



BURNET COUNTY, TEXAS

Comprehensive Annual Financial Report

For the Year Ended
September 30, 2017

BURNET COUNTY, TEXAS
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 Year Ended September 30, 2017

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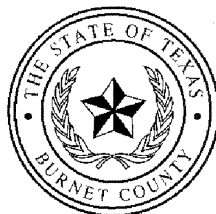
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INTRODUCTORY SECTION



THE COUNTY OF BURNET

BURNET, TEXAS 78611

March 23, 2018

To the Honorable District Judges, County Judge, County Commissioners and the Citizens of the County of Burnet:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the County of Burnet for the year ended September 30, 2017. This report is prepared by the County Auditor's office which is responsible for both the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the County.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). To demonstrate further public accountability, the independent accounting firm of Eide Bailly, LLP, Independent Certified Public Accountants, whose report is included herein, has audited the County's financial statements. The independent auditors' report is presented as the first component of the financial section of this report.

The County is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the auditor's report.

PROFILE OF BURNET COUNTY

The financial statements present information on the financial position and operations of County government as a single comprehensive reporting entity. The various agencies, departments, boards, commissions and accounts of the County that constitute the County reporting entity are included in this report in accordance with criteria established by the GASB. The reporting entity consists of all the funds of the primary government (Burnet County).

The County provides a full range of services authorized by statute. Such services include general governmental functions such as recording and licensing, maintaining the County and District Court

systems, maintaining public facilities, ensuring public safety, maintaining public health and welfare, aiding conservation and maintaining County roads and bridges. The costs associated with these services are presented within the financial statements in detail and summary form.

The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the County is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Government Accounting and Financial Reporting Standards, since County Commissioners and the County Judge are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The Burnet County Government is administered under a Commissioners’ Court system. The five-member Court is comprised of the County Judge and four Commissioners. The Commissioners are elected by precinct and the County Judge is elected at large. The County Judge is the presiding officer of the County Commissioners’ Court. The Court is responsible for setting the County’s annual tax rate, approving the tax roll and supervising all expenditures of County money. The Court is also responsible for issuing bonds to finance capital improvements. The County Judge is elected to a four-year term. Commissioners are elected to four-year staggered terms with two Commissioners elected every two years.

Internal Controls

The County’s internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management. A fulltime staff internal auditor has been assigned to perform these internal reviews, greatly enhancing the internal control process.

Budgetary Controls

The annual budget serves as the foundation for the County’s planning and control. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Commissioners’ Court. Activities of the General Fund, County Attorney Hot Check Fund, District Attorney Special Fund, Special Revenue Funds and Debt Service Fund are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within each fund. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

The budgetary basis of accounting required by Local Government Code differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the County’s budget is developed according to the statutorily required fund structure that differs extensively from the fund structure used in financial statements.

ECONOMIC CONDITION AND OUTLOOK

Community Profile

Burnet County, located in the Texas Hill Country, is 55 miles west of Austin and 100 miles north of San Antonio. The County covers 996 square miles with the Colorado River serving as the western boundary. The Llano River merges with the Colorado River in the southern portion of the County. A network of flood control dams has been built along this watershed creating a chain of five lakes in the county. The lakes coupled along with the excellent whitetail deer hunting and beautiful landscape make Burnet County one of the “hot spots” for tourism in the State of Texas.

The County, traversed by U.S. Highways 29, 71, 183 and 281, has a limited economy based on stone processing, tourism and agriculture. Activities that attract tourists to Burnet include hunting, fishing, water sports, Longhorn Caverns and Inks Lake State Park.

The duties and specific responsibilities of county government are unlike those of other entities, be they school, or special districts, however the differentiations are complimentary and not conflicting nor repetitive. Therefore, the role of the County and how its public servants are bringing those services to the citizens is our focus.

The primary components of the County’s services are public administration, criminal justice, facilities and infrastructure and public health and safety. Intertwined and commingled among these are the same guiding criteria as stated in our Mission Statement, as given below that apply to all of our service endeavors.

Mission Statement

The mission of Burnet County is to maintain overall efficient and financial management of county resources and provide services desired by the people of Burnet County and mandated by state and federal law. We are here to serve.

The County’s budget has maintained consistent service levels with a steady tax rate.

The criminal justice requirements for County government account for almost one-half of all expenditures, excluding debt service. Included in this category are law enforcement, jail, prosecution and judiciary. Numerous policy, procedures and projects, implemented and planned, will hopefully hold the expenditures relatively constant or possibly reduce the costs for these services with increased efficiencies.

The value of the public’s tangible assets, excluding cash, such as land, buildings, equipment and vehicles exceeds \$51 million. The County continues to upgrade and maintain all these assets, with additional capital improvements to County facilities including the County jail, facility and equipment upgrades in the Road and Bridge and County radio communications towers and systems.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

The economy in the County remained somewhat steady in 2017. The medical industry and the construction industry continues to provide many jobs in the Central Texas area. Burnet has estimated its population to be 42,750 at September 2010. This represents a 25% increase in population since the 2000 census. The growth can be attributed to factors such as a large influx of retirement age citizens and the County's close proximity to the City of Austin. Numerous small businesses and some nationally recognized chains have opened in direct response to the growth of the county.

The cities of Burnet and Marble Falls continue to make aggressive efforts to attract job-producing industries into the County.

Increasing growth creates challenges such as demand for increased services. Property values for FY 2016-2017 reflected an increase. The certified tax roll shows an increase of \$346,446,285 in value over the 2015-2016 roll. The County relies heavily on ad valorem taxes for its operating resources. Tax revenues generated from new construction were increased over the last year.

There are two pressing issues that will have a financial impact on the County and its citizens:

- 1) Legislative activities to cap or restrict Ad Valorem taxes and appraisals.
- 2) Program and facility expansions to keep up with growth and demand on services.

The last three sessions of the Texas Legislature has been primarily focused on legislation that would limit local governments' ability to increase its Ad Valorem taxes as well as limiting the appraisal values on homesteads. Texas Counties rely primarily on Ad Valorem taxes as its major funding source for operational expenses. Local governments have been successful so far in battling the potential budget buster bills from passing; however, this next session promises to have a more united front and may get the necessary support to enact such legislation. If this type of legislation was to pass, counties across the state will be forced to reduce, if not eliminate, programs that are non-mandated (i.e. libraries, fire departments, EMS) in order to balance the budget.

Long-Term Financial Planning

The County has previously authorized the issuance of Certificate of Obligations in June of 2015. The proceeds of that issuance were used to purchase the jail building from the Burnet County Public Facilities Corporation. The County also issued \$5.8 million in Tax Notes for County Road Infrastructure Improvements in 2017.

The County also works with its financial advisor to monitor the conditions of the tax-exempt credit market and issue refunding debt to defease outstanding obligations, when it can lower its cost of money.

At September 30, 2017, Burnet County had two (2) debt issues outstanding. The outstanding principal balance of the issues is \$19,335,000 and interest of \$6,499,422, for a grand total outstanding debt of \$25,834,422 in certificates of obligation and tax notes. According to the Constitution of the State of

Texas, Burnet County's outstanding bonded debt is limited to an amount not exceeding 25% of the assessed taxable value of real property in the County.

The County has issued debt obligations, and in the process submitted financial information to various rating agencies. Based on the submission of that information, the Burnet County Commissioners' Court has determined that the County maintain adequate reserves for operating expense in the amount of not less than 25 percent of the operating expense in the General Fund including assigned and committed Funds in the Restricted Fund.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to Burnet County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the CAFR on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the County Auditor's office and the competent services of the independent auditors. We also thank the members of the Commissioners' Court and their staff and all other County officials and employees who have given their support in planning and conducting the financial operations of the County in a responsible manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Karen Hardin". The signature is written in a cursive, flowing style.

Karen Hardin, CPA

County Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Burnet County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

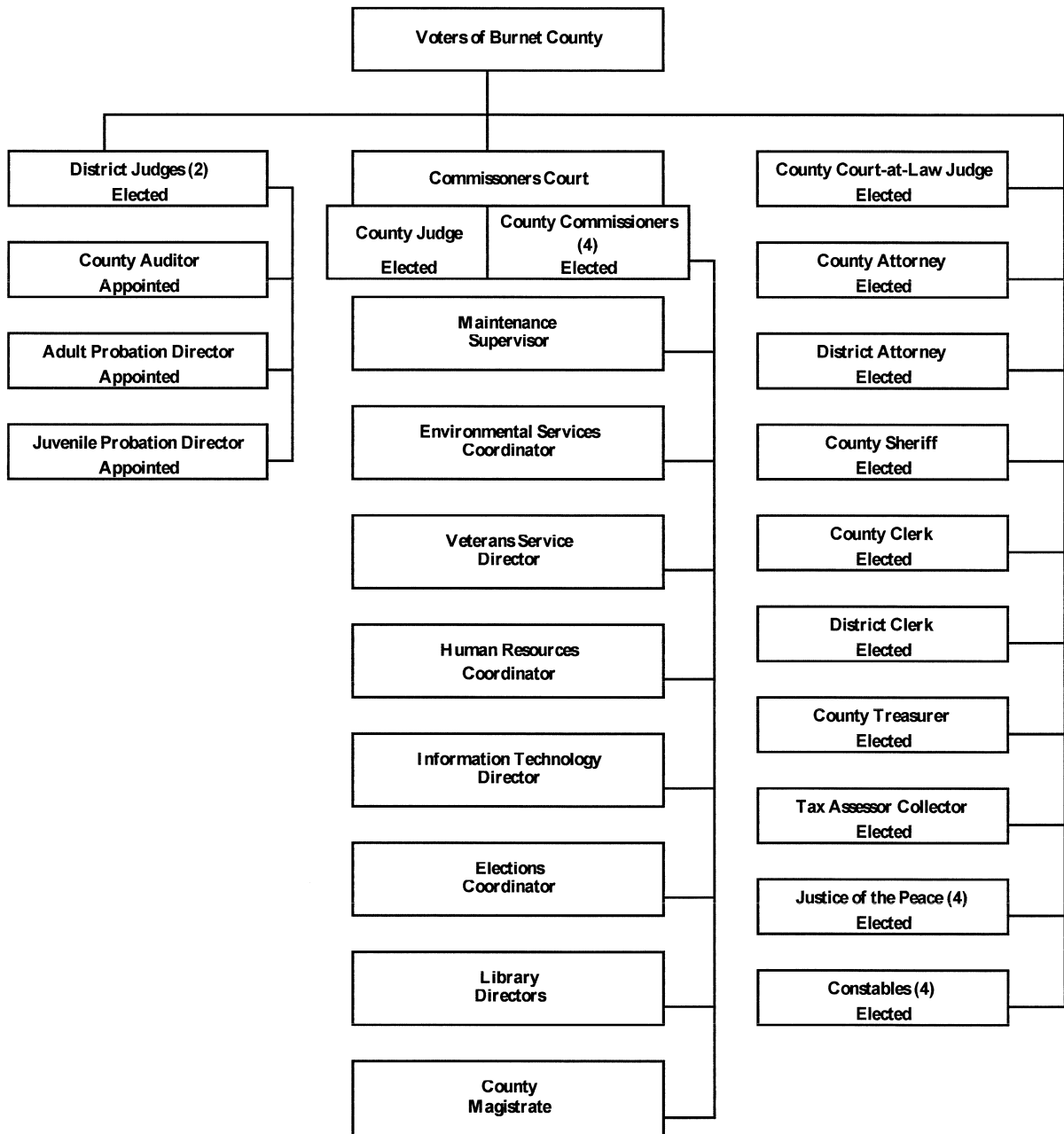
September 30, 2016

Christopher P. Morill

Executive Director/CEO

BURNET COUNTY ORGANIZATIONAL CHART

SEPTEMBER 2017



BURNET COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2017

COMMISSIONERS

Jim Luther, Jr.
Russell Graeter
Billy Wall
Joe Don Dockery

COUNTY ADMINISTRATIVE JUDGE

James Oakley

OTHER OFFICIALS

Linda Bayless	County Court-at-Law Judge
Eduardo Arredondo	County Attorney
Janet Parker	County Clerk
Casie Walker	District Clerk
Karen Hardin	County Auditor
Karrie Crownover	County Treasurer
Sheri Frazier	Tax Assessor-Collector
Calvin Boyd	County Sheriff
Roxanne Nelson	Justice of Peace, Precinct 1
Lisa Whitehead	Justice of Peace, Precinct 2
Peggy Simon	Justice of Peace, Precinct 3
Debbie Bindseil	Justice of Peace, Precinct 4
Mike Harnisch	Constable, Precinct 1
Garry Adams	Constable, Precinct 2
Robert Ballard	Constable, Precinct 3
Missy Bindseil	Constable, Precinct 4

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Judge and
Members of the Commissioners Court
Burnet County, Texas

Report on the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund Budgetary Comparison Schedule, Road and Bridge Budgetary Comparison Schedule, Grants

Fund Budgetary Comparison Schedule, County Jail fund Budgetary Comparison Schedule, Restricted Fund Budgetary Comparison Schedule, Schedule of Changes in Net Pension Liability and Related Ratios, and Schedule of Employer Contributions on pages 3 through 11 and 50 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements (including the budgetary comparison schedules for nonmajor funds) and statistical section, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Abilene, Texas
March 23, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Burnet County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i of this report.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17.5 million which represents total net position.
- Unrestricted net position of \$2.8 million may be used to meet the County's ongoing obligations to citizens and creditors in accordance with the County's fund designation fiscal policies.
- As of the close of the current fiscal year, the County's governmental funds reported a combined fund balances of \$13.3 million, a decrease of \$3.0 million from the prior year. Approximately 14% of this amount (\$1.8 million) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was approximately \$1.8 million, or approximately 11% of total general fund expenditures.
- Road construction infrastructure projects began utilizing approximately \$1 million of the \$5.8 million tax notes that were issued in the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. As noted above this narrative includes approximate values and percentages in the wording to summarize the schedules and financials in this report which include exact values. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The chart below summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

MAJOR FEATURES OF THE COUNTY'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

<i>Type of Statement</i>	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds)	The activities of the County that are not proprietary or fiduciary	Activities the County operates similar to private businesses: self-insurance	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net positions Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net positions Statement of revenues, expenses and changes in net positions Statement of cash flows	Statement of fiduciary net positions Statement of Changes in fiduciary net positions
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, using accounting methods similar to those used by private-sector business.

The *statement of net position* (page 12) presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows, 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 when examined in conjunction with non-financial factors.

The *statement of activities* (page 13) presents information showing how the County's net position changed during the most recent fiscal year. All changes in net positions 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of these 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 include general government, public safety, public transportation, health and welfare, culture and recreation, conservation, and debt interest. The County does not currently have any business-type activities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, it is our hope that readers may better understand the long-term impact of the County'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 fifteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Road and Bridge Fund (consolidated), Debt Service Fund, Capital Projects Fund, County Jail Fund and Restricted Fund which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Other Governmental Funds) in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Fund, County Jail Fund and certain Special Revenue Funds. Budgetary comparison schedules have been provided on pages 50-55 and pages 64-71 to demonstrate compliance with these budgets.

