,643,605)

Net Position of Governmental Activities \$ 21,896,047

The accompanying notes are an integral part of the financial statements.

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

EXHIBIT C-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE			
Taxes:			
Property taxes	\$ 10,151,893	\$ 1,105	\$ 10,152,998
Other taxes	13,966	48,837	62,803
Auto registrations	245,448	-	245,448
Intergovernmental revenue and grants	542,944	95,926	638,870
Fines and forfeitures	185,673	-	185,673
Fees of office	165,775	-	165,775
Charges for services	123,068	-	123,068
Investment earnings	93,985	850	94,835
Other revenue	272,705	153,787	426,492
Total Revenues	<u>11,795,457</u>	<u>300,505</u>	<u>12,095,962</u>
EXPENDITURES			
Current:			
General Government:			
Public facilities	527,610	-	527,610
Financial administration	1,136,554	-	1,136,554
Legal	275,713	20,161	295,874
Judicial	1,425,296	61,412	1,486,708
Health and welfare	327,174	-	327,174
Conservation	88,950	-	88,950
Public safety	4,226,513	139,335	4,365,848
Road and bridge maintenance	1,245,672	-	1,245,672
Precinct 1	139,365	2,490	141,855
Precinct 2	109,573	2,490	112,063
Precinct 3	113,660	2,490	116,150
Precinct 4	132,266	2,490	134,756
Commissioners' office	7,884	-	7,884
Parks and recreation	138,661	-	138,661
Economic development	19,848	17,455	37,303
Nondepartmental	167,600	-	167,600
Debt Service:			
Debt principal	274,376	-	274,376
Debt interest	6,891	-	6,891
Capital Outlay:			
Capital Outlay	799,492	-	799,492
Total Expenditures	<u>11,163,098</u>	<u>248,323</u>	<u>11,411,421</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>632,359</u>	<u>52,182</u>	<u>684,541</u>
OTHER FINANCING SOURCES (USES):			
Transfers out (use)	(693,425)	-	(693,425)
Proceeds on disposal of assets	761	-	761
Total Other Financing Sources (Uses)	<u>(692,664)</u>	<u>-</u>	<u>(692,664)</u>
Net Change in Fund Balances	(60,305)	52,182	(8,123)
Fund Balances - Beginning	10,476,989	138,627	10,615,616
Fund Balances - Ending	<u>\$ 10,416,684</u>	<u>\$ 190,809</u>	<u>\$ 10,607,493</u>

The accompanying notes are an integral part of the financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Total Net Change in Fund Balances-Governmental Funds \$ (8,123)

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 of capital assets recorded in the current period. 798,580

Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. (1,066,828)

Governmental funds recognize all amounts received on the sale of fixed assets as a gain. However, in the statement of activities, the gain or loss is offset by the remaining net book value of the asset. (68,075)

The repayment of the principal of long-term det consumes the current financial resources of the governmental funds, but does not have an effect on net position. 274,376

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.

Office fees	21,587	
Emergency medical services	12,180	
Property taxes	<u>4,842</u>	38,609

Net pension liabilities as well as the related deferred outflows of resources generated from those liabilities are not payable from current resources and therefore, are not reported in the governmental funds. These balances increase (decreased) by this amount. (378,767)

Change in Net Position of Governmental Activities \$ (410,228)

The accompanying notes are an integral part of the financial statements.

SOMERVELL COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

EXHIBIT D-1

	Business-Type Activities - Enterprise Funds		
	Golf	Expo Center/	Total
	Course	Amphitheatre	Enterprise
			Funds
ASSETS AND DEFERRED OUTFLOWS			
Current Assets:			
Cash and cash equivalents	\$ 747,316	\$ 318,248	\$ 1,065,564
Accounts receivable	14,316	39	14,355
Total Current Assets	<u>761,632</u>	<u>318,287</u>	<u>1,079,919</u>
Noncurrent Assets:			
Capital Assets	16,689,069	15,813,900	32,502,969
Accumulated depreciation, capital assets	(12,183,256)	(9,810,307)	(21,993,563)
Total Noncurrent Assets	<u>4,505,813</u>	<u>6,003,593</u>	<u>10,509,406</u>
Deferred Outflows:			
Deferred retirement contributions	74,350	41,074	115,424
Deferred investment experience	193,683	110,115	303,798
Deferred assumptions and inputs changes	16,382	9,540	25,922
Total Deferred Outflows	<u>284,415</u>	<u>160,729</u>	<u>445,144</u>
Total Assets and Deferred Outflows	<u>5,551,860</u>	<u>6,482,609</u>	<u>12,034,469</u>
LIABILITIES AND DEFERRED INFLOWS			
Current Liabilities:			
Accounts payable	-	3,655	3,655
Wages and salaries payable	20,845	12,281	33,126
Accrued vacation payable	-	-	-
Current portion of long-term debt	89,027	-	89,027
Total Current Liabilities	<u>109,872</u>	<u>15,936</u>	<u>125,808</u>
Noncurrent Liabilities:			
Long-term debt, net of current	92,101	-	92,101
Net pension liability	456,295	253,213	709,508
Total Noncurrent Liabilities	<u>548,396</u>	<u>253,213</u>	<u>801,609</u>
Deferred Inflows:			
Deferred actual vs. assumption	47,409	26,525	73,934
Total Liabilities and Deferred Inflows	<u>705,677</u>	<u>295,674</u>	<u>1,001,351</u>
NET POSITION			
Net investment in capital assets	4,324,685	6,003,593	10,328,278
Unrestricted	521,498	183,342	704,840
Total Net Position	<u>\$ 4,846,183</u>	<u>\$ 6,186,935</u>	<u>\$ 11,033,118</u>

The accompanying notes are an integral part of the financial statements.