Proprietary Funds. There are two types of funds, *enterprise* and *internal service* funds. At this time, the County only maintains *internal service funds*. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for the Healthcare Reimbursement Accounts. Because both of these services predominately benefit government rather than business-type functions, they have been included within *government activities* in the government-wide financial statements.

The internal service fund is presented in the proprietary fund financial statements on pages 22-24 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the county. Fiduciary funds are *not* reflected in the government-wide financial statement 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 County maintains one type of fiduciary fund. The *Agency fund* reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statement can be found on page 25 or (Exhibit A-10) of the report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 50-59 of the report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 60-77 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by \$17.5 million at the close of the most recent fiscal year.

The following schedule provides a summary of the County’s net position at September 30, 2017 and 2016.

Summary of Statement of Net Position

	Governmental Activities	
	2017	2016
Current and other assets	\$ 15,685,714	\$ 18,499,949
Capital assets	26,899,014	26,631,482
Total assets	42,584,728	45,131,431
Total deferred outflows of resources	4,161,532	4,738,937
Current liabilities	3,167,196	2,732,859
Long-term liabilities	25,554,569	26,693,297
Total liabilities	28,721,765	29,426,156
Total deferred inflows of resources	488,300	633,487
Net investment in capital assets	11,720,177	10,647,846
Restricted	3,063,044	2,918,390
Unrestricted	2,752,974	6,244,489
Total net position	\$17,536,195	\$ 19,810,725

By far, the largest portion of the County’s net position (66.8%) reflects its investment in capital assets (e.g., land, buildings, vehicles, machinery and equipment, office furniture and equipment, infrastructure, and construction in progress), less any related outstanding debt that was used to acquire those assets. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County’s net position (17.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance \$2.8 million (15.7%) is unrestricted and may be used to meet the County’s ongoing obligation to citizens and creditors in accordance with the County’s fund designation and fiscal policies.

At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The County’s overall net position decreased \$2.3 million from the prior fiscal year for an ending balance of \$17.5 million. The reasons for this overall decrease are discussed in the following sections for governmental activities.

The following schedule provides a summary of the County's operations for the years ended September 30, 2017 and 2016:

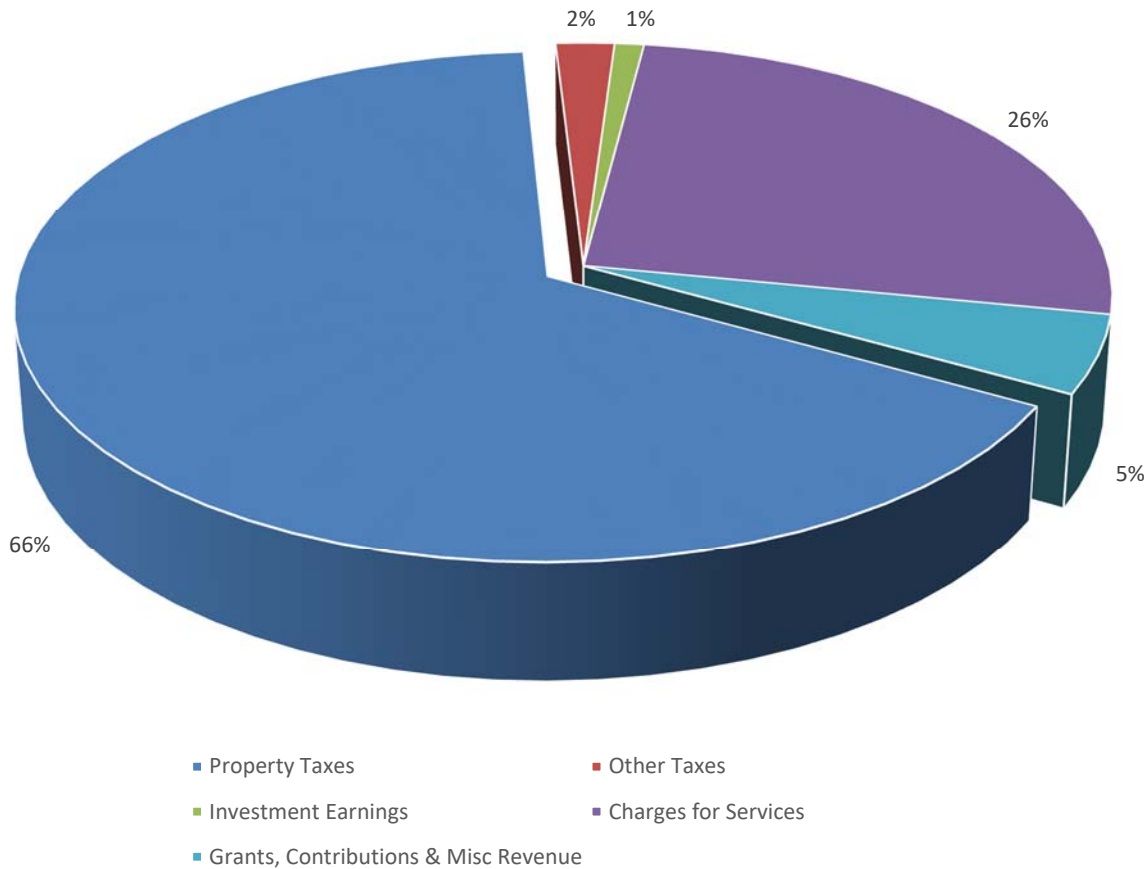
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues		
Charges for services	\$ 7,893,301	\$ 4,927,590
Operating grants and contributions	1,061,226	1,615,590
Capital grants and contributions		132,438
General revenues		
Property taxes	19,998,027	19,340,372
Other taxes	538,803	497,396
Investment earnings	151,900	74,119
Other revenue, not restricted	439,081	637,574
Total revenues	30,082,338	27,225,079
Expenses:		
General government	12,630,031	11,611,958
Public safety	14,204,584	10,554,301
Public transportation	3,029,716	3,029,310
Health and welfare	615,565	588,627
Culture and recreation	892,541	819,902
Conservation	327,610	290,683
Debt service	656,821	636,543
Total Expenses	32,356,868	27,531,324
Increase (decrease) in net position	(2,274,530)	(306,245)
Net position - beginning	19,810,725	20,116,970
Net position - ending	\$ 17,536,195	\$ 19,810,725

At the end of the current fiscal year, the County reported a decrease in net position for the government as a whole. The key elements of this change in net position are as follows: the number of contracted beds increased which increased the Charges for services by \$3.0 million and also increased Public safety expenses by \$3.6 million; Operating grants and contributions decreased due to the Herman Brown Library expansion expenditures of \$534 thousand as the revenue was recorded in FY16, General government expenses increased due to construction costs of new maintenance building and renovating other buildings were \$1.0 million.

Total revenues for the fiscal year ended September 30th were \$30.1 million. Approximately 68% of the County's revenue comes from taxes, with 66% from property taxes alone. Property tax revenue increased 3.4% due to an increase in property tax values, even though the tax rate remained the same. The graph below shows the sources of revenues for FY2017.

FY 2017 Revenues by Source Governmental Activities



Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the County’s *governmental funds* is to provide information of 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 the County’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County’s Commissioners Court.

At the end of the fiscal year, the County’s governmental funds reported a combined fund balance of \$13.3 million, a decrease of \$3.0 million or 18% in comparison with the prior year. Approximately 13.6% of this total amount (\$1.8 million) is *unassigned fund balance*, which is available for spending at the County’s discretion. The remainder of fund balance is divided among *assigned* fund balance of \$1.8 million, *committed* fund balance of \$1.1 million, *restricted* fund balance of \$8.4 million, and *nonspendable* fund balance of \$110 thousand. The County’s ability to spend each of these types of fund balance is more limited than with the unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.

General Fund. The General Fund is the chief operating fund of the County. At the end of the fiscal year, \$1.8 million of the total fund balance of \$1.9 million is unassigned. As a measure of the fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 11% of total general fund expenditures, while total fund balance represents 11% of that same amount.

The County’s general fund balance decreased by \$1.9 million during the current fiscal year attributable to additional Public Safety personal and expenses of approx. \$600 thousand and county building construction renovation expenses of \$1.0 million. The Debt Service Fund has a total fund balance of \$857 thousand, which is all restricted for the payment of debt service. The Capital Projects Fund decreased by \$395 thousand due to Construction in Progress road projects from the issuance of tax notes in the prior year.

General Fund Budgetary Highlights

Original budget compared to final budget. Over the course of the year, the County made revisions to the original appropriations budget approved by the Commissioners’ Court. Overall, these changes resulted in an increase from the original budget by \$376 thousand. There were slight increases and decreases among various departments that culminated in the total increased budget. Although the total amended budget expenditures totaled \$17.7 million, actual expenditures totaled \$16.6 million, a \$1.1 million positive variance. Reduced spending resulted in lower than budgeted operational costs.

Following are the main components of the decrease:

- To reflect department year end projections and re-appropriate funds within or between departments,
- To re-appropriate funds from other governmental units received during the year (grants),
- To re-appropriate funds to pay for commitments in the form of encumbrances established prior to September 30th, but not paid by that date.

Capital Assets and Debt Administration

Capital Assets. As of September 30, 2017, the County had invested \$26.9 million (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, roads, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$268 thousand or 1% more than last year as you can see in the table below.

	Capital Assets	
	(net of depreciation)	
	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Land	\$ 1,142,685	\$ 1,084,982
Construction in progress	1,021,418	11,459
Infrastructure	2,997,944	2,748,737
Buildings & other improvements	17,794,930	19,035,737
Office & miscellaneous equipment	1,829,730	1,916,201
Road equipment	2,112,307	1,834,366
Total	<u>\$ 26,899,014</u>	<u>\$ 26,631,482</u>

Major capital asset events during the current fiscal year included:

- Road & Bridge Precincts are in progress of capital improvement projects utilizing tax notes issued in FY16 of \$1 million and completed projects for \$483 thousand.
- Construction and renovating buildings for expanding county needs \$542 thousand
- Purchasing road equipment mainly for public safety and public transportation resulting in a net increase of \$717 thousand

Additional information about the County’s capital assets can be found in Note 5 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding \$19.3 million. Of this amount, \$14.2 million is debt backed by the full faith and credit of the government and \$5.1 million is tax notes issued. The remainder of the County’s long-term obligations comprises capital leases, compensated absences and pension-related debt.

	Governmental Activities	
	2017	2016
General Obligation Bonds	\$ 14,220,000	\$ 14,845,000
Tax Notes	5,115,000	5,780,000
Premiums on Bonds	498,128	524,345
Capital Leases	698,069	581,704
Compensated Absences	546,175	456,474
Net Pension Liability	6,266,928	6,156,952
Totals	\$ 27,344,300	\$ 28,344,475

During the year, Burnet County’s long-term debt decreased by \$1.0 million. The majority decrease was payments made on bonds and tax notes of \$1.2 million. The remainder was additions to capital leases, compensated absences and net pension liability totaling \$316 thousand.

Standard & Poor’s rating service has assigned its ‘AA’ rating to the County taxable series 2015 combination tax and limited pledge revenue certificates of obligation.

State statutes limit the amount of general obligation debt that a County can issue to 25% of its total assessed valuation. The current debt limitation for the County is over to \$1.0 billion, which is significantly higher than the County’s outstanding general obligation debt.

More detailed information about the County’s long-term obligations can be found in Note 8 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors and others were taken into consideration when preparing the County’s budget for the 2018 fiscal year.

- The County continues to enjoy growth in various demographic areas as the economy improves.
- Increases in the taxable assessed value as a percentage of estimated actual value and resulting increases in property assessments will continue to affect the County’s real property tax base. The taxable value used for the next year’s budget preparation is estimated to be up \$628 million or 3.3% from FY2017.
- The County’s unemployment rate is currently 2.6%, which is a decrease from a rate of 3.2% one year ago. The County’s rate is favorable to the state’s average unemployment rate of 3.9% The unemployment rate is expected to remain favorable with all the growth in the county.
- The population of the County is estimated at 46,243 in 2015, which is an increase of 8% since the Census of 2010.
- The average household income for 2016 is \$54,259 and is expected to continue to rise as average wages continue to increase.
- On the expenditure side, increases are expected in health insurance premiums as they continue to rise every year.
- Additional staffing will be needed at the jail to coincide with the additional inmates that are being housed there.

- The County will continue renovations and moving departments to various buildings to align their functions to the specific buildings.
- The Commissioners Court approved a \$38 million budget for the 2018 fiscal year. This is a 7.2% increase over the adopted 2017 fiscal year budget. The increase in the budget is primarily due to adding new Public Safety positions.
- The overall tax rate established for the FY2018 budget is \$0.3969 per \$100 of assessed valuation, which is the same as the overall rate for the previous year and slightly higher than the effective rate of \$0.3753 per \$100 of assessed valuation.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Burnet County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of Burnet County Auditor, 220 South Pierce, Burnet, TX 78611.