SOMERVELL COUNTY, TEXAS

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities - Enterprise Funds		
	Golf Course	Expo Center/ Amphitheatre	Total Enterprise Funds
OPERATING REVENUES:			
Charges for services	\$ 1,558,410	\$ 661,808	\$ 2,220,218
Total Operating Revenues	<u>1,558,410</u>	<u>661,808</u>	<u>2,220,218</u>
OPERATING EXPENSES:			
Salaries and wages	672,291	328,566	1,000,857
Employee benefits	361,956	180,377	542,333
Professional services	37,557	35,661	73,218
Maintenance and repairs	152,979	176,775	329,754
Supplies	390,135	126,096	516,231
Other operating expenses	121,109	34,542	155,651
Depreciation	412,983	405,515	818,498
Total Operating Expenses	<u>2,149,010</u>	<u>1,287,532</u>	<u>3,436,542</u>
Operating Loss	(590,600)	(625,724)	(1,216,324)
NON-OPERATING REVENUES (EXPENSES):			
Investment earnings	2,402	2,850	5,252
Interest expense	(9,225)	-	(9,225)
Non-operating transfer in	601,130	92,295	693,425
Change in Net Position	<u>3,707</u>	<u>(530,579)</u>	<u>(526,872)</u>
Net Position - Beginning	<u>4,842,476</u>	<u>6,717,514</u>	<u>11,559,990</u>
Net Position - Ending	<u>\$ 4,846,183</u>	<u>\$ 6,186,935</u>	<u>\$ 11,033,118</u>

The accompanying notes are an integral part of the financial statements.

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

EXHIBIT D-3

	Business-Type Activities - Enterprise Funds		
	Golf Course	Expo Center/ Amphitheatre	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 1,589,855	\$ 662,016	\$ 2,251,871
Cash Payments to Employees for Services	(982,028)	(480,287)	(1,462,315)
Cash Payments to Suppliers	(723,969)	(386,716)	(1,110,685)
Net cash used for operating activities	(116,142)	(204,987)	(321,129)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	601,130	92,295	693,425
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:			
Principal repayments on debt	(86,056)	-	(86,056)
Interest payments on debt	(9,225)	-	(9,225)
Acquisition of capital assets	(115,075)	-	(115,075)
Net cash used for capital & related financing activities	(210,356)	-	(210,356)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	2,402	2,850	5,252
Net decrease in cash and cash equivalents	277,034	(109,842)	167,192
Cash and Cash Equivalents - Beginning of Year	470,282	428,090	898,372
Cash and Cash Equivalents - End of Year	\$ 747,316	\$ 318,248	\$ 1,065,564
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Operating Loss	(590,600)	(625,724)	(1,216,324)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	412,983	405,515	818,498
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:			
Decrease (Increase) in receivables	31,445	208	31,653
Decrease (Increase) in deferred outflows	52,247	26,170	78,417
Increase (Decrease) in accounts payable	(22,189)	(13,642)	(35,831)
Increase (Decrease) in accrued wages	1,880	3,441	5,321
Increase (Decrease) in net pension liability	1,874	939	2,813
Increase (Decrease) in deferred inflows	(3,782)	(1,894)	(5,676)
Net Cash Used for Operating Activities	\$ (116,142)	\$ (204,987)	\$ (321,129)

The accompanying notes are an integral part of the financial statements.

SOMERVELL COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2017

EXHIBIT E-1

	Agency Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 94,269
Total Assets	<u>\$ 94,269</u>
LIABILITIES	
Due to others	94,269
Total Liabilities	<u>\$ 94,269</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

1. Summary of Significant Accounting Policies

Reporting entity

Somervell County, Texas (the County) was formed in 1875 and operates using a commission form of government under the laws and statutes of the Constitution of the State of Texas. The County provides various services to advance the welfare, health, comfort, safety and convenience of the County and its inhabitants. The County is an independent political subdivision of the State of Texas governed by an elected four-member Commissioners' Court and County Judge and is considered a primary government.

As required by generally accepted accounting principles (GAAP), these financial statements present the government, and all of its operations. The criteria for including organizations as component units within the County's reporting entity, is set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards. The GASB is the accepted standard-setting body for established governmental GAAP and financial reporting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is financially independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all on the nonfiduciary activities of the primary government and its component unit. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

1. Summary of Significant Accounting Policies (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and basis of presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. Measurable means the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, however, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, all other revenue items are considered to be measurable and available only when the government receives payment.

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The government reports the following major governmental fund:

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

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

1. Summary of Significant Accounting Policies (continued)

The government reports the following major proprietary funds:

Golf Course - The golf course accounts for the activities related to the two eighteen hole courses owned and operated by the County.

Expo Center/Amphitheater - The expo/amphitheater accounts for the activities associated with the County's Expo Center and Amphitheater. These entities rent out the facilities to various organizations throughout the year. A major portion of the revenue is collected by the County and the expenses of these facilities are the responsibility of the County.

Additionally, the government reports the following fund types:

Special Revenue Funds - The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt Service Fund - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest for long-term obligation debt of governmental funds.

Agency Funds - The Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's enterprise funds and fiduciary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 County's enterprise funds are charges to customers for sales, rent and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

1. Summary of Significant Accounting Policies (continued)

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

Assets, liabilities and net position or fund balance

i. Cash and Investments

The County'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 .

ii. Restricted Cash

Certain cash balances are classified as restricted assets because their use is limited by statute. A significant portion of such cash balances is comprised of the Sheriffs Special Account Fund, the Sheriffs Commissary Fund, the Library Fund, and the Volunteer Fire and Rescue Department Fund.

iii. Receivables and Payables

All trade and property tax receivables are shown net of allowance s for uncollectible amounts. At this time all property taxes receivable are considered collectible. The County's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property located in the County.

iv. Inventory

Inventories, which are recognized as expenses as consumed, are stated at cost (first-in, first-out method). Inventories consist primarily of expendable supplies for the Expo Center/Amphitheater Fund. There was no inventory as of September 30, 2017.

v. Prepaid Expenditures

When payment is made to a supplier of goods or services prior to the receipt of the goods or realization of the service, then the amount expended in excess of value received is recorded as a prepaid item. There were no prepaid expenditures as of September 30, 2017.

vi. 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 and in the proprietary fund financial statements. The County defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

1. Summary of Significant Accounting Policies (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is charged as a direct expense to the function or program associated with the asset if it can be specifically identified. Accumulated depreciation is reported in the statement of net assets. Land improvements, buildings and improvements, vehicles, equipment and furniture and infrastructure assets of the primary government and proprietary funds are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

Land improvements	7-20 years
Buildings and improvements	40 years
Vehicles	3-5 years
Equipment and furniture	3-7 years
Infrastructure	15-40 years

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures. Capital assets and the related accumulated depreciation and depreciation expense are only reported in the government-wide financial statements .

viii. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net 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. An example is a deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The County does not currently have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred revenue, is reported only in the governmental funds balance sheet. The governmental funds report deferred revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

1. Summary of Significant Accounting Policies (continued)

ix. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers in and transfers out, if any, are netted and presented as a single “transfer” line on the government-wide statement of activities. Similarly, interfund receivables and payables, if any, are netted and presented as a single “internal balance” line of the government-wide statement of net position.

x. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Certificate of obligation premiums and discounts, as well as issuance costs, would be capitalized and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. The long-term obligations are not presented as liabilities in the governmental fund financial statements.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current periods. The face amount of debt issued during a period 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. Principal and interest payments are reported as debt services expenditures each period in the governmental fund statements.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

1. Summary of Significant Accounting Policies (continued)

xi. Net Position and Fund Equity

In government-wide financial statements net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt plus any unspent proceeds of capital debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is considered unrestricted.

Fund Balance Classification-The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – Resources which cannot be spent because they are either a) not in spendable form or ; b) legally or contractually required to be maintained intact.

Restricted – Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – Resources neither restricted nor committed for which a government has a stated intended use as established by the governing board or an official to which the governing board has delegated the authority to assign amounts for specific purposes.

Unassigned – Resources which cannot be properly classified in one of the other four categories. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

1. Summary of Significant Accounting Policies (continued)

xii. Budget Data

The budget amounts presented in the required supplementary information include the original and final authorized amounts as amended during the year. In accordance with state statutes, an annual budget is adopted for certain governmental funds of the County in accordance with generally accepted accounting principles. The procedures followed by Somervell County in establishing the budgetary data reflected in the financial statements are presented below:

- The County Judge, as budget officer, with the assistance of the County Auditor, prepares a budget to cover all proposed expenditures and the means for financing them for the fiscal year beginning October 1, and submits the proposed budget, to Commissioners' Court. The budget is prepared on the modified accrual basis, which is consistent with the fund financial statements.
- The Commissioners' Court holds budget hearings for the public to make comments.
- The Commissioners' Court, prior to October 1, formally adopts the budget in an open court meeting.
- The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
- The Commissioners' Court, at its discretion, can transfer expenditures from one appropriation to another. The total expenditures may not be increased without additional public hearings.

xiii. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of management's estimates.

2. Deposits and Investments

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

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

2. Deposits and Investments (continued)

The County is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize 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 and (9) 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 and (10) 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.

Cash and investments as of September 30, 2017 consist of the following:

	Cash Deposits		Certificates
	Carrying Amount	Texpool	of deposit
Governmental activities:			
General fund	\$ 237,464	\$ 10,389,880	\$ 40,000
Other governmental funds	160,380	-	-
Business-type activities:			
Golf course	561,891	185,425	-
Expo center/Amphitheatre	(29,382)	347,630	-
Fiduciary activities	94,269	-	-
	<u>\$ 1,024,622</u>	<u>\$ 10,922,935</u>	<u>\$ 40,000</u>

Public Funds Investment Pools

The County invests idle funds in the Texas Local Government Investment Pool (TexPool). Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

2. Deposits and Investments (continued)

Custodial Credit Risk Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At September 30, 2017, the County's deposits were covered by FDIC Insurance or collateralized with securities held by the bank's agent in the County's name.

Credit Risk — Investments

The County controls risk by limiting investment to local investment pools, as allowed by the County's investment policy.

Interest Rate Risk — Investments

The County manages interest rate risk by avoiding over concentration of assets in a specific maturity sector, limitation of average maturity of operating investments to one year and avoidance of over concentration of assets in specific instruments other than U.S. Treasury Securities and Insured or Collateralized Certificates of Deposits.