BASIC FINANCIAL STATEMENTS

BURNET COUNTY, TEXAS

Exhibit A-1

Statement of Net Position

September 30, 2017

	Primary Government
	Governmental Activities
ASSETS:	
Cash and cash equivalents	\$ 815,155
Investments	11,810,783
Receivables (net of allowance for uncollectibles)	1,463,890
Due from other governments	1,336,416
Due from others	149,601
Inventory	5,135
Prepaid items	104,734
Capital Assets:	
Nondepreciable assets	2,164,103
Depreciable assets	24,734,911
Total assets	42,584,728
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows - Pension items	4,161,532
LIABILITIES:	
Accounts payable	1,153,318
Payroll taxes and related items	17,199
Intergovernmental payable	255
Accrued interest payable	53,671
Due to others	107,709
Unearned revenues	45,313
Noncurrent Liabilities	
Due within one year	1,789,731
Due in more than one year	19,287,641
Net pension liability	6,266,928
Total liabilities	28,721,765
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows - pensions	488,300
NET POSITION:	
Net investment in capital assets	11,720,177
Restricted for debt service	856,923
Restricted for road and bridge	810,401
Restricted for other	1,395,720
Unrestricted net position	2,752,974
Total net position	\$ 17,536,195

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

BURNET COUNTY, TEXAS
Statement of Activities
For the Year Ended September 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 12,630,031	\$ 1,856,913	\$ 497,765	\$ -
Public safety	14,204,584	4,381,801	472,593	-
Public transportation	3,029,716	1,603,453	75,868	-
Health and welfare	615,565	7,821	-	-
Culture and recreation	892,541	43,313	15,000	-
Conservation	327,610	-	-	-
Debt interest	656,821	-	-	-
Total Governmental Activities	<u>32,356,868</u>	<u>7,893,301</u>	<u>1,061,226</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 32,356,868</u>	<u>\$ 7,893,301</u>	<u>\$ 1,061,226</u>	<u>\$ -</u>

General Revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for debt purposes
- Other taxes
- Miscellaneous revenue
- Investment earnings
- Gain on disposition of asset
- Total general revenues

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

Net (Expense) Revenue and Change in Net Position	
Primary Government	
Governmental Activities	Total
\$ (10,275,353)	\$ (10,275,353)
(9,350,190)	(9,350,190)
(1,350,395)	(1,350,395)
(607,744)	(607,744)
(834,228)	(834,228)
(327,610)	(327,610)
<u>(656,821)</u>	<u>(656,821)</u>
<u>(23,402,341)</u>	<u>(23,402,341)</u>
<u>(23,402,341)</u>	<u>(23,402,341)</u>
18,041,259	18,041,259
1,956,768	1,956,768
538,803	538,803
412,697	412,697
151,900	151,900
26,384	26,384
<u>21,127,811</u>	<u>21,127,811</u>
(2,274,530)	(2,274,530)
<u>19,810,725</u>	<u>19,810,725</u>
<u>\$ 17,536,195</u>	<u>\$ 17,536,195</u>

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

BURNET COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2017

	General Fund	Road and Bridge Fund	County Jail Fund
ASSETS			
Cash and Cash Equivalents	\$ 30,909	\$ 290,779	\$ 3,000
Investments	5,482,581	15,867	509,800
Taxes receivable (net)	553,240	60,469	
Fines, fees, and court costs receivable (net)	427,721		
Receivables others (net)	106,154	70,193	9,765
Due from other governments	425,477		706,949
Due from other funds		750,000	
Due from others	141,736		
Inventories	5,135		
Prepaid items	87,842	11,966	562
Total assets	\$ 7,260,795	\$ 1,199,274	\$ 1,230,076
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and other accrued liabilities	\$ 395,038	\$ 268,984	\$ 78,887
Wages and salaries payable		17,199	
Intergovernmental payable		255	
Due to other funds	3,982,963		1,151,189
Due to others			
Unearned revenues			
Total liabilities	4,378,001	286,438	1,230,076
Deferred inflows of resources:			
Unavailable revenue - fines, fees, and court costs	427,721		
Unavailable revenue - property taxes	553,240	60,469	
Total deferred inflows of resources	980,961	60,469	-
Fund balances:			
Nonspendable fund balances	92,977	11,966	562
Restricted		810,401	
Committed		30,000	
Assigned			
Unassigned	1,808,856		(562)
Total fund balances	1,901,833	852,367	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,260,795	\$ 1,199,274	\$ 1,230,076

Restricted Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 4,996	\$ 217,044	\$ 306	\$ 268,121	\$ 815,155
	757	5,800,026	1,752	11,810,783
	53,420			667,129
				427,721
22,486	1,935		158,507	369,040
			203,990	1,336,416
3,283,150	629,573		663,729	5,326,452
	7,865			149,601
				5,135
757			3,607	104,734
<u>\$ 3,311,389</u>	<u>\$ 910,594</u>	<u>\$ 5,800,332</u>	<u>\$ 1,299,706</u>	<u>\$ 21,012,166</u>
\$ 85,541	\$	\$ 293,972	\$ 30,896	\$ 1,153,318
				17,199
				255
		154,000	38,300	5,326,452
			107,709	107,709
			45,313	45,313
85,541		447,972	222,218	6,650,246
				427,721
	53,420			667,129
-	53,420	-	-	1,094,850
757			3,607	109,869
1,305,248	857,174	5,352,360	90,472	8,415,655
107,723			988,819	1,126,542
1,812,120				1,812,120
			(5,410)	1,802,884
<u>3,225,848</u>	<u>857,174</u>	<u>5,352,360</u>	<u>1,077,488</u>	<u>13,267,070</u>
<u>\$ 3,311,389</u>	<u>\$ 910,594</u>	<u>\$ 5,800,332</u>	<u>\$ 1,299,706</u>	<u>\$ 21,012,166</u>

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

BURNET COUNTY, TEXAS
 Reconciliation of the Governmental Funds Balance Sheet
 To The Statement of Net Position
 September 30, 2017

Exhibit A-4

Total Fund Balances - Governmental Fund Balance Sheet	\$	13,267,070
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.</p>		26,899,014
<p>Certain assets, such as property taxes receivable and imposed fines receivable, are not available to pay for current-period expenditures and, therefore, are deferred inflows in the governmental funds. Unavailable revenue recognized in the government-wide financial statements results in a net increase to net position.</p>		1,094,850
<p>Long-term liabilities, including bonds payable, compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.</p>		(21,077,372)
<p>Payables for bond interest which are not due in the current period are not reported in the funds.</p>		(53,671)
<p>Included in the items related to debt is the recognition of the County's net pension liability in the amount of \$6,266,928, deferred inflows of \$488,300 and a deferred outflow of resources of \$4,161,532. The net effect is a decrease to net position.</p>		<u>(2,593,696)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>17,536,195</u></u>

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

BURNET COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General Fund	Road and Bridge Fund	County Jail Fund
REVENUES:			
Taxes			
Property taxes	\$ 15,745,498	\$ 1,996,277	\$
Other taxes	85,873		
Penalty and interest on taxes	177,225	21,357	
Licenses and permits	685,753	895,737	
Intergovernmental revenue and grants	266,140	33,420	
Charges for services	977,685		4,173,930
Fines and forfeitures	494,348		
Investment earnings	72,998	6,479	3,603
Rents and royalties	49,066		
Other revenue	55,094	1,370	
Total revenues	<u>18,609,680</u>	<u>2,954,640</u>	<u>4,177,533</u>
EXPENDITURES:			
Current:			
General government	9,889,811		
Public safety	5,942,803		6,173,625
Public transportation		2,577,366	
Health and welfare			
Culture and recreation	1,795		
Conservation	310,030		
Debt service:			
Debt principal	77,856	185,202	
Debt interest	2,176	4,393	
Capital outlay	355,820	374,668	11,925
Total expenditures	<u>16,580,291</u>	<u>3,141,629</u>	<u>6,185,550</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>2,029,389</u>	<u>(186,989)</u>	<u>(2,008,017)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets and insurance proceeds	26,920	14,692	
Issuance of capital leases	236,547	142,875	
Transfers in	38,333		2,072,027
Transfers out	(4,202,556)	(57,000)	
Total other financing sources (uses)	<u>(3,900,756)</u>	<u>100,567</u>	<u>2,072,027</u>
NET CHANGE IN FUND BALANCES	(1,871,367)	(86,422)	64,010
FUND BALANCES, BEGINNING OF YEAR	<u>3,773,200</u>	<u>938,789</u>	<u>(64,010)</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,901,833</u>	<u>\$ 852,367</u>	<u>\$ -</u>

<u>Restricted Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 2,008,989	\$	\$	\$ 19,750,764
	20,954		452,930	538,803
15,000	1,238		745,705	1,061,503
649,006			187,460	5,339,075
1,694	3,792	60,108	3,226	1,143,354
				151,900
307,148			20	49,066
<u>972,848</u>	<u>2,034,973</u>	<u>60,108</u>	<u>1,389,341</u>	<u>30,199,123</u>
902,274			1,164,325	11,956,410
307,130			83,843	12,507,401
			16,477	2,593,843
			581,556	581,556
			858,306	860,101
				310,030
	1,290,000			1,553,058
	681,059			687,628
1,297,039		455,161	26,568	2,521,181
<u>2,506,443</u>	<u>1,971,059</u>	<u>455,161</u>	<u>2,731,075</u>	<u>33,571,208</u>
<u>(1,533,595)</u>	<u>63,914</u>	<u>(395,053)</u>	<u>(1,341,734)</u>	<u>(3,372,085)</u>
				41,612
				379,422
699,912			1,480,211	4,290,483
			(42,138)	(4,301,694)
<u>699,912</u>	<u>-</u>	<u>-</u>	<u>1,438,073</u>	<u>409,823</u>
(833,683)	63,914	(395,053)	96,339	(2,962,262)
4,059,531	793,260	5,747,413	981,149	16,229,332
<u>\$ 3,225,848</u>	<u>\$ 857,174</u>	<u>\$ 5,352,360</u>	<u>\$ 1,077,488</u>	<u>\$ 13,267,070</u>

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

BURNET COUNTY, TEXAS
 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

Net Change in Fund Balances - Total Government Funds	\$ (2,962,262)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays subject to capitalization is to increase net position.	2,521,180
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of recording current year depreciation expense is to decrease net position.	(2,238,420)
The proceeds received from the current year dispositions of capital assets are revenues in the fund financial statements, but are shown as decreases in capital assets in the government-wide financial statements. The net effect of excluding sales proceeds from revenue and recording the current year loss on disposition of capital assets is to decrease net position.	(15,228)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. The current year decrease in revenue recognized in the government-wide financial statements results in an decrease in net position.	(143,168)
Current year long-term debt principal payments on long-term debt are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. This results in an increase in net position.	1,553,057
Issuance from capital leases are sources of funds in the governmental funds, but the issuance increases long-term liabilities in the statement of net position and is not a source of funds on the statement of activities. Issuance from capital leases result in a decrease in net position.	(379,422)
The net increase in compensated absences payable is a decrease to net position.	(89,701)
Internal service funds are used by management to charge the costs of self-insurance in individual funds. The change in net position of the internal service funds are included in governmental activities in the statement of activities. The current year effect resulted in a decrease to net position.	(9,179)
Bond premiums are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization and an increase in net position.	26,217

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. This is a net decrease in accrual and an increase in net position.

4,590

Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$1,373,800. The County's share of the unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's proportionate share of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$1,915,994. The net effect is a decrease in net position.

(542,194)

Change in Net Position of Governmental Activities - Statement of Activities

\$ (2,274,530)

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

BURNET COUNTY, TEXAS

Exhibit A-7

Statement of Net Position

Proprietary Fund

September 30, 2017

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current assets:	
Restricted assets:	
Pooled cash and cash equivalents	\$ <u> -</u>
Total assets	-
LIABILITIES	
Current liabilities:	
Claims payable from restricted assets	<u> -</u>
Total liabilities	-
NET POSITION	
Restricted for insurance claims	<u> -</u>
Total net position	\$ <u><u> -</u></u>

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

BURNET COUNTY, TEXAS

Exhibit A-8

Statement of Revenues,
Expenses and Changes in Fund Net Position - Proprietary Fund
For the Year Ended September 30, 2017

	<u>Governmental Activities Internal Service Fund</u>
OPERATING EXPENSES	
Insurance claims and reimbursements	\$ 19,846
Administrative fees	<u>544</u>
Total operating expenses	<u>20,390</u>
OPERATING LOSS	<u>(20,390)</u>
Loss before transfers	<u>(20,390)</u>
Transfer in	<u>11,211</u>
Change in net position	(9,179)
NET POSITION AT BEGINNING OF YEAR	<u>9,179</u>
NET POSITION AT END OF YEAR	<u>\$ -</u>

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

BURNET COUNTY, TEXAS
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2017

Exhibit A-9

	<u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash payments for claims and reimbursements	\$ (20,536)
Cash payments for administrative fees	<u>(544)</u>
Net cash used in operating activities	<u>(21,080)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfer In	<u>11,211</u>
Net cash provided by investing activities	<u>11,211</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,869)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,869</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (20,390)
Adjustments to reconcile operating loss to net cash used in operating activities	
Changes in:	
Accounts payable	<u>(690)</u>
Net cash used in operating activities	<u><u>(21,080)</u></u>

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

BURNET COUNTY, TEXAS
Statement of Fiduciary Net Position - Fiduciary Funds
September 30, 2017

Exhibit A-10

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ <u>2,964,301</u>
Total assets	\$ <u><u>2,964,301</u></u>
LIABILITIES	
Due to others	<u>2,964,301</u>
Total liabilities	\$ <u><u>2,964,301</u></u>

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

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies

The financial statements of Burnet County, Texas (the County) included in the accompanying basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's Basic Financial Statements.

A. Reporting Entity

Burnet County, Texas is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, tax and recording (e.g. tax collection), judicial (courts, juries, etc), legal (district attorney, county attorney, etc) public safety (sheriff, jail, etc), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

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

1. the organization is legally separate (can sue and be sued in its name)
2. the County holds the corporate powers of the organization
3. the County appoints a voting majority of the organization's board
4. the County is able to impose its will on the organization
5. the organization has the potential to impose a financial benefit/burden on the County
6. there is fiscal dependency by the organization on the County
7. the exclusion of the organization would result in misleading or incomplete financial statements

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

The County is not a component unit of any other reporting entity as defined by the GASB Statement.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Basis of Presentation

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

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

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

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Governmental Fund Types:

The County reports the following major governmental funds:

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

Road & Bridge Fund. The Road & Bridge Fund is a special revenue fund that accounts for and reports the financial resources received from a designated part of the annual property tax levy and auto registration fees and traffic fines, which are used for operating and maintaining County owned roads and bridges.

County Jail Fund. This fund is used to account for the financial resources used to operate the County jail.

Restricted Fund. This fund is used to account for financial resources under certain legal restrictions.

Debt Service Fund. This fund is used to account for the accumulation of resources that are legally restricted, committed or assigned to expenditures for the specified purpose of the retirement of long-term debt, including debt principal, interest and related costs.

Capital Projects Fund. This fund accounts for financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital facilities.

In addition, the County reports the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary Fund Types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. The internal service fund is used to account for the provision of health insurance to employees of the County. The general fund is contingently liable for liabilities of this fund. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The County uses this fund to account for and report the County's reimbursement to employees the cost of their health care insurance deductible up to \$500 per year. The County elected a new health care plan beginning October 1, 2009 and increased the deductible from \$250 to \$750 per year in order to reduce the County's premium. The funds are transferred from the General Fund per the budget.

Fiduciary Fund Types:

Agency Funds: These funds are used to report funds of the County's fee offices and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

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

Measurement Focus and Basis of Accounting

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

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

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

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Revenues, and Net Position or Equity

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available 1) when they become due or past due and receivable within the current period and 2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of nonspendable fund balance which indicates they do not represent "available spendable resources".

Inventories

Inventory is valued at cost using the first in/first out (FIFO) method. Inventory in the governmental funds consists of expendable supplies held for consumption and the cost is recorded as expenditures when consumed rather than when purchased. Reported inventories are offset by nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net position.

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

In the case of the initial capitalization of general infrastructure assets (i.e., streets and bridges), the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the County constructs or acquires additional capital assets each year, including infrastructure assets, they are capitalized and reported at historical cost.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Revenues, and Net Position or Equity (continued)

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

Infrastructure	20 years
Buildings and Improvements	22 years
Improvements	20 years
Office Equipment	3-15 years
Vehicles and Road Equipment	5-10 years
Computer Equipment	5-6 years

Receivables and Payable Balances

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue.

The County expects to collect the following amounts net of deferral in one year:

1. Taxes receivable of \$667,129
2. Fines receivable of \$427,721

Compensated Absences

A liability for unused vacation for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued as long-term debt in the government-wide statements.