The County's investments consisted of the following at September 30, 2017:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Tex Pool	\$10,932,935	\$10,932,935	AAAm
Certificates of deposit	<u>40,000</u>	<u>40,000</u>	Unrated
	<u>\$10,972,935</u>	<u>\$10,972,935</u>	

3. Property Taxes

The County's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property located in the County. The assessed value for the property tax roll as of January 1, 2016, upon which the 2017 fiscal year levy was based, was approximately \$2,211,391,781. Taxes are due by January 31 following the levy date (October 1). Property tax revenues are recorded when received.

The largest taxpayer in the County is Luminant which owns the Comanche Peak nuclear power plant. The assessed value of the nuclear power plant was approximately \$1,400,000,000 as of January 1, 2016. The related property taxes received during the year ended September 30, 2017, were approximately \$6,462,260 representing 64% of the County's property tax revenues.

The County is permitted by Article VIII, Section 9 of the State of Texas Constitution to levy taxes up to \$.80 per \$100 of assessed valuation for general government services. The tax rate to finance general government services for the year ended September 30, 2017, was \$.46159 per \$100 of assessed value.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

3. Property Taxes (continued)

The appraisal of property within the County is the responsibility of the county-wide Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the Appraisal District must

be reviewed every three years; however, the County may, at its own expense, require annual reviews of appraised values. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, take legal action.

4. Receivables

Receivables as of year end for the governmental and business-type activities including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Property taxes	\$ 172,128	\$ -	\$ 172,128
Hotel/motel taxes	11,346	-	11,346
Fees of Office-Justice of the Peace	314,390	-	314,390
Fees of Office-County Clerk	319,081	-	319,081
Fees of Office-District Clerk	506,122	-	506,122
Accounts-Expo/Amphitheater	-	39	39
Accounts-Golf course	-	14,316	14,316
Accounts-EMS	2,594,010	-	2,594,010
Other	59,281	-	59,281
Gross Receivables	3,976,358	14,355	3,990,713
Less: Allowance for uncollectible	(3,275,368)	-	(3,275,368)
Net total receivables	\$ 700,990	\$ 14,355	\$ 715,345

SOMERVELL COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2017

5. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental Activities				
Non-depreciable assets				
Land	\$ 1,734,314	-	-	\$ 1,734,314
Total non-depreciable assets	<u>1,734,314</u>	<u>-</u>	<u>-</u>	<u>1,734,314</u>
Depreciable Assets:				
Land Improvements	717,700	-	-	717,700
Buildings and Improvements	14,038,425	-	-	14,038,425
Vehicles	5,934,670	576,908	287,620	6,223,958
Equipment and Furniture	4,927,098	221,672	88,069	5,060,701
Infrastructure	8,880,846	-	-	8,880,846
Total capital assets being depreciated	<u>34,498,739</u>	<u>798,580</u>	<u>375,689</u>	<u>34,921,630</u>
Total capital assets	<u>36,233,053</u>	<u>798,580</u>	<u>375,689</u>	<u>36,655,944</u>
Less accumulated depreciation for:				
Land Improvements	(665,398)	(9,322)	-	(674,720)
Buildings and Improvements	(7,182,235)	(360,847)	-	(7,543,082)
Vehicles	(4,298,944)	(432,984)	(280,145)	(4,451,783)
Equipment and Furniture	(3,968,133)	(161,461)	(27,469)	(4,102,125)
Infrastructure	(7,480,224)	(102,214)	-	(7,582,438)
Total accumulated depreciation	<u>(23,594,934)</u>	<u>(1,066,828)</u>	<u>(307,614)</u>	<u>(24,354,148)</u>
Governmental activities capital assets, net	<u>\$ 12,638,119</u>	<u>\$ (268,248)</u>	<u>\$ 68,075</u>	<u>\$ 12,301,796</u>

Depreciation expense was charged to functions as follows for governmental funds:

Public Facilities	\$ 7,456
Financial Administration	6,043
Judicial	36,137
Health and welfare	412,753
Conservation	750
Public safety	185,408
Road and bridge	266,482
Parks and recreation	52,800
Economic development	11,810
Nondepartmental	87,189
Total governmental activities depreciation expense	<u>\$ 1,066,828</u>