Upon termination from the County employment, an employee shall be entitled to payment for total accrued but unused days of vacation and comp time. Comp time earned, but not taken, is paid at the end of each fiscal year. Vacation time cannot accumulate beyond 80 hours during the first nine years of employment and beyond 120 hours for the 10th year and beyond of employment per eligible employee. Sick leave accrues at 6.67 hours per month with a maximum of 90 days (720 hours), but compensation is paid only for an illness-related absence. All unpaid employee leave is due to active employees. Any unpaid leave due to an employee who is terminated is paid immediately upon the termination. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp times are the only accrued compensation liabilities recorded.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Revenues and Net Position or Equity (continued)

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

Deferred Inflows/Outflows of Resources

The County reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in current period. Deferred inflows of resources also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources for the difference between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will 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 County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned Revenue

The County reports unearned revenue when potential revenue is received before it has legally been earned according to revenue recognition principles.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Revenues and Net Position or Equity (continued)

Assets limited as to use or restricted

Resources are set aside for the terms of bond agreements or self-insurance arrangements.

Legally adopted budgets

All governmental funds have legally adopted budgets.

Pensions

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fair Value Measurements

The County adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 2: Deposits and Investments

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

Cash Deposits

At September 30, 2017, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,622,206 and the bank balance was \$9,456,343. The County's cash deposits at September 30, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name.

Investments

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

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

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, certificates of deposit, certain municipal securities, money market savings accounts, repurchasing agreements, bankers acceptance, mutual funds, investment pools, guaranteed investment contracts, and common trust funds.

The County's investments at September 30, 2017 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>	<u>Rating</u>
TexPool	51	\$ 67,377	AAAm
Logic	42	6,880,944	AAAm
Texas Class	54	2,019,712	AAAm
Certificates of Deposits	N/A	2,842,750	Non-rated
Total investments		\$ <u>11,810,783</u>	

Various certificates of deposit were purchased under the Certificate of Deposit Account Registry Service through a commercial banking institution. All certificates of deposit purchased under this program were entirely covered by FDIC insurance.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 2: Deposits and Investments (continued)

The County has investments with the following public funds investment pools as of September 30, 2017:

Texas Local Government Investment Pool (TexPool & TexPool Prime) – Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of TexPool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office.

Local Government Investment Cooperative (LOGIC) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. J.P. Morgan Investment Management Inc. serves as investment advisor and co-administrator with First Southwest Asset Management, Inc. LOGIC invests in treasury and agency securities and repurchase agreements as well as prime commercial paper. The pool maintains a weighted average maturity of 60 days or less. The pool seeks to maintain a constant dollar objective.

Texas CLASS was created as an investment pool for its participants pursuant to Section 2256 of the Public Funds Investment Act, Texas Government Code. The fund is administered by MBIA Municipal Investors Service Corporation and Wells Fargo Bank Texas, NA is the Custodian

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end:

A. Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days. The maximum allowable stated maturity of any individual investment owned by the County shall not exceed three years.

B. Credit Risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

C. Concentration of Credit Risk

The County’s investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 2: Deposits and Investments (continued)

Analysis of Specific Deposit and Investment Risks (continued)

D. Investment Accounting Policy

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

E. Public Funds Investment Pools:

Public funds investment pools in Texas (the pool) 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 (Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, to maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service and to maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule of 195 2a7 of the Investment Company Act of 1940.

Note 3: Receivables

Receivables at year end, net of the applicable allowances for uncollectible accounts, are as follows:

	<u>Property Taxes</u>	<u>Accounts receivable</u>	<u>Fines, fees and court costs</u>	<u>Inter- governmental receivables</u>	<u>Due from others</u>	<u>Total receivables</u>
Governmental activities:						
General fund	\$ 553,240	\$ 106,154	\$ 427,721	\$ 425,477	\$ 141,736	\$ 1,654,328
Road & bridge fund	60,469	70,193				130,662
Debt service fund	53,420	1,935			7,865	63,220
County jail fund		9,765		706,949		716,714
Restricted fund		22,486				22,486
Non-major governmental funds		<u>158,507</u>		<u>203,990</u>		<u>362,497</u>
	<u>\$ 667,129</u>	<u>\$ 369,040</u>	<u>\$ 427,721</u>	<u>\$ 1,336,416</u>	<u>\$ 149,601</u>	<u>\$ 2,949,907</u>

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 4: Commitments Under Leases

Capital Leases

During September 2015, the County agreed to enter into a lease with Branch Banking & Trust Leasing Corporation for equipment. This lease agreement meets the criteria of a capital lease. An additional \$363,095 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total was \$363,095. The capital lease agreement requires monthly payments of \$10,296, including interest at 1.34% through September 2018.

During September 2016, the County agreed to enter into a lease with Branch Banking & Trust Leasing Corporation for various maintenance vehicles. This lease agreement meets the criteria of a capital lease. An additional \$292,023 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$292,023. The capital lease agreement requires quarterly payments of \$24,873, including interest at 1.35% through September 2019.

During September 2017, the County agreed to enter into a lease with NHB Bank for various vehicles and equipment. This lease agreement meets the criteria of a capital lease. An additional \$379,422 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$379,422. The capital lease agreement requires monthly payments of \$10,921, including interest at 2.32% through September 2020.

Equipment under capital lease at September 30, 2017 consists of:

Road Equipment	\$	1,040,058
Less: accumulated depreciation		<u>(201,942)</u>
Total	\$	<u><u>838,116</u></u>

Annual debt service requirements to maturity for capital lease obligations are as follows:

<u>Year ended September 30,</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 343,545	\$ 10,541
2019	214,457	5,160
2020	<u>140,067</u>	<u>1,903</u>
Total	<u><u>\$ 698,069</u></u>	<u><u>\$ 17,604</u></u>

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2017 are as follows:

<u>Year ending September 30,</u>	
2018	\$ 62,619
2019	42,035
2020	26,437
2021	14,569
2022	<u>789</u>
Total minimum rentals	<u><u>\$ 146,449</u></u>
Rental expenditures in 2017	<u><u>\$ 75,955</u></u>

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 5: Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,084,982	\$ 57,703	\$ -	\$ 1,142,685
Construction in progress	11,459	1,009,959	-	1,021,418
Total capital assets not being depreciated	1,096,441	1,067,662	-	2,164,103
Capital assets being depreciated				
Infrastructure (Roads & Bridges)	7,763,614	483,467	-	8,247,081
Buildings and improvements	28,716,907	30,476	(21,796)	28,725,587
Other improvements	634,194	-	-	634,194
Office and miscellaneous equipment	6,208,841	221,899	(72,508)	6,358,232
Road equipment	6,856,770	717,676	(284,920)	7,289,526
Total capital assets being depreciated	50,180,326	1,453,518	(379,224)	51,254,620
Less accumulated depreciation for:				
Infrastructure (Roads & Bridges)	(5,014,877)	(234,260)	-	(5,249,137)
Buildings and improvements	(9,891,370)	(1,240,963)	20,706	(11,111,627)
Other improvements	(423,994)	(29,230)	-	(453,224)
Office and miscellaneous equipment	(4,292,640)	(308,370)	72,508	(4,528,502)
Road equipment	(5,022,404)	(425,597)	270,782	(5,177,219)
Total accumulated depreciation	(24,645,285)	(2,238,420)	363,996	(26,519,709)
Total capital assets being depreciated, net	25,535,041	(784,902)	(15,228)	24,734,911
Governmental activities capital assets, net	\$ 26,631,482	\$ 282,760	\$ (15,228)	\$ 26,899,014

Depreciation was charged to functions as follows:

Government	\$ 467,849
Public safety	1,326,626
Health & welfare	34,009
Culture & Recreation	10,510
Conservation	9,719
Public transportation	389,707
Total depreciation expense	\$ 2,238,420

Construction in progress consists of various building projects including new buildings and expansion to existing buildings. Projects are expected to be completed during the 2018 fiscal year. Estimated cost to complete these projects is \$65,366.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 6: Interfund Balances and Activity

Due to and from Other Funds

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances due to and due from other funds at September 30, 2017, consisted of the following:

Due to fund	Due from fund	Amount	Purpose
Nonmajor governmental fund	County jail fund	\$ 218,189	Short-term loans
Nonmajor governmental fund	General fund	408,540	Short-term loans
Nonmajor governmental fund	Nonmajor governmental fund	37,000	Short-term loans
Restricted fund	General fund	3,281,850	Short-term loans
Restricted fund	Nonmajor governmental fund	1,300	Short-term loans
Road and Bridge fund	County jail fund	750,000	Short-term loans
Debt Service fund	County jail fund	183,000	Debt service
Debt Service fund	Capital projects fund	154,000	Debt service
Debt Service fund	General fund	292,573	Debt service
Total		<u>\$ 5,326,452</u>	

Transfers to and from Other Funds

Transfers to and from other funds at September 30, 2017, consisted of the following:

Transfers from	Transfers to	Amount	Purpose
General fund	Nonmajor governmental funds	\$ 1,480,211	To supplement other funds sources
General fund	Restricted fund	642,912	Establish opening balances of restricted fund
General fund	County jail fund	2,068,222	Additional funding for inmate housing
General fund	Internal service fund	11,211	Health insurance
Nonmajor governmental fund	General fund	38,333	Reimburse general fund for past shortages
Nonmajor governmental fund	County jail fund	3,805	Transfer grant funds to jail
Road and Bridge fund	Restricted fund	57,000	Transfer restricted balance
Total		<u>\$ 4,301,694</u>	

Note 7: Risk Management

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers compensation. The County carries commercial insurance in order to manage the above listed risks. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 8: Long-Term Obligations

The County has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the County.

Bonds and Certificates of Obligation

Current requirements for bonded indebtedness of the County are accounted for in the Debt Service Fund.

On June 25, 2015, the County issued \$14,845,000 in Certificates of Obligation, Taxable Series 2015, with interest rates ranging from 3.75% to 5.00%, maturing in 2036. The proceeds from the sale of the Certificates were used for the purchase of the jail from the Burnet County Public Facilities Company.

On August 23, 2016, the County issued \$5,780,000 in Tax Notes, Series 2016, with interest rate of 1.38%, maturing in 2023. The proceeds from the sale of the Tax Notes is to be used for the infrastructure improvements.

The following are general obligation bond issues outstanding at September 30, 2017:

	<u>Interest rates</u>	<u>Date of issue</u>	<u>Date of Maturity</u>	<u>Bonds Outstanding</u>
Certificate of obligation, Series 2015	3.75 - 5.00	2015	2036	\$ 14,220,000
Tax Notes Series 2016	1.38	2016	2023	<u>5,115,000</u>
Total general obligations debt				\$ <u><u>19,335,000</u></u>

Debt service is primarily paid from ad valorem taxes and is recorded in the debt service funds.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 8: Long-Term Obligations (continued)

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,345,000	\$ 652,817	\$ 1,997,817
2019	1,400,000	619,139	2,019,139
2020	1,455,000	585,422	2,040,422
2021	1,415,000	548,253	1,963,253
2022	1,455,000	507,545	1,962,545
2023-2027	4,260,000	2,000,828	6,260,828
2028-2032	4,085,000	1,244,800	5,329,800
2033-2036	3,920,000	340,618	4,260,618
Totals	\$ 19,335,000	\$ 6,499,422	\$ 25,834,422

Compensated Absences

The cost of the County's liability for compensated absences is calculated at the end of the fiscal year based on the employee's pay rate and the accumulated vacation hours earned but not taken. The liability has typically been liquidated primarily in the General Fund and Road and Bridge Fund.

Long-Term Obligation Activity

Long-Term Obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended September 30, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligations bonds	\$ 14,845,000	\$	\$ (625,000)	\$ 14,220,000	\$ 600,000
Tax notes	5,780,000		(665,000)	5,115,000	745,000
Total bonds payable	20,625,000	-	(1,290,000)	19,335,000	1,345,000
Unamortized bond premium	524,345		(26,217)	498,128	26,217
Capital leases	581,704	379,422	(263,057)	698,069	343,545
Compensated absences	456,474	2,031,333	(1,941,632)	546,175	74,969
Net pension liability	6,156,952	109,976		6,266,928	-
Total Governmental Activities	\$ 28,344,475	\$ 2,520,731	\$ (3,520,906)	\$ 27,344,300	\$ 1,789,731

During the year, pension liability was funded from the general, economic development, restricted, grants, library and road and bridge funds.

Note 9: Self-Insurance

Health Care Reimbursement (HRA)

The County has elected to create a Health Care Reimbursement Account to reimburse employees the cost of their health care insurance deductible up to \$500 per year. The County elected a new health care plan beginning October 1, 2009 and increased the deductible from \$250 to \$750 per year, per employee, so as to reduce the County's premium. The funds are transferred from the general fund per the budget. For the year ended September 30, 2017, a total of \$19,846 was paid in health care insurance deductible claims and \$544 in administrative fees.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 10: Health Insurance and Workers' Compensation

Health Insurance

During the year ended September 30, 2017 employees of Burnet County were covered by a health, dental, and life insurance plan (the Plan). The County paid premiums of \$885 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

Workers' Compensation

The County is a member of the Texas Association of Counties Workers' Compensation Self-Insurance Fund. The Fund is sponsored by the Texas Association of Counties and was originally established on March 28, 1974 by the entry into interlocal participation agreements by member political subdivisions of the State of Texas. The Fund was created to provide workers' compensation benefits for its members pursuant to the provisions of Chapter 504, V.T.C.A., Labor Code, Art. 715(c), Rev. Civ. Stat. Ann., and Chapter 791, V.T.C.A., Government Code. The contribution amount for the Fund Member is based upon gross payroll, classification rates for types of positions, and experience modifier. During the year ended September 30, 2017 the County contributed a total of \$247,309 to the Fund.

Note 11: Pension Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide 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, Texas 78768-2034.

Benefits Provided

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 20 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 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 be expected 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 deposits 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. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the County's Board within certain guidelines.

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

Inactive Employees Accounts:	
Receiving benefits	188
Entitled to but not yet receiving benefits	236
	<hr/>
	424
Active employees	334

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 11: Pension Plan (continued)

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

	<u>Contribution Rates</u>	
	<u>2016</u>	<u>2017</u>
Member	7.0%	7.0%
Employers	12.30%	11.37%
Employer Contributions		\$ 1,864,269
Member Contributions		\$ 1,149,410

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.7 years
Asset Valuation Method	5 year smoothed market
Discount Rate	8.10%
Long-term expected Investment Rate of Return*	8.10%
Salary Increases*	4.90%, average
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

Except for the mortality assumptions, the actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2009 - 2012. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2013 and first used in the December 31, 2013 actuarial valuation. The mortality assumptions were developed by Milliman, Inc. and adopted by the TCDRS Board of Trustees in 2015, and first used in the December 31, 2015 actuarial valuation.

There were no changes in assumptions reflected in the December 31, 2016 actuarial valuation, but there were changes in methods.

The asset valuation method for the December 31, 2016 actuarial valuation is to smooth each year's actuarial investment gains and losses. First, to the extent that there is a loss for the year and there are unrecognized gains from previous years, or to the extent that there is a gain for the year and there are unrecognized losses from previous years, the gain or loss for the year shall be used to offset unrecognized gains or losses from previous years in the order of the oldest to most recent. Any remaining gain or loss for the year is recognized over a five-year period. For the prior valuation, there was no offsetting of unrecognized gains and unrecognized losses, and all asset gains and losses for a year were recognized over a five-year period.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 11: Pension Plan (continued)

There was also a change in how extra plan contributions are treated effective with the December 31, 2016 actuarial valuation. For the current valuation, if extra lump-sum contributions are made to a plan during the year, the extra contributions are used to offset the unfunded actuarial accrued liability increase, if any, related to plan changes elected during the current year. Extra contributions over the required amount due to an elected rate and any remaining lump-sum contribution amounts are then used to pay down existing loss bases, in the order of the oldest to the most recent. For the prior valuation, extra contributions were first used to offset increases to the unfunded actuarial accrued liability, if any, related to plan changes elected during the year. Any remaining extra contributions were then incorporated into the actuarial gains or losses for the current year.

Refer to the most recent CAFR issued by TCDRS for a complete discussion of all assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2017 information for a 7 – 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is 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.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 11: Pension Plan (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Benchmark	Target Allocation[1]	Geometric Real Rate of Return (Expected minus Inflation) [2]
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index [3]	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed Markets	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index [4]	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index [5]	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

^[1] Target asset allocation adopted at the April 2017 TCDRS Board meeting.

^[2] Geometric real rates of return in addition to assumed inflation of 2.0%, per Cliffwater's 2017 capital market assumptions.

^[3] Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

^[4] Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

^[5] Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 11: Pension Plan (continued)

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

At September 30, 2017, the County reported a net pension liability of \$6,266,928 measured at December 31, 2016. For the year ended September 30, 2017, the County recognized pension expense of \$2,406,463.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the net pension liability for the measurement year ended December 31, 2016 are as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2015	\$ 44,425,739	\$ 38,268,787	\$ 6,156,952
Changes for the year:			
Service Cost	1,995,104	-	1,995,104
Interest on total pension liability (1)	3,593,749	-	3,593,749
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(87,967)	-	(87,967)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(217,815)	(217,815)	-
Benefit payments	(1,896,540)	(1,896,540)	-
Administrative expense	-	(30,866)	30,866
Member contributions	-	1,023,276	(1,023,276)
Net investment income	-	2,834,298	(2,834,298)
Employer contributions	-	1,648,941	(1,648,941)
Other (3)	-	(84,739)	84,739
Net changes	3,386,531	3,276,555	109,976
Balance as of December 31, 2016	\$ 47,812,270	\$ 41,545,342	\$ 6,266,928

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

(2) No plan changes valued.

(3) Relates to the allocation of system-wide items.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.10%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 53,771,988	\$ 47,812,270	\$ 42,827,999
Fiduciary net position	41,545,343	41,545,342	41,545,343
Net pension liability / (asset)	\$ 12,226,645	\$ 6,266,928	\$ 1,282,656

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 11: Pension Plan (continued)

At December 31, 2016 the County reported its share of the TCDRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 488,300	\$ 138,027
Changes in actual assumptions	-	239,523
Difference between projected and actual investment earnings	-	2,410,183
Contributions subsequent to the measurement date	-	1,373,799
Total	\$ 488,300	\$ 4,161,532

\$1,373,799 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:

Year Ended September 30:	Pension Expense Amount
2017	\$ 842,616
2018	704,589
2019	695,621
2020	56,607
	\$ 2,299,433

Note 12: Group Term Life Fund

Plan Description

Burnet County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Burnet County does not provide group term life insurance coverage to retired employees.

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

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Burnet County contributions to the GTLF for the years ended September 30, 2017, 2016 and 2015 were \$57,433, \$45,733, and \$60,418, respectively, which equaled the contractually required contributions each year.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 13: Contingencies

Contingencies

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

Litigation

The County Attorney has indicated that there is one lawsuit filed and pending against the County but in his opinion it will not result in a material effect on the County's financial position.

Note 14: Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The program is administered by Nationwide Retirement Solutions, Inc. The National Association of Counties (NACO) Deferred Compensation Program, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County has established a custodial legal trust arrangement with the investment company that administers the program. Under these trust arrangements, all amounts of compensation deferred under the program, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employees. Accordingly, the amounts invested with this investment company are not included in the County's basic financial statements.

Note 15: Fund Balance

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. *Restricted* fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action, such as a resolution, of the Commissioners' Court (the County's highest level of decision-making authority).
4. *Assigned* fund balance classification includes amounts intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. *Unassigned* fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. The County's general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 15: Fund Balance (continued)

As of September 30, 2017, governmental fund balance is composed of the following:

Fund Balances:	General Fund	Road & Bridge Fund	Debt Service Fund	Capital Projects Fund	County Jail Fund	Restricted Fund	Other Governmental Funds
Non-spendable:							
Inventories	\$ 5,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	87,842	11,966	-	-	562	757	3,607
Total Non-spendable	92,977	11,966	-	-	562	757	3,607
Restricted for:							
Records management	-	-	-	-	-	433,895	-
Court programs	-	-	-	-	-	461,657	90,472
Technology programs	-	-	-	-	-	120,307	-
Property purchasing & improvements	-	-	-	-	-	289,389	-
Road & bridge maintenance & construction	-	810,401	-	-	-	-	-
Retirement of long term debt	-	-	857,174	-	-	-	-
Capital asset acquisition	-	-	-	5,352,360	-	-	-
Total Restricted	-	810,401	857,174	5,352,360	-	1,305,248	90,472
Committed to:							
Property purchasing & improvements	-	30,000	-	-	-	95,391	-
Court programs	-	-	-	-	-	12,332	-
Western county tower system maintenance	-	-	-	-	-	-	146,847
Economic development	-	-	-	-	-	-	796,628
Special operations unit	-	-	-	-	-	-	45,344
Total committed	-	30,000	-	-	-	107,723	988,819
Assigned to:							
Court programs	-	-	-	-	-	712,475	-
Property purchasing & improvements	-	-	-	-	-	1,099,645	-
Total assigned	-	-	-	-	-	1,812,120	-
Unassigned:	1,808,856	-	-	-	(562)	-	(5,410)
Total Fund Balances	\$ 1,901,833	\$ 852,367	\$ 857,174	\$ 5,352,360	\$ -	\$ 3,225,848	\$ 1,077,488

Order of Fund Balance Spending Policy

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) Restricted; 2) Committed; 3) Assigned; and 4) Unassigned.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 15: Fund Balance (continued)

Minimum Fund Balance Policy

The County's financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The County shall strive to maintain a yearly fund balance in the general operating fund in which the total unassigned fund balance is not less than 25% of the total operating expenditures.

Note 16: Deferred Inflows of Resources

Deferred inflows of resources reported on the Balance Sheet-Governmental Funds consisted of the following at year-end:

Description	Fund	Deferred Amount
Property taxes	General	\$ 553,240
Property taxes	Road & bridge	60,469
Property taxes	Debt service	53,420
Fines, fees and court costs	General	427,721
		<u>\$ 1,094,850</u>

REQUIRED SUPPLEMENTARY INFORMATION

BURNET COUNTY, TEXAS
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit B-1

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
REVENUES				
Taxes				
Property Taxes	\$ 16,269,447	\$ 16,269,447	\$ 15,745,498	\$ (523,949)
Other Taxes	75,000	75,000	85,873	10,873
Penalty and Interest on Taxes	160,000	160,000	177,225	17,225
Licenses and Permits	639,500	639,500	685,753	46,253
Intergovernmental Revenue and Grants	188,693	188,693	266,140	77,447
Charges for Services	1,036,995	1,036,995	977,685	(59,310)
Fines	550,000	550,000	494,348	(55,652)
Investment Earnings	50,000	50,000	72,998	22,998
Rents and Royalties	41,000	41,000	49,066	8,066
Other Revenue	108,600	108,600	55,094	(53,506)
Total revenues	19,119,235	19,119,235	18,609,680	(509,555)
EXPENDITURES:				
Current:				
General government				
General				
County judge	209,948	193,948	182,615	11,333
Commissioners	362,812	362,812	361,725	1,087
County clerk	534,828	494,828	472,115	22,713
Veterans service officer	14,950	14,950	13,660	1,290
Non-departmental	1,472,875	1,253,168	1,228,121	25,047
Total general	2,595,413	2,319,706	2,258,236	61,470
Judicial				
County court at law	344,605	328,314	321,558	6,756
County court	46,289	42,289	40,550	1,739
District court	216,329	232,620	222,138	10,482
Judicial services	274,500	516,310	514,238	2,072
District clerk records management	462,328	462,328	445,159	17,169
District clerk	484,797	484,797	441,104	43,693
Justice of the peace	722,145	728,565	705,096	23,469
3rd administrative judicial district	2,873	2,873	2,729	144
Magistrates/Indigent Defense	171,730	193,779	171,624	22,155
Total judicial	2,725,596	2,991,875	2,864,196	127,679
Legal				
Public defender office	496,936	496,936	484,648	12,288
County attorney	715,160	708,740	693,293	15,447
District attorney	843,783	843,783	756,324	87,459
Total judicial	2,055,879	2,049,459	1,934,265	115,194

BURNET COUNTY, TEXAS
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit B-1
(continued)

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
Elections	264,771	264,771	245,107	19,664
Election expense	264,771	264,771	245,107	19,664
Financial administration				
County auditor	544,624	544,624	537,714	6,910
Purchasing	65,974	65,974	64,535	1,439
County treasurer	169,571	169,571	166,372	3,199
Collections department	126,253	126,253	124,024	2,229
Tax appraisal district	325,836	325,836	325,218	618
Human resources	127,435	127,435	90,512	36,923
Information technology	549,032	538,829	537,310	1,519
Total financial administration	1,908,725	1,898,522	1,845,685	52,837
Public facilities	818,070	851,387	742,322	109,065
Maintenance department	818,070	851,387	742,322	109,065
Total general government	10,368,454	10,375,720	9,889,811	485,909
Public safety				
Emergency management	89,653	85,653	73,919	11,734
Emergency medical service	663,199	663,199	663,199	-
Area fire departments	280,044	280,044	278,760	1,284
Constables	311,995	311,277	301,743	9,534
Animal control	97,164	86,231	62,808	23,423
County sheriff	4,641,703	4,684,990	4,217,549	467,441
Juvenile probation department	218,168	218,168	218,167	1
Adult probation department	32,198	60,698	44,216	16,482
Department of public safety	82,675	82,675	82,442	233
Total public safety	6,416,799	6,472,935	5,942,803	530,132
Culture and recreation				
County parks	4,624	4,624	1,795	2,829
Total culture and recreation	4,624	4,624	1,795	2,829
Conservation				
Agricultural extension service	121,420	121,420	109,347	12,073
Environmental services	174,324	174,324	168,283	6,041
Government trappers	31,500	32,400	32,400	-
Total conservation	327,244	328,144	310,030	18,114

BURNET COUNTY, TEXAS
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit B-1
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance from Final Budget</u>
Debt service:				
Debt principal	50,168	78,168	77,856	312
Debt interest	580	2,180	2,176	4
Total debt service	<u>50,748</u>	<u>80,348</u>	<u>80,032</u>	<u>316</u>
Capital outlay	151,553	433,524	355,820	77,704
Total expenditures	<u>17,319,422</u>	<u>17,695,295</u>	<u>16,580,291</u>	<u>1,115,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,799,813</u>	<u>1,423,940</u>	<u>2,029,389</u>	<u>605,449</u>
OTHER FINANCING USES				
Sale of capital assets and insurance proceeds	10,000	27,800	26,920	(880)
Issuance of capital leases	-	236,547	236,547	-
Transfers in	-	-	38,333	38,333
Transfers out	<u>(4,231,804)</u>	<u>(4,364,930)</u>	<u>(4,202,556)</u>	<u>162,374</u>
Total other financing uses	<u>(4,221,804)</u>	<u>(4,100,583)</u>	<u>(3,900,756)</u>	<u>199,827</u>
NET CHANGE IN FUND BALANCE	(2,421,991)	(2,676,643)	(1,871,367)	805,276
FUND BALANCE, BEGINNING OF YEAR	<u>3,773,200</u>	<u>3,773,200</u>	<u>3,773,200</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,351,209</u>	<u>\$ 1,096,557</u>	<u>\$ 1,901,833</u>	<u>\$ 805,276</u>

BURNET COUNTY, TEXAS
Road and Bridge Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit B-2

	<u>Budgeted Amounts</u>			Variance from Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	
REVENUES				
Taxes				
Property Taxes	\$ 2,015,931	\$ 2,015,931	\$ 1,996,277	\$ (19,654)
Penalty and Interest on Taxes	18,000	18,000	21,357	3,357
Licenses and Permits	880,000	880,000	895,737	15,737
Intergovernmental Revenue and Grants	30,000	30,000	33,420	3,420
Investment Earnings	6,000	6,000	6,479	479
Other Revenue	-	-	1,370	1,370
Total revenues	<u>2,949,931</u>	<u>2,949,931</u>	<u>2,954,640</u>	<u>4,709</u>
EXPENDITURES:				
Current:				
Public transportation	3,092,198	2,894,459	2,577,366	317,093
Debt service:				
Debt principal	124,689	185,204	185,202	2
Debt interest	4,933	6,637	4,393	2,244
Capital outlay	141,233	425,586	374,668	50,918
Total expenditures	<u>3,363,053</u>	<u>3,511,886</u>	<u>3,141,629</u>	<u>370,257</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(413,122)</u>	<u>(561,955)</u>	<u>(186,989)</u>	<u>374,966</u>
OTHER FINANCING USES				
Sale of capital assets and insurance proceeds	-	5,956	14,692	8,736
Issuance of capital leases	-	142,875	142,875	-
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(57,000)</u>	<u>18,000</u>
Total other financing uses	<u>(75,000)</u>	<u>73,831</u>	<u>100,567</u>	<u>26,736</u>
NET CHANGE IN FUND BALANCE	<u>(488,122)</u>	<u>(488,124)</u>	<u>(86,422)</u>	<u>401,702</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>938,789</u>	<u>938,789</u>	<u>938,789</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 450,667</u>	<u>\$ 450,665</u>	<u>\$ 852,367</u>	<u>\$ 401,702</u>

BURNET COUNTY, TEXAS
County Jail Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit B-3