SOMERVELL COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2017

5. Capital Assets (continued)

	Business-Type			Ending Balance
	Beginning Balance	Additions	Retirements	
Business-type activities:				
Non-depreciable assets				
Land Expo and Amphitheatre	\$ 55,000	\$ -	\$ -	\$ 55,000
Land Golf Course	2,705,640	-	-	2,705,640
Total non-depreciable assets	<u>2,760,640</u>	<u>-</u>	<u>-</u>	<u>2,760,640</u>
Depreciable Assets:				
Land Improvements	11,377,804	-	-	11,377,804
Buildings and Improvements Expo and Amphitheatre	14,503,117	-	-	14,503,117
Buildings and Improvements Golf Course	645,171	-	-	645,171
Vehicles Expo and Amphitheatre	117,982	80,833	-	198,815
Vehicles Golf Course	53,270	-	-	53,270
Equipment and Furniture Expo and Amphitheatre	635,725	-	-	635,725
Equipment and Furniture Golf Course	1,786,324	115,075	-	1,901,399
Infrastructure Expo and Amphitheatre	421,243	-	-	421,243
Infrastructure Golf Course	5,785	-	-	5,785
Total capital assets being depreciated	<u>29,546,421</u>	<u>195,908</u>	<u>-</u>	<u>29,742,329</u>
Total capital assets	<u>32,307,061</u>	<u>195,908</u>	<u>-</u>	<u>32,502,969</u>
Less accumulated depreciation for:				
Land Improvements Golf Course	(10,227,401)	(166,981)	-	(10,394,382)
Buildings and Improvements Expo and Amphitheatre	(8,430,361)	(371,444)	-	(8,801,805)
Buildings and Improvements Golf Course	(409,299)	(18,676)	-	(427,975)
Vehicles Expo and Amphitheatre	(117,982)	(80,833)	-	(198,815)
Vehicles Golf Course	(53,270)	-	-	(53,270)
Equipment and Furniture Expo and Amphitheatre	(453,157)	(28,693)	-	(481,850)
Equipment and Furniture Golf Course	(1,076,828)	(227,182)	-	(1,304,010)
Infrastructure Expo and Amphitheatre	(322,459)	(5,378)	-	(327,837)
Infrastructure Golf Course	(3,475)	(144)	-	(3,619)
Total accumulated depreciation	<u>(21,094,232)</u>	<u>(899,331)</u>	<u>-</u>	<u>(21,993,563)</u>
Business-type activities capital assets, net	<u>\$ 11,212,829</u>	<u>\$ (703,423)</u>	<u>\$ -</u>	<u>\$ 10,509,406</u>

Depreciation expense was charged to functions as follows for business-type activities:

Golf Course	\$ 412,983
Expo/Amphitheatre	486,348
Total business-type activities depreciation expense	<u>\$ 899,331</u>

6. Intergovernmental Transactions

Intergovernmental receipts arise primarily from automobile registration fees. Intergovernmental liabilities arise primarily from funds held in an agency capacity for other governmental units.

7. Risk Management

The County is exposed to various risks of loss from torts; theft of and damage to assets; errors and omissions; employee injuries and illnesses and natural disaster. Commercial insurance is purchased for claims arising from such matters. There were no significant reductions in coverage from the prior year or losses incurred.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

8. Interfund Transactions

The composition of interfund transfers as of September 30, 2017, is as follows:

<u>Transfers from general fund to:</u>	<u>Amount</u>	<u>Purpose</u>
Golf Course	\$ 201,130	Operating and improvements
Golf Course	400,000	Capital projects
Expo/Amphitheater	92,295	Operating and improvements
	<u>\$ 693,425</u>	

9. Contingencies

The County participates in a number of State assisted grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds or any money received may be required and collectability of any related receivable at September 30, 2017, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

10. Long-term Debt

As of September 30, 2017, the County's notes payable consisted of the following:

	<u>Governmental</u>	<u>Business-type</u>
Note payable to a financial institution due in annual installments of \$95,281 including interest at 3.453%, due November 15, 2018, secured by property financed (golf carts).	\$ -	\$ 181,128
	<u>\$ -</u>	<u>\$ 181,128</u>

The following is a summary of long-term debt transactions of the County for the year ended September 30, 2017:

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</u>	<u>Due Within One Year</u>
Governmental activities:					
Note payable	\$ 56,797	\$ -	\$ 56,797	\$ -	\$ -
Capital lease	217,579	-	217,579	-	-
Total governmental activities	274,376	-	274,376	-	-
Business-type activities:					
Note payable	267,184	-	86,056	181,128	89,027
Total business-type activities	267,184	-	86,056	181,128	89,027
Total primary government	<u>\$ 541,560</u>	<u>\$ -</u>	<u>\$ 360,432</u>	<u>\$ 181,128</u>	<u>\$ 89,027</u>

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

10. Long-term Debt (continued)

The annual aggregate maturities for notes payable are as follows for fiscal years ending September 30:

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 89,027	\$ 6,254	\$ 95,281
2019	92,101	3,180	95,281
	<u>\$ 181,128</u>	<u>\$ 9,434</u>	<u>\$ 190,562</u>

12. Retirement Plan

A. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for administration of the statewide agent multiple-employer public employee retirement system consisting of 738 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 78768-2034.

B. Benefits Provided

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can expect to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes, including automatic COLAs.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

12. Retirement Plan (continued)

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefits terms:

Inactive employees of beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	60
Active employees	<u>158</u>
	<u>326</u>

C. Contributions

The employer has elected the annually determined contribution rate (Variable Rate) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 15.38% for the calendar year ending in 2017. The deposit rate payable by the employee members for calendar year 2017 is the rate of 7% as adopted by the governing body of the employer. The employee and employer deposit rates may be changed by the governing body of the employer within the options available in the TCDRS Act.

D. Net Pension Liability

The employer's Net Pension Liability (NPL) for the year ended September 30, 2016, was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	8.0%, net of pension plan investment expense, including inflation

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 .5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

SOMERVELL COUNTY, TEXAS

Notes to the Financial Statements

September 30, 2017

12. Retirement Plan (continued)

Mortality rates for depositing members were based on the RP-2000 Active Employee Mortality Table for males and females as appropriate, with adjustment, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter. Service retirees, beneficiaries and non-depositing members were based on RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter, for males and females as appropriate, with adjustments. Disabled retirees were based on RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale thereafter, for males and females as appropriate, with adjustments.