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 6,479,222	\$ 6,479,222	\$ 4,173,930	\$ (2,305,292)
Investment earnings	-	-	3,603	3,603
Total revenues	<u>6,479,222</u>	<u>6,479,222</u>	<u>4,177,533</u>	<u>(2,301,689)</u>
EXPENDITURES				
Current:				
Public safety	8,071,399	8,059,474	6,173,625	1,885,849
Capital outlay	-	11,925	11,925	-
Total expenditures	<u>8,071,399</u>	<u>8,071,399</u>	<u>6,185,550</u>	<u>1,885,849</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,592,177)	(1,592,177)	(2,008,017)	(415,840)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,909,711</u>	<u>1,909,711</u>	<u>2,072,027</u>	<u>162,316</u>
Total other financing sources	<u>1,909,711</u>	<u>1,909,711</u>	<u>2,072,027</u>	<u>162,316</u>
NET CHANGE IN FUND BALANCE	317,534	317,534	64,010	(253,524)
FUND BALANCE AT BEGINNING OF YEAR	<u>(64,010)</u>	<u>(64,010)</u>	<u>(64,010)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 253,524</u>	<u>\$ 253,524</u>	<u>\$ -</u>	<u>\$ (253,524)</u>

BURNET COUNTY, TEXAS
 Restricted Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit B-4

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental revenue and grants	\$ -	\$ 15,000	\$ 15,000	\$ -
Fines and forfeitures	252,701	747,693	649,006	(98,687)
Investment earnings	-	16	1,694	1,678
Other revenue	<u>358,920</u>	<u>519,945</u>	<u>307,148</u>	<u>(212,797)</u>
Total revenues	<u>611,621</u>	<u>1,282,654</u>	<u>972,848</u>	<u>(309,806)</u>
EXPENDITURES				
Current:				
General government	581,116	2,851,728	902,274	1,949,454
Public safety	242,136	269,470	307,130	(37,660)
Capital outlay	<u>301,977</u>	<u>1,418,929</u>	<u>1,297,039</u>	<u>121,890</u>
Total expenditures	<u>1,125,229</u>	<u>4,540,127</u>	<u>2,506,443</u>	<u>2,033,684</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(513,608)	(3,257,473)	(1,533,595)	1,723,878
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>460,017</u>	<u>611,867</u>	<u>699,912</u>	<u>88,045</u>
Total other financing sources	<u>460,017</u>	<u>611,867</u>	<u>699,912</u>	<u>88,045</u>
NET CHANGE IN FUND BALANCE	(53,591)	(2,645,606)	(833,683)	1,811,923
FUND BALANCE AT BEGINNING OF YEAR	<u>4,059,531</u>	<u>4,059,531</u>	<u>4,059,531</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,005,940</u>	<u>\$ 1,413,925</u>	<u>\$ 3,225,848</u>	<u>\$ 1,811,923</u>

BURNET COUNTY, TEXAS

Exhibit B-5

Schedule of Changes in Net Pension Liability and Related Ratios
Texas County & District Retirement System
For the Year Ended September 30, 2017

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability			
Change in actuary estimate	\$	\$ (1,170,171)	\$ -
Service cost	1,995,104	1,815,151	1,448,123
Interest on total pension liability	3,593,749	3,379,883	3,146,766
Effect of plan changes	-	(240,009)	-
Effect of assumptions changes or inputs	-	479,045	-
Effect of economic/demographic (gains) or losses	(87,967)	(844,649)	752,053
Benefit payments/refunds of contributions	<u>(2,114,355)</u>	<u>(1,733,316)</u>	<u>(1,463,782)</u>
Net change in total pension liability	3,386,531	1,685,934	3,883,160
Total pension liability, beginning	<u>44,425,739</u>	<u>42,739,805</u>	<u>38,856,645</u>
Total pension liability, ending (a)	<u>\$ 47,812,270</u>	<u>\$ 44,425,739</u>	<u>\$ 42,739,805</u>
Fiduciary Net Position			
Employer contributions	\$ 1,648,941	\$ 1,585,618	\$ 1,542,078
Member contributions	1,023,276	906,668	868,425
Investment income net of investment expenses	2,834,298	(194,525)	2,351,079
Benefit payments/refunds of contribution	(2,114,355)	(1,733,316)	(1,463,782)
Administrative expenses	(30,866)	(27,387)	(27,813)
Other	<u>(84,739)</u>	<u>53,460</u>	<u>(37,500)</u>
Net change in fiduciary net position	3,276,555	590,518	3,232,487
Fiduciary net position, beginning	<u>38,268,787</u>	<u>37,678,269</u>	<u>34,445,782</u>
Fiduciary net position, ending (b)	<u>\$ 41,545,342</u>	<u>\$ 38,268,787</u>	<u>\$ 37,678,269</u>
Net pension liability / (asset), ending = (a) - (b)	<u>6,266,928</u>	<u>6,156,952</u>	<u>5,061,536</u>
Fiduciary net position as a percentage of total pension liability	86.89%	86.14%	88.16%
Pensionable covered payroll	\$ 14,618,232	\$ 12,943,805	\$ 12,406,073
Net pension liability as a percentage of covered payroll	42.87%	47.57%	40.80%

Notes to the Schedule:

As of December 31 - measurement date

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.

BURNET COUNTY, TEXAS
 Schedule of Employer Contributions
 Texas County & District Retirement System
 For the Year Ended September 30, 2017

Exhibit B-6

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2015	\$ 1,559,469	\$ 1,559,469	\$ -	\$ 12,680,031	12.3%
2016	1,610,680	1,610,680	-	13,961,626	11.5%
2017	1,864,269	1,864,269	-	16,420,179	11.4%

- (1) Payroll is calculated based on contributions as reported to TCDRS
 (2) Information prior to 2015 is unavailable

See Note A for description of methods, assumptions and changes to assumptions that were used to determine the contribution rates.

BURNET COUNTY, TEXAS
Notes to Required Supplementary Information
For the Year Ended September 30, 2017

BUDGETARY INFORMATION

The budget is prepared in accordance with accounting principles generally accepted in the United States of America by the County Judge with the assistance of the County Auditor's Office and approved by the Commissioners' Court following a public hearing. The County maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's governing body and as such is a good management control device.

The budget law of the State of Texas provides that "the amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in said funds plus the anticipated revenues for the current year for which the budget is made as estimated by the County Auditor". In addition, the law provides that the Commissioners' Court "may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund but no such transfer shall increase the total budget".

Each year, all departments submit to the County Judge requests for appropriation. These requests are reviewed, compiled and presented to the Commissioners' Court for approval. The Commissioners' Court conducts departmental budget reviews, adjusts budget requests to final form and conducts a public hearing in the Commissioners' Courtroom. One copy of the proposed budget must be filed with the County Clerk and one with the County Auditor. A copy must be available to the public. The Commissioners' Court must provide for the public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 1st of the current fiscal year.

The County's legal level of control for appropriations is at the category level (i.e., salaries and fringe benefits, contract services, general operating, etc.) for each department/project within the General Fund. Administrative control is maintained through the establishment of more detailed accounts within each category. Appropriation transfers and budget increases may be made between categories or departments only with the approval of the Commissioners' Court. The original budgets presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers and increases processed during the fiscal year.

The following summarizes the excess of expenditures over appropriations at the legal level of control:

Fund	Category	Amount
Restricted fund	Public safety	\$ 37,660

BURNET COUNTY, TEXAS
Notes to Required Supplementary Information
For the Year Ended September 30, 2017

Note A: Net Pension Liability – Texas County & District Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	13.7 years
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	4.9%, average, including inflation
Investment rate of return	8.00%, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

BURNET COUNTY, TEXAS
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 September 30, 2017

	County Attorney Hot Check Fund	District Attorney Special Fund	Economic Development Fund
ASSETS			
Pooled cash and cash equivalents	\$ 5,678	\$ 26,610	\$ 4,778
Investments			626
Accounts receivable (net)	125		158,138
Due from other funds			642,205
Due from other governments			
Prepays			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,803</u>	<u>\$ 26,610</u>	<u>\$ 805,747</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and other accrued liabilities	\$ 5,803	\$	\$ 9,119
Due to other funds			
Due to others		26,610	
Unearned revenues			
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	5,803	26,610	9,119
Fund balance			
Non-spendable			
Restricted			
Committed			796,628
Unassigned			
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>-</u>	<u>-</u>	<u>796,628</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,803</u>	<u>\$ 26,610</u>	<u>\$ 805,747</u>

Law Library Fund	Western County Tower System Fund	Special Operations Unit Fund	Library System Fund	Indigent Health Care Fund	Grants Fund	Total Nonmajor Special Revenue Funds
\$ 68,948	\$ 112,044	\$ 48,233 1,126	\$ 62	\$ 937	\$ 831	\$ 268,121 1,752 158,507 663,729 203,990 3,607
21,524	35,003 736		2,871		168,987	
<u>\$ 90,472</u>	<u>\$ 147,783</u>	<u>\$ 49,359</u>	<u>\$ 2,933</u>	<u>\$ 1,181</u>	<u>\$ 169,818</u>	<u>\$ 1,299,706</u>
\$	\$ 200	\$ 4,015	\$ 1,633 1,300	\$ 1,181	\$ 8,945 37,000 81,099 45,313	\$ 30,896 38,300 107,709 45,313
-	200	4,015	2,933	1,181	172,357	222,218
90,472	736 146,847	45,344	2,871 (2,871)		(2,539)	3,607 90,472 988,819 (5,410)
<u>90,472</u>	<u>147,583</u>	<u>45,344</u>	<u>-</u>	<u>-</u>	<u>(2,539)</u>	<u>1,077,488</u>
<u>\$ 90,472</u>	<u>\$ 147,783</u>	<u>\$ 49,359</u>	<u>\$ 2,933</u>	<u>\$ 1,181</u>	<u>\$ 169,818</u>	<u>\$ 1,299,706</u>

BURNET COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 2017

	County Attorney Hot Check Fund	District Attorney Special Fund	Economic Development Fund
REVENUES			
Taxes			
Other Taxes	\$	\$	\$ 452,930
Intergovernmental			
Charges for services			
Investment earnings			2,616
Other revenue			
	_____	_____	_____
Total revenues	-	-	455,546
	_____	_____	_____
Expenditures:			
Current:			
General government			385,018
Public safety			
Public transportation			
Health and welfare			
Culture and recreation			
Capital outlay			
	_____	_____	_____
Total expenditures	-	-	385,018
	_____	_____	_____
EXCESS (DEFICIT) OF			
 REVENUES OVER EXPENDITURES	-	-	70,528
	_____	_____	_____
OTHER FINANCING SOURCES			
Transfers in			
Transfers out			
	_____	_____	_____
Total other financing sources	-	-	-
	_____	_____	_____
NET CHANGE IN FUND BALANCE			70,528
FUND BALANCES AT			
 BEGINNING OF YEAR			
	-	-	726,100
	_____	_____	_____
FUND BALANCES AT END OF YEAR	\$ -	\$ -	\$ 796,628
	=====	=====	=====

Law Library Fund	Western County Tower System Fund	Special Operations Unit Fund	Library System Fund	Indigent Health Care Fund	Grants Fund	Total Nonmajor Special Revenue Funds
\$	\$	\$	\$	\$	\$	\$
					745,705	452,930
29,468	157,992					745,705
	389	221				187,460
		20				3,226
						20
<u>29,468</u>	<u>158,381</u>	<u>241</u>	<u>-</u>	<u>-</u>	<u>745,705</u>	<u>1,389,341</u>
	110,150				669,157	1,164,325
		42,028			41,815	83,843
					16,477	16,477
				581,556		581,556
			858,306			858,306
					26,568	26,568
<u>-</u>	<u>110,150</u>	<u>42,028</u>	<u>858,306</u>	<u>581,556</u>	<u>754,017</u>	<u>2,731,075</u>
<u>29,468</u>	<u>48,231</u>	<u>(41,787)</u>	<u>(858,306)</u>	<u>(581,556)</u>	<u>(8,312)</u>	<u>(1,341,734)</u>
	33,984		858,306	581,556	6,365	1,480,211
					(42,138)	(42,138)
	<u>33,984</u>	<u>-</u>	<u>858,306</u>	<u>581,556</u>	<u>(35,773)</u>	<u>1,438,073</u>
29,468	82,215	(41,787)		-	(44,085)	96,339
61,004	65,368	87,131	-	-	41,546	981,149
<u>\$ 90,472</u>	<u>\$ 147,583</u>	<u>\$ 45,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,539)</u>	<u>\$ 1,077,488</u>

BURNET COUNTY, TEXAS
Economic Development Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-3

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Taxes				
Other taxes	\$ 500,000	\$ 500,000	\$ 452,930	\$ (47,070)
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>2,616</u>	<u>616</u>
Total revenue	<u>502,000</u>	<u>502,000</u>	<u>455,546</u>	<u>(46,454)</u>
EXPENDITURES				
Current:				
General government	<u>586,279</u>	<u>586,279</u>	<u>385,018</u>	<u>201,261</u>
Total expenditures	<u>586,279</u>	<u>586,279</u>	<u>385,018</u>	<u>201,261</u>
NET CHANGE IN FUND BALANCE	(84,279)	(84,279)	70,528	154,807
FUND BALANCE AT BEGINNING OF YEAR	<u>726,100</u>	<u>726,100</u>	<u>726,100</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 641,821</u>	<u>\$ 641,821</u>	<u>\$ 796,628</u>	<u>\$ 154,807</u>

BURNET COUNTY, TEXAS
Law Library Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Charges for services	\$ 28,000	\$ 28,000	\$ 29,468	\$ 1,468
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>29,468</u>	<u>1,468</u>
EXPENDITURES				
Current:				
General government	<u>28,000</u>	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Total expenditures	<u>28,000</u>	<u>28,000</u>	<u>-</u>	<u>28,000</u>
OTHER FINANCING SOURCES				
Transfers out	<u>-</u>	<u>(23,524)</u>	<u>-</u>	<u>23,524</u>
Total other financing sources	<u>-</u>	<u>(23,524)</u>	<u>-</u>	<u>23,524</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(23,524)</u>	<u>29,468</u>	<u>52,992</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>61,004</u>	<u>61,004</u>	<u>61,004</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 61,004</u>	<u>\$ 37,480</u>	<u>\$ 90,472</u>	<u>\$ 52,992</u>

BURNET COUNTY, TEXAS
Western County Tower System Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-5

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 203,904	\$ 203,904	\$ 157,992	\$ (45,912)
Investment earnings	-	-	389	389
Total revenues	<u>203,904</u>	<u>203,904</u>	<u>158,381</u>	<u>(45,523)</u>
EXPENDITURES				
Current:				
General government	<u>233,088</u>	<u>233,088</u>	<u>110,150</u>	<u>122,938</u>
Total expenditures	<u>233,088</u>	<u>233,088</u>	<u>110,150</u>	<u>122,938</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,184)</u>	<u>(29,184)</u>	<u>48,231</u>	<u>77,415</u>
OTHER FINANCING SOURCES				
Transfers in	<u>29,184</u>	<u>33,984</u>	<u>33,984</u>	<u>-</u>
Total other financing sources	<u>29,184</u>	<u>33,984</u>	<u>33,984</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	4,800	82,215	77,415
FUND BALANCE AT BEGINNING OF YEAR	<u>65,368</u>	<u>65,368</u>	<u>65,368</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 65,368</u>	<u>\$ 70,168</u>	<u>\$ 147,583</u>	<u>\$ 77,415</u>

BURNET COUNTY, TEXAS
Special Operations Unit Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-6

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ 200	\$ 200	\$ 221	\$ 21
Other revenue	-	-	20	20
Total revenues	<u>200</u>	<u>200</u>	<u>241</u>	<u>41</u>
EXPENDITURES				
Current:				
Public safety	<u>61,600</u>	<u>64,250</u>	<u>42,028</u>	<u>22,222</u>
Total expenditures	<u>61,600</u>	<u>64,250</u>	<u>42,028</u>	<u>22,222</u>
NET CHANGE IN FUND BALANCE	(61,400)	(64,050)	(41,787)	22,263
FUND BALANCE AT BEGINNING OF YEAR	<u>87,131</u>	<u>87,131</u>	<u>87,131</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 25,731</u>	<u>\$ 23,081</u>	<u>\$ 45,344</u>	<u>\$ 22,263</u>

BURNET COUNTY, TEXAS
Library System Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-7

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
EXPENDITURES				
Current:				
Culture and recreation	900,892	900,892	858,306	42,586
Total expenditures	900,892	900,892	858,306	42,586
OTHER FINANCING SOURCES (USES)				
Transfers In	900,892	900,892	858,306	(42,586)
Total Other Financing Sources (Uses)	900,892	900,892	858,306	(42,586)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

BURNET COUNTY, TEXAS
Indigent Health Care Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-8

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
EXPENDITURES				
Current:				
Health and welfare	600,000	600,000	581,556	18,444
Total expenditures	600,000	600,000	581,556	18,444
OTHER FINANCING SOURCES (USES)				
Transfers In	600,000	600,000	581,556	(18,444)
Total other financing sources	600,000	600,000	581,556	(18,444)
NET CHANGE IN FUND BALANCE	-		-	
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ -	\$ -

BURNET COUNTY, TEXAS
Grants Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-9

	<u>Budgeted Amounts</u>			Variance from Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	
REVENUES				
Intergovernmental revenue and grants	\$ 1,046,408	\$ 1,046,408	\$ 745,705	\$ (300,703)
Total revenues	<u>1,046,408</u>	<u>1,046,408</u>	<u>745,705</u>	<u>(300,703)</u>
EXPENDITURES:				
Current:				
General government	861,135	861,135	669,157	191,978
Public safety	42,859	42,859	41,815	1,044
Public transportation	26,584	26,584	16,477	10,107
Capital outlay	33,617	33,617	26,568	7,049
Total expenditures	<u>964,195</u>	<u>964,195</u>	<u>754,017</u>	<u>210,178</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>82,213</u>	<u>82,213</u>	<u>(8,312)</u>	<u>(90,525)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,384	14,384	6,365	(8,019)
Transfers out	<u>-</u>	<u>-</u>	<u>(42,138)</u>	<u>(42,138)</u>
Total other financing sources (uses)	<u>14,384</u>	<u>14,384</u>	<u>(35,773)</u>	<u>(50,157)</u>
NET CHANGE IN FUND BALANCE	96,597	96,597	(44,085)	(140,682)
FUND BALANCE AT BEGINNING OF YEAR	<u>41,546</u>	<u>41,546</u>	<u>41,546</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 138,143</u>	<u>\$ 138,143</u>	<u>\$ (2,539)</u>	<u>\$ (140,682)</u>

BURNET COUNTY, TEXAS
Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-10

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes				
Property taxes	\$ 1,649,915	\$ 1,649,915	\$ 2,008,989	\$ 359,074
Penalty and interest on taxes	15,000	15,000	20,954	5,954
Intergovernmental revenue and grants	-	-	1,238	1,238
Investment earnings	2,000	2,000	3,792	1,792
Total revenues	<u>1,666,915</u>	<u>1,666,915</u>	<u>2,034,973</u>	<u>368,058</u>
EXPENDITURES:				
Debt service:				
Debt principal	1,290,000	1,290,000	1,290,000	-
Debt interest	688,375	688,375	681,059	7,316
Total expenditures	<u>1,978,375</u>	<u>1,978,375</u>	<u>1,971,059</u>	<u>7,316</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(311,460)</u>	<u>(311,460)</u>	<u>63,914</u>	<u>375,374</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>793,260</u>	<u>793,260</u>	<u>793,260</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 481,800</u>	<u>\$ 481,800</u>	<u>\$ 857,174</u>	<u>\$ 375,374</u>

AGENCY FUNDS

BURNET COUNTY, TEXAS
 Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 September 30, 2017

	<u>Court Costs and Fees Fund</u>	<u>Wastewater Permit Fees</u>	<u>Employee Great Fund Costs</u>	<u>Treasurer's Cash Bond</u>	<u>County Clerk's Trusts</u>	<u>County Clerk's Registry</u>
ASSETS:						
Pooled cash and cash equivalents	\$ 146,138	\$ 1,440	\$ 19,362	\$ 385,289	\$ 576,216	\$ 255,988
TOTAL ASSETS	<u>\$ 146,138</u>	<u>\$ 1,440</u>	<u>\$ 19,362</u>	<u>\$ 385,289</u>	<u>\$ 576,216</u>	<u>\$ 255,988</u>
LIABILITIES:						
Due to others	\$ 146,138	\$ 1,440	\$ 19,362	\$ 385,289	\$ 576,216	\$ 255,988
TOTAL LIABILITIES	<u>\$ 146,138</u>	<u>\$ 1,440</u>	<u>\$ 19,362</u>	<u>\$ 385,289</u>	<u>\$ 576,216</u>	<u>\$ 255,988</u>

<u>District Clerk's Registry</u>	<u>District Clerk's Trusts</u>	<u>Inmate Trust</u>	<u>Juvenile Probation</u>	<u>Adult Probation</u>	<u>Total Agency Funds</u>
\$ 301,270	\$ 122,313	\$ 53,361	\$ 182,329	\$ 920,595	\$ 2,964,301
<u>\$ 301,270</u>	<u>\$ 122,313</u>	<u>\$ 53,361</u>	<u>\$ 182,329</u>	<u>\$ 920,595</u>	<u>\$ 2,964,301</u>
\$ 301,270	\$ 122,313	\$ 53,361	\$ 182,329	\$ 920,595	\$ 2,964,301
<u>\$ 301,270</u>	<u>\$ 122,313</u>	<u>\$ 53,361</u>	<u>\$ 182,329</u>	<u>\$ 920,595</u>	<u>\$ 2,964,301</u>

BURNET COUNTY, TEXAS
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2017

Exhibit C-12

	Balance 10/1/2016	Additions	Deductions	Balance 9/30/2017
COURT COSTS AND FEES FUND				
ASSETS				
Cash and cash equivalents	\$ 33,752	\$ 672,369	\$ 559,983	\$ 146,138
Total assets	<u>\$ 33,752</u>	<u>\$ 672,369</u>	<u>\$ 559,983</u>	<u>\$ 146,138</u>
LIABILITIES				
Due to others	\$ 33,752	\$ 672,369	\$ 559,983	\$ 146,138
Total liabilities	<u>\$ 33,752</u>	<u>\$ 672,369</u>	<u>\$ 559,983</u>	<u>\$ 146,138</u>
WASTEWATER PERMIT FEES				
ASSETS				
Cash and cash equivalents	\$ 1,040	\$ 2,740	\$ 2,340	\$ 1,440
Total assets	<u>\$ 1,040</u>	<u>\$ 2,740</u>	<u>\$ 2,340</u>	<u>\$ 1,440</u>
LIABILITIES				
Due to others	\$ 1,040	\$ 2,740	\$ 2,340	\$ 1,440
Total liabilities	<u>\$ 1,040</u>	<u>\$ 2,740</u>	<u>\$ 2,340</u>	<u>\$ 1,440</u>
EMPLOYEE GREAT FUND				
ASSETS				
Cash and cash equivalents	\$ 15,395	\$ 7,916	\$ 3,949	\$ 19,362
Accounts receivable	220	-	220	-
Total assets	<u>\$ 15,615</u>	<u>\$ 7,916</u>	<u>\$ 4,169</u>	<u>\$ 19,362</u>
LIABILITIES				
Due to others	\$ 15,615	\$ 7,916	\$ 4,169	\$ 19,362
Total liabilities	<u>\$ 15,615</u>	<u>\$ 7,916</u>	<u>\$ 4,169</u>	<u>\$ 19,362</u>
TREASURER'S CASH BOND				
ASSETS				
Cash and cash equivalents	\$ 75,697	\$ 865,633	\$ 556,041	\$ 385,289
Total assets	<u>\$ 75,697</u>	<u>\$ 865,633</u>	<u>\$ 556,041</u>	<u>\$ 385,289</u>
LIABILITIES				
Due to others	75,697	865,633	556,041	385,289
Total liabilities	<u>\$ 75,697</u>	<u>\$ 865,633</u>	<u>\$ 556,041</u>	<u>\$ 385,289</u>

BURNET COUNTY, TEXAS
Combining Statement of Changes in Assets and Liabilities - continued
All Agency Funds
For the Year Ended September 30, 2017

Exhibit C-12
(continued)

	Balance 10/1/2016	Additions	Deductions	Balance 9/30/2017
COUNTY CLERK'S TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 225,898	\$ 535,410	\$ 185,092	\$ 576,216
Total assets	<u>\$ 225,898</u>	<u>\$ 535,410</u>	<u>\$ 185,092</u>	<u>\$ 576,216</u>
LIABILITIES				
Due to others	\$ 225,898	\$ 535,410	\$ 185,092	\$ 576,216
Total liabilities	<u>\$ 225,898</u>	<u>\$ 535,410</u>	<u>\$ 185,092</u>	<u>\$ 576,216</u>
COUNTY CLERK'S REGISTRY				
ASSETS				
Cash and cash equivalents	\$ 64,270	\$ 771,726	\$ 580,008	\$ 255,988
Total assets	<u>\$ 64,270</u>	<u>\$ 771,726</u>	<u>\$ 580,008</u>	<u>\$ 255,988</u>
LIABILITIES				
Due to others	\$ 64,270	\$ 771,726	\$ 580,008	\$ 255,988
Total liabilities	<u>\$ 64,270</u>	<u>\$ 771,726</u>	<u>\$ 580,008</u>	<u>\$ 255,988</u>
DISTRICT CLERK'S REGISTRY				
ASSETS				
Cash and cash equivalents	\$ 249,264	\$ 307,362	\$ 255,356	\$ 301,270
Total assets	<u>\$ 249,264</u>	<u>\$ 307,362</u>	<u>\$ 255,356</u>	<u>\$ 301,270</u>
LIABILITIES				
Due to others	\$ 249,264	\$ 307,362	\$ 255,356	\$ 301,270
Total liabilities	<u>\$ 249,264</u>	<u>\$ 307,362</u>	<u>\$ 255,356</u>	<u>\$ 301,270</u>
DISTRICT CLERK'S TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 169,603	\$ 21,150	\$ 68,440	\$ 122,313
Total assets	<u>\$ 169,603</u>	<u>\$ 21,150</u>	<u>\$ 68,440</u>	<u>\$ 122,313</u>
LIABILITIES				
Due to others	\$ 169,603	\$ 21,150	\$ 68,440	\$ 122,313
Total liabilities	<u>\$ 169,603</u>	<u>\$ 21,150</u>	<u>\$ 68,440</u>	<u>\$ 122,313</u>

BURNET COUNTY, TEXAS
Combining Statement of Changes in Assets and Liabilities - continued
All Agency Funds
For the Year Ended September 30, 2017

Exhibit C-12
(continued)

	Balance 10/1/2016	Additions	Deductions	Balance 9/30/2017
TAX A/C SALES TAX AND STATE FEES				
ASSETS				
Cash and cash equivalents	\$ (488)	\$ 31,860,289	\$ 31,859,801	\$ -
Total assets	<u>\$ (488)</u>	<u>\$ 31,860,289</u>	<u>\$ 31,859,801</u>	<u>\$ -</u>
LIABILITIES				
Due to others	\$ (488)	\$ 31,860,289	\$ 31,859,801	\$ -
Total liabilities	<u>\$ (488)</u>	<u>\$ 31,860,289</u>	<u>\$ 31,859,801</u>	<u>\$ -</u>
INMATE TRUST				
ASSETS				
Cash and cash equivalents	\$ 55,271	\$ 731,280	\$ 733,190	\$ 53,361
Total assets	<u>\$ 55,271</u>	<u>\$ 731,280</u>	<u>\$ 733,190</u>	<u>\$ 53,361</u>
LIABILITIES				
Due to others	\$ 55,271	\$ 731,280	\$ 733,190	\$ 53,361
Total liabilities	<u>\$ 55,271</u>	<u>\$ 731,280</u>	<u>\$ 733,190</u>	<u>\$ 53,361</u>
JUVENILE PROBATION				
ASSETS				
Cash and cash equivalents	\$ 627,671	\$ 1,122,255	\$ 1,567,597	\$ 182,329
Total assets	<u>\$ 627,671</u>	<u>\$ 1,122,255</u>	<u>\$ 1,567,597</u>	<u>\$ 182,329</u>
LIABILITIES				
Due to others	\$ 627,671	\$ 1,122,255	\$ 1,567,597	\$ 182,329
Total liabilities	<u>\$ 627,671</u>	<u>\$ 1,122,255</u>	<u>\$ 1,567,597</u>	<u>\$ 182,329</u>
ADULT PROBATION				
ASSETS				
Cash and cash equivalents	\$ 1,153,408	\$ 6,117,412	\$ 6,350,225	\$ 920,595
Total assets	<u>\$ 1,153,408</u>	<u>\$ 6,117,412</u>	<u>\$ 6,350,225</u>	<u>\$ 920,595</u>
LIABILITIES				
Due to others	\$ 1,153,408	\$ 6,117,412	\$ 6,350,225	\$ 920,595
Total liabilities	<u>\$ 1,153,408</u>	<u>\$ 6,117,412</u>	<u>\$ 6,350,225</u>	<u>\$ 920,595</u>

BURNET COUNTY, TEXAS
 Combining Statement of Changes in Assets and Liabilities - continued
 All Agency Funds
 For the Year Ended September 30, 2017

Exhibit C-12
 (continued)

	Balance 10/1/2016	Additions	Deductions	Balance 9/30/2017
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,670,781	\$ 43,015,542	\$ 42,722,022	\$ 2,964,301
Accounts receivable	220	-	220	-
Total assets	<u>\$ 2,671,001</u>	<u>\$ 43,015,542</u>	<u>\$ 42,722,242</u>	<u>\$ 2,964,301</u>
LIABILITIES				
Due to others	\$ 2,671,001	\$ 43,015,542	\$ 42,722,242	\$ 2,964,301
Total liabilities	<u>\$ 2,671,001</u>	<u>\$ 43,015,542</u>	<u>\$ 42,722,242</u>	<u>\$ 2,964,301</u>