As described above, updated mortality assumptions were adopted in 2015. All other actuarial assumptions used in the December 31, 2016 valuation 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.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The numbers shown are based on January 2017 information for a 7-10 year time horizon and are re-assessed at a minimum every four years, and it is set based on a 30-year time horizon, the most recent analysis was performed in 2013 based on the period January 1, 2009 – December 31, 2012. Best estimates of geometric real rates of return (net of inflation, assumed at 1.7%) for each major asset class included in the target asset allocation (as adopted by the TCDRS board in April 2017) are summarized below:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	13.5%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.0%	7.70%
Global Equities	MSCI World (net) Index	1.5%	5.00%
Int'l Equities - Developed Markets	MSCI World Ex USA (net)	10.0%	4.70%
Int'l Equities - Emerging Markets	MSCI EM Standard (net) Index	7.0%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.0%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.0%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.0%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index	3.0%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.0%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.0%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.0%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.0%	3.85%
Total		100.0%	

SOMERVELL COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2017

12. Retirement Plan (continued)

Discount Rate:

The discount rate used to measure the Total Pension Liability was 8.1%. Using the alternative method, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments based on the funding requirements under the County'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 County is legally required to make the contribution specified in the funding policy.
3. The County assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the County 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.

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 the net pension liability of the County is equal to the long-term assumed rate of return on investments.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2015	\$ 31,643,338	\$ 27,534,646	\$ 4,108,692
Changes for the year:			
Service cost	931,473	-	931,473
Interest on total pension liability	2,528,449	-	2,528,449
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(195,840)	-	(195,840)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(84,351)	(84,351)	-
Benefit payments	(1,719,959)	(1,719,959)	-
Administrative expenses	-	(22,158)	22,158
Member contributions	-	397,793	(397,793)
Net investment income	-	2,040,196	(2,040,196)
Employer contributions	-	856,394	(856,394)
Other	-	(25,055)	25,055
Net changes	\$ 1,459,772	\$ 1,442,860	\$ 16,912
Balance at 12/31/2016	\$ 33,103,110	\$ 28,977,506	\$ 4,125,604

SOMERVELL COUNTY, TEXAS
Notes to the Financial Statements
September 30, 2017

12. Retirement Plan (continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.1%) or 1-percentage point higher (9.1%) than the current rate:

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
Total pension liability	\$ 36,932,558	\$ 33,103,110	\$ 29,890,453
Fiduciary net position	28,977,506	28,977,506	28,977,506
Net pension liability (asset)	\$ 7,955,052	\$ 4,125,604	\$ 912,947

E. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately -issued TCDRS financial report. That report may be obtained on the internet at www.tcdrs.org.

F. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2017, the County recognized pension expense of \$1,344,387. As of September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 428,715
Changes of assumptions	148,252	-
Net difference between projected and actual earnings	1,751,982	-
Contributions subsequent to the measurement date	672,182	-
Total	\$ 2,572,416	\$ 428,715

\$672,182 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Valuation year ended December 31:	
2017	\$ 441,630
2018	472,861
2019	523,751
2020	33,277
2021	-
Thereafter	-

REQUIRED SUPPLEMENTARY INFORMATION

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

EXHIBIT G-1

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 9,365,864	\$ 14,647,226	\$ 10,151,893	\$ (4,495,333)
Other taxes	27,000	27,000	13,966	(13,034)
Auto registrations	257,250	257,250	245,448	(11,802)
Intergovernmental revenue and grants	430,000	680,000	542,944	(137,056)
Fines and forfeitures	204,100	204,100	185,673	(18,427)
Fees of office	168,600	168,600	165,775	(2,825)
Charges for services	150,000	150,000	123,068	(26,932)
Investment earnings	8,100	20,100	93,985	73,885
Other revenue	231,750	281,750	272,705	(9,045)
Total Revenues	<u>10,842,664</u>	<u>16,436,026</u>	<u>11,795,457</u>	<u>(4,640,569)</u>
EXPENDITURES:				
Current:				
General Government:				
Public facilities	568,164	576,523	527,610	48,913
Financial administration	1,297,072	1,166,060	1,136,554	29,506
Legal	285,840	295,489	275,713	19,776
Judicial	1,372,137	1,504,179	1,425,296	78,883
Health and welfare	322,003	329,648	327,174	2,474
Conservation	119,681	120,569	88,950	31,619
Public safety	4,176,944	4,338,354	4,226,513	111,841
Road and bridge maintenance	1,344,520	1,327,422	1,245,672	81,750
Precinct 1	129,885	140,385	139,365	1,020
Precinct 2	174,885	174,885	109,573	65,312
Precinct 3	129,885	139,385	113,660	25,725
Precinct 4	129,885	139,885	132,266	7,619
Commissioners' office	9,486	9,486	7,884	1,602
Parks and recreation	138,987	154,200	138,661	15,539
Economic development	96,161	46,816	19,848	26,968
Nondepartmental	285,580	248,791	167,600	81,191
Debt Service:				
Debt principal	-	-	274,376	(274,376)
Debt interest	-	-	6,891	(6,891)
Capital Outlay:				
Capital outlay	853,242	1,470,935	799,492	671,443
Total Expenditures	<u>11,434,357</u>	<u>12,183,012</u>	<u>11,163,098</u>	<u>1,019,914</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(591,693)</u>	<u>4,253,014</u>	<u>632,359</u>	<u>(3,620,655)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	7,317	-	(7,317)
Transfers out	(247,686)	(693,425)	(693,425)	-
Proceeds on sale of assets	10,000	10,000	761	(9,239)
Total Other Financing Sources (Uses)	<u>(237,686)</u>	<u>(676,108)</u>	<u>(692,664)</u>	<u>(16,556)</u>
Change in Fund Balance	(829,379)	3,576,906	(60,305)	(3,637,211)
Fund Balance-Beginning	10,476,989	10,476,989	10,476,989	-
Fund Balance-Ending	<u>\$ 9,647,610</u>	<u>\$ 14,053,895</u>	<u>\$ 10,416,684</u>	<u>\$ (3,637,211)</u>

SOMERVELL COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

Total Pension Liability	2016	2015	2014
Service Cost	\$ 931,473	\$ 883,482	\$ 965,196
Interest on total pension liability	2,528,448	2,442,666	2,316,903
Effect of plan changes	-	(128,457)	-
Effect of assumption changes or inputs	-	296,504	-
Effect of economic/demographic (gains) or losses	(195,840)	(533,849)	(124,923)
Benefit payments/refunds of contributions	(1,804,309)	(1,879,109)	(1,423,502)
Net Change in Total Pension Liability	1,459,772	1,081,237	1,733,674
Total Pension Liability, beginning	31,643,338	30,562,101	28,828,427
Total Pension Liability, ending (a)	\$ 33,103,110	\$ 31,643,338	\$ 30,562,101
Fiduciary Net Position			
Employer contributions	\$ 856,394	\$ 800,501	\$ 864,845
Member contributions	397,793	386,714	406,846
Investment income net of investment expenses	2,040,196	(160,800)	1,810,685
Benefit payments/refunds of contributions	(1,804,309)	(1,879,109)	(1,423,502)
Administrative expenses	(22,158)	(20,130)	(21,238)
Other	(25,056)	31,364	21,001
Net Change in Fiduciary Net Position	1,442,860	(841,460)	1,658,637
Fiduciary Net Position, beginning	27,534,646	28,376,106	26,717,469
Fiduciary Net Position, ending (b)	\$ 28,977,506	\$ 27,534,646	\$ 28,376,106
Net Pension Liability (Asset), ending = (a) - (b)	\$ 4,125,604	\$ 4,108,692	\$ 2,185,995
Fiduciary net position as a % of total pension liability	87.54%	87.02%	92.85%
Pensionable covered payroll	\$ 5,682,755	\$ 5,524,485	\$ 5,812,092
Net pension liability as a % of covered payroll	72.60%	74.37%	37.61%

Note: 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

SOMERVELL COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Years

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2007	526,790	526,790	-	4,745,858	11.1%
2008	573,017	573,017	-	5,061,985	11.3%
2009	598,864	598,864	-	5,332,712	11.2%
2010	723,996	723,996	-	5,535,141	13.1%
2011	711,575	711,575	-	5,537,527	12.9%
2012	753,716	753,716	-	5,583,094	13.5%
2013	822,220	822,220	-	5,761,848	14.3%
2014	864,845	864,845	-	5,761,848	15.0%
2015	800,501	800,501	-	5,524,485	14.5%
2016	856,394	856,394	-	5,682,755	15.1%

GENERAL BUDGET POLICIES

The formally adopted budget may be legally amended by commissioners in accordance with Article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes.

The County maintains its legal level of budgetary control at the department level. Amendments to the 2017 budget were approved by the Commissioners' Court as provided by law throughout the year.

ENCUMBRANCES

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at the time are to be either canceled or appropriately provided for in the subsequent year's budget. There were no end-of year outstanding encumbrances that were provided for in the subsequent year's budget.

RETIREMENT SCHEDULES

Valuation Date

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the

Methods and Assumptions Used to Determine Contribution Rates

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.1 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 project 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*	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

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

**COMBINING FUND
STATEMENTS AND SCHEDULES**

The accompanying notes are an integral part of the financial statements.

SOMERVELL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2017

EXHIBIT H-1

	Lateral Road	Sherriff's Forfeiture	Juvenile Probation Grant	Juvenile IV-E	Debt Service
ASSETS					
Cash and cash equivalents	\$ -	\$ 25,194	\$ -	\$ -	\$ -
Taxes receivable, net of allowance	-	-	-	-	2,207
Other receivables	-	-	-	-	31
Intergovernmental receivables	-	-	19,727	-	-
Due from other funds	-	-	-	1,473	-
Cash - restricted	5,018	-	27,482	-	1,390
Total Assets	<u>\$ 5,018</u>	<u>\$ 25,194</u>	<u>\$ 47,209</u>	<u>\$ 1,473</u>	<u>\$ 3,628</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 675	\$ -	\$ -
Due to other funds	-	-	1,473	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,148</u>	<u>-</u>	<u>-</u>
Deferred inflows:					
Deferred property taxes	-	-	-	-	2,207
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,207</u>
Fund Balances:					
Restricted	<u>5,018</u>	<u>25,194</u>	<u>45,061</u>	<u>1,473</u>	<u>1,421</u>
Total Fund Balances	<u>5,018</u>	<u>25,194</u>	<u>45,061</u>	<u>1,473</u>	<u>1,421</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 5,018</u>	<u>\$ 25,194</u>	<u>\$ 47,209</u>	<u>\$ 1,473</u>	<u>\$ 3,628</u>

The accompanying notes are an integral part of the financial statements.

SOMERVELL COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2017

EXHIBIT H-1

	Hotel/Motel Tax	Sherriff Commissary	Hot Check	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 25,194
Taxes receivable, net of allowance	-	-	-	2,207
Other receivables	11,346	-	-	11,377
Intergovernmental receivables	-	-	-	19,727
Due from other funds	-	-	-	1,473
Cash - restricted	65,917	33,988	1,391	135,186
Total Assets	<u>\$ 77,263</u>	<u>\$ 33,988</u>	<u>\$ 1,391</u>	<u>\$ 195,164</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 675
Due to other funds	-	-	-	1,473
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,148</u>
Deferred inflows:				
Deferred property taxes	-	-	-	2,207
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,207</u>
Fund Balances:				
Restricted	<u>77,263</u>	<u>33,988</u>	<u>1,391</u>	<u>190,809</u>
Total Fund Balances	<u>77,263</u>	<u>33,988</u>	<u>1,391</u>	<u>190,809</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 77,263</u>	<u>\$ 33,988</u>	<u>\$ 1,391</u>	<u>\$ 195,164</u>

The accompanying notes are an integral part of the financial statements.

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

EXHIBIT H-2

	Lateral Road	Sherriff's Forfeiture	Juvenile Probation Grant	Juvenile IV-E	Debt Service
REVENUES:					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,105
Hotel/motel tax	-	-	-	-	-
Intergovernmental revenue and grants	10,449	-	85,477	-	-
Investment earnings	78	172	252	-	5
Other revenue	-	-	-	-	-
Total Revenues	<u>10,527</u>	<u>172</u>	<u>85,729</u>	<u>-</u>	<u>1,110</u>
EXPENDITURES:					
Current:					
General government:					
Legal	-	-	-	-	-
Judicial	-	4,246	57,166	-	-
Public safety	-	-	-	-	-
Precinct 1	2,490	-	-	-	-
Precinct 2	2,490	-	-	-	-
Precinct 3	2,490	-	-	-	-
Precinct 4	2,490	-	-	-	-
Economic Development	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Total Expenditures	<u>9,960</u>	<u>4,246</u>	<u>57,166</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>567</u>	<u>(4,074)</u>	<u>28,563</u>	<u>-</u>	<u>1,110</u>
Net Change in Fund Balance	567	(4,074)	28,563	-	1,110
Fund Balance-Beginning	<u>4,451</u>	<u>29,268</u>	<u>16,498</u>	<u>1,473</u>	<u>311</u>
Fund Balance-Ending	<u>\$ 5,018</u>	<u>\$ 25,194</u>	<u>\$ 45,061</u>	<u>\$ 1,473</u>	<u>\$ 1,421</u>

The accompanying notes are an integral part of the financial statements.

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

EXHIBIT H-2

	Hotel/Motel Tax	Sherriff Commissary	Hot Check	Total Nonmajor Governmental Funds
REVENUES:				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ 1,105
Hotel/motel tax	48,837	-	-	48,837
Intergovernmental revenue and grants	-	-	-	95,926
Investment earnings	343	-	-	850
Other revenue	-	134,684	19,103	153,787
Total Revenues	<u>49,180</u>	<u>134,684</u>	<u>19,103</u>	<u>300,505</u>
EXPENDITURES:				
Current:				
General government:				
Legal	-	-	20,161	20,161
Judicial	-	-	-	61,412
Public safety	-	139,335	-	139,335
Precinct 1	-	-	-	2,490
Precinct 2	-	-	-	2,490
Precinct 3	-	-	-	2,490
Precinct 4	-	-	-	2,490
Economic Development	17,455	-	-	17,455
Nondepartmental	-	-	-	-
Total Expenditures	<u>17,455</u>	<u>139,335</u>	<u>20,161</u>	<u>248,323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,725</u>	<u>(4,651)</u>	<u>(1,058)</u>	<u>52,182</u>
Net Change in Fund Balance	31,725	(4,651)	(1,058)	52,182
Fund Balance-Beginning	<u>45,538</u>	<u>38,639</u>	<u>2,449</u>	<u>138,627</u>
Fund Balance-Ending	<u>\$ 77,263</u>	<u>\$ 33,988</u>	<u>\$ 1,391</u>	<u>\$ 190,809</u>

The accompanying notes are an integral part of the financial statements.

SOMERVELL COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

EXHIBIT H-3

	BALANCE OCTOBER 1 2016	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2017
TAX ASSESSOR/COLLECTOR				
Assets:				
Cash and cash equivalents	\$ 26,152	\$ 1,139,154	\$ 1,103,345	\$ 61,961
Liabilities:				
Due to others	\$ 26,152	\$ 1,139,154	\$ 1,103,345	\$ 61,961
DISTRICT CLERK				
Assets:				
Cash and cash equivalents	\$ 9,545	\$ 58,532	\$ 56,410	\$ 11,667
Liabilities:				
Due to others	\$ 9,545	\$ 58,532	\$ 56,410	\$ 11,667
COUNTY CLERK				
Assets:				
Cash and cash equivalents	\$ 17,777	\$ 146,733	\$ 143,869	\$ 20,641
Liabilities:				
Due to others	\$ 17,777	\$ 146,733	\$ 143,869	\$ 20,641
TOTAL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 35,046	\$ 1,344,419	\$ 1,303,624	\$ 94,269
Total Assets	\$ 35,046	\$ 1,344,419	\$ 1,303,624	\$ 94,269
Liabilities:				
Due to others	\$ 53,474	\$ 1,344,419	\$ 1,303,624	\$ 94,269
Total Liabilities	\$ 53,474	\$ 1,344,419	\$ 1,303,624	\$ 94,269

The accompanying notes are an integral part of the financial statements.