STATISTICAL SECTION

BURNET COUNTY, TEXAS
Statistical Section

This part of the County's statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	78
Revenue Capacity These schedules contain information to help the reader assess the County's most significant revenue source, property taxes.	82
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	87
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	91
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the government provides and the activities it performs.	94

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

BURNET COUNTY, TEXAS
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net investment in capital assets	\$ 5,201,806	\$ 6,589,622	\$ 8,131,053	\$ 8,991,719	\$ 10,130,715	\$ 10,397,590	\$ 11,133,474	\$ 11,223,818	\$ 10,647,846	\$ 11,720,177
Restricted	2,832,962	2,238,176	2,363,974	1,973,018	1,854,763	2,066,761	3,877,891	2,703,255	2,918,390	3,063,044
Unrestricted	8,959,953	7,950,786	7,920,246	6,983,482	7,781,982	8,754,048	7,272,048	6,189,897	6,244,489	2,752,974
Total governmental activities net position	<u>\$ 16,994,721</u>	<u>\$ 16,778,584</u>	<u>\$ 18,415,273</u>	<u>\$ 17,948,219</u>	<u>\$ 19,767,460</u>	<u>\$ 21,218,399</u>	<u>\$ 22,283,413</u>	<u>\$ 20,116,970</u>	<u>\$ 19,810,725</u>	<u>\$ 17,536,195</u>

Extracted from the Statement of Net Position

BURNET COUNTY, TEXAS

Change in Net Position
Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES										
Governmental activities:										
General government	\$ 7,914,836	\$ 8,230,791	\$ 8,971,896	\$ 9,365,277	\$ 9,689,816	\$ 8,911,433	\$ 9,836,316	\$ 10,009,382	\$ 11,611,958	\$ 12,630,031
Public safety	5,132,123	5,962,184	5,621,349	5,888,344	5,807,933	7,579,400	9,213,061	10,671,618	10,554,301	14,204,584
Public transportation	2,727,586	2,187,038	2,662,518	2,834,692	2,601,488	2,828,087	2,925,573	2,950,608	2,986,116	3,029,716
Health and welfare	469,197	453,438	590,292	722,603	609,570	531,660	618,282	540,270	588,627	615,565
Culture and recreation	649,080	898,391	726,592	749,805	697,018	779,946	786,521	811,745	819,902	892,541
Conservation	213,902	204,980	234,281	320,590	516,942	449,112	256,130	250,383	290,683	327,610
Debt Service	382,762	339,283	229,834	209,573	163,462	118,286	87,962	821,885	679,737	656,821
Total governmental activities expenses	<u>17,489,486</u>	<u>18,276,105</u>	<u>19,036,762</u>	<u>20,090,884</u>	<u>20,086,229</u>	<u>21,197,924</u>	<u>23,723,845</u>	<u>26,055,891</u>	<u>27,531,324</u>	<u>32,356,868</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	1,462,022	1,378,505	1,387,549	292,287	1,002,955	\$ 1,085,961	\$ 1,218,240	\$ 1,525,027	\$ 1,962,179	\$ 1,856,913
Public safety	627,385	517,605	545,543	811,238	477,066	452,797	1,010,945	1,265,529	1,313,761	4,381,801
Public transportation	1,281,895	1,209,877	1,214,181	1,231,456	1,682,462	1,811,333	1,917,877	2,400,852	1,593,672	1,603,453
Health and welfare	5,410	5,325	5,707	5,829	18,660	19,578	20,015	25,055	10,383	7,821
Culture and recreation	25,333	29,510	37,161	36,853	33,030	32,236	33,724	42,217	47,595	43,313
Grants and contributions	1,632,874	1,256,815	1,295,608	936,982	2,010,403	1,506,620	1,764,627	1,855,659	1,748,028	1,061,226
Total governmental activities program revenues	<u>5,034,919</u>	<u>4,397,637</u>	<u>4,485,749</u>	<u>3,314,645</u>	<u>5,224,576</u>	<u>4,908,525</u>	<u>5,965,428</u>	<u>7,114,339</u>	<u>6,675,618</u>	<u>8,954,527</u>
Net (Expenses) /Revenues	<u>\$ (12,454,567)</u>	<u>\$ (13,878,468)</u>	<u>\$ (14,551,013)</u>	<u>\$ (16,776,239)</u>	<u>\$ (14,861,653)</u>	<u>\$ (16,289,399)</u>	<u>\$ (17,758,417)</u>	<u>\$ (18,941,552)</u>	<u>\$ (20,855,706)</u>	<u>\$ (23,402,341)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	\$ 12,757,191	\$ 13,927,242	\$ 14,923,248	\$ 15,437,428	\$ 15,863,963	\$ 16,901,829	\$ 17,306,024	\$ 18,516,562	\$ 19,340,372	\$ 19,998,027
Other taxes	285,486	322,626	307,643	274,257	321,095	318,621	402,748	434,747	497,396	538,803
Penalty and interest	193,647	203,547	228,340	220,523	215,565	239,488	229,766	-	-	-
Other revenue not restricted to specific programs	323,053	176,058	674,037	288,352	267,911	331,739	639,551	1,256,892	662,714	412,697
Investment earnings	375,051	114,249	54,434	88,625	138,548	98,537	53,603	154,339	48,979	151,900
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	26,384
Total general revenues	<u>13,934,428</u>	<u>14,743,722</u>	<u>16,187,702</u>	<u>16,309,185</u>	<u>16,807,082</u>	<u>17,890,214</u>	<u>18,631,692</u>	<u>20,362,540</u>	<u>20,549,461</u>	<u>21,127,811</u>
Change in Net Position	<u>\$ 1,479,861</u>	<u>\$ 865,254</u>	<u>\$ 1,636,689</u>	<u>\$ (467,054)</u>	<u>\$ 1,945,429</u>	<u>\$ 1,600,815</u>	<u>\$ 873,275</u>	<u>\$ 1,420,989</u>	<u>\$ (306,245)</u>	<u>\$ (2,274,530)</u>

Extracted from the Statement of Activities

BURNET COUNTY, TEXAS
Fund Balances of Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund										
Non-Spendable	\$ -	\$ -	\$ -	\$ 41,059	\$ 30,051	\$ 34,273	\$ 35,185	\$ 107,174	\$ 92,923	\$ 92,977
Restricted				\$ 670,331	663,078	758,096	902,023	963,195		
Committed				\$ 55,096	60,775	92,748	57,270	112,034		
Assigned				\$ 222,430	222,430	281,616	739,212	1,450,559		
Unassigned				4,985,243	5,947,429	6,852,443	6,399,924	5,184,873	3,613,510	1,808,856
Reserved	\$ 1,391,486	\$ 790,175	\$ 1,014,527							
Unreserved	4,147,886	4,271,139	4,479,886							
Total general fund	<u>\$ 5,539,372</u>	<u>\$ 5,061,314</u>	<u>\$ 5,494,413</u>	<u>\$ 5,974,159</u>	<u>\$ 6,923,763</u>	<u>\$ 8,019,176</u>	<u>\$ 8,133,614</u>	<u>\$ 7,817,835</u>	<u>\$ 3,706,433</u>	<u>\$ 1,901,833</u>
All other governmental funds										
Non-Spendable	\$ -	\$ -	\$ -	\$ 1,740	\$ 4,227	\$ 3,910	\$ 998	\$ 20,708	\$ 17,222	\$ 16,892
Restricted				1302687	1,191,685	1,308,665	1,190,123	1,738,067	8,588,290	8,415,655
Committed				805775	716,558	748,015	865,738	946,625	1,020,733	1,126,542
Assigned				35936	12,116	59,724	123,525	764,722	2,896,654	1,812,120
Reserved	\$ 1,441,476	\$ 1,448,001	\$ 1,387,932	\$ -						
Unreserved, reported in :										
Special revenue funds	1,991,172	1,818,982	1,657,549	-						(5,972)
Debt service fund	-	-	-	-						
Capital projects fund	-	-	-	-						
Total all other governmental funds	<u>3,432,648</u>	<u>3,266,983</u>	<u>3,045,481</u>	<u>2,146,138</u>	<u>1,924,586</u>	<u>2,120,314</u>	<u>2,180,384</u>	<u>3,470,122</u>	<u>12,522,899</u>	<u>11,365,237</u>
Total funds	<u>\$ 8,972,020</u>	<u>\$ 8,328,297</u>	<u>\$ 8,539,894</u>	<u>\$ 8,120,297</u>	<u>\$ 8,848,349</u>	<u>\$ 10,139,490</u>	<u>\$ 10,313,998</u>	<u>\$ 11,287,957</u>	<u>\$ 16,229,332</u>	<u>\$ 13,267,070</u>

(1) In 2011, Burnet County began reporting fund balances in accordance with GASB 54 which eliminated the "reserved" and "unreserved" classifications and added the classifications currently in use.

Extracted from Balance Sheet--Governmental Funds

Includes General, Road and Bridge, Grants, County Jail, Special Revenue, Debt Service and Capital Projects Funds

BURNET COUNTY, TEXAS

Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Taxes	\$ 13,224,103	\$ 14,393,941	\$ 15,419,894	\$ 15,884,591	\$ 16,325,985	\$ 17,456,793	\$ 17,990,254	\$ 19,212,460	\$ 19,818,757	\$ 20,509,103
Licenses and permits	1,336,018	1,258,994	1,256,519	1,281,249	1,313,360	1,351,827	1,440,048	1,514,583	1,543,735	1,581,490
Intergovernmental and grants	1,697,423	1,313,874	1,590,685	1,006,961	2,065,542	1,550,281	1,800,592	1,828,548	1,615,590	1,061,503
Charges for services	1,278,154	1,250,918	1,163,697	1,500,364	1,452,197	1,474,788	2,174,799	3,043,751	2,283,034	5,339,075
Fines	648,396	550,529	568,511	474,726	447,306	535,315	574,762	560,301	986,196	1,143,354
Investment earnings	359,671	109,861	53,334	88,362	117,212	98,537	53,603	154,339	74,119	151,900
Other revenue	276,963	154,627	299,209	224,943	273,707	266,301	282,807	196,188	631,118	412,698
Total Revenues	<u>18,820,728</u>	<u>19,032,744</u>	<u>20,351,849</u>	<u>20,461,196</u>	<u>21,995,309</u>	<u>22,733,842</u>	<u>24,316,865</u>	<u>26,510,170</u>	<u>26,952,549</u>	<u>30,199,123</u>
EXPENDITURES										
General government	7,423,279	7,739,771	8,445,073	8,681,370	9,074,876	8,265,350	9,095,659	9,550,395	11,198,909	11,956,410
Public safety	4,634,605	5,207,457	4,933,582	5,444,752	5,330,507	6,945,177	8,541,083	10,000,796	9,419,010	12,507,401
Health and welfare	469,197	637,731	576,317	708,628	595,595	528,166	618,282	540,270	554,618	581,556
Culture and recreation	602,880	674,122	708,917	731,305	677,134	759,933	762,320	799,912	784,816	860,101
Conservation	197,398	184,432	212,469	298,263	495,722	429,441	236,459	241,531	291,449	310,030
Public transportation	2,387,969	2,767,690	2,291,767	2,253,269	2,180,950	2,347,796	2,517,464	2,563,894	2,592,691	2,593,843
Debt service										
Principal	1,158,359	1,235,035	1,286,288	1,394,370	1,471,814	1,528,682	1,309,482	1,308,770	1,160,519	1,553,058
Interest	378,042	334,563	277,355	174,493	128,382	93,870	63,548	552,085	893,681	687,628
Capital outlay	992,682	1,123,387	2,878,861	1,491,123	1,356,102	688,226	1,146,147	16,256,701	1,253,092	2,521,181
Total Expenditures	<u>18,244,411</u>	<u>19,904,188</u>	<u>21,610,629</u>	<u>21,177,573</u>	<u>21,311,082</u>	<u>21,586,641</u>	<u>24,290,444</u>	<u>41,814,354</u>	<u>28,148,785</u>	<u>33,571,208</u>
Excess of revenues over (under) expenditures	<u>576,317</u>	<u>(871,444)</u>	<u>(1,258,780)</u>	<u>(716,377)</u>	<u>684,227</u>	<u>1,147,201</u>	<u>26,421</u>	<u>(15,304,184)</u>	<u>(1,196,236)</u>	<u>(3,372,085)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	1,095,660	1,254,976	2,624,501	919,292	959,355	913,186	1,096,901	4,477,625	8,422,290	4,290,483
Transfers out	(1,095,660)	(1,254,976)	(2,337,925)	(831,042)	(853,412)	(934,772)	(1,124,929)	(4,515,179)	(8,445,998)	(4,301,694)
Proceeds from debt issued & capital leases	136,348	220,162	1,367,246	186,473	77,859	83,028	135,934	15,767,396	6,072,023	379,422
Proceeds from insurance settlements	-	-	-	12,143	8,191	48,851	28,229	850,000	-	-
Proceeds from Sale of capital assets	11,342	7,559	116,490	9,913	4,102	33,647	11,954	33,221	89,296	41,612
Total other financing sources (uses)	<u>147,690</u>	<u>227,721</u>	<u>1,770,312</u>	<u>296,779</u>	<u>196,095</u>	<u>143,940</u>	<u>148,089</u>	<u>16,613,063</u>	<u>6,137,611</u>	<u>409,823</u>
Net change in fund balances	<u>\$ 724,007</u>	<u>\$ (643,723)</u>	<u>\$ 511,532</u>	<u>\$ (419,598)</u>	<u>\$ 880,322</u>	<u>\$ 1,291,141</u>	<u>\$ 174,510</u>	<u>\$ 1,308,879</u>	<u>\$ 4,941,375</u>	<u>\$ (2,962,262)</u>
Debt services as a percentage of noncapital expenditures	9.78%	9.12%	9.11%	8.66%	8.72%	8.42%	6.31%	7.85%	8.27%	7.78%

Extracted from Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds

Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

BURNET COUNTY, TEXAS
General Government Revenue By Source
(General, Special Revenue, Debt Service and Capital Projects)
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental	State/Federal Grants	Charges for Services	Fines and Forfeitures	Miscellaneous	Totals
2017	\$ 20,509,103	\$ 1,581,490	\$ 315,798	\$ 745,705	\$ 5,339,075	\$ 1,143,354	\$ 564,598	\$ 30,199,123
2016	\$ 19,818,757	\$ 1,543,735	\$ 827,364	\$ 788,226	\$ 2,283,034	\$ 986,196	\$ 705,237	\$ 26,952,549
2015	\$ 19,212,460	\$ 1,514,583	\$ 424,850	\$ 1,403,698	\$ 3,043,751	\$ 560,301	\$ 350,527	\$ 26,510,170
2014	\$ 17,990,254	\$ 1,440,048	\$ 283,518	\$ 1,517,074	\$ 2,174,799	\$ 609,969	\$ 301,203	\$ 24,316,865
2013	\$ 17,456,793	\$ 1,351,827	\$ 232,551	\$ 1,317,730	\$ 1,474,788	\$ 577,289	\$ 322,864	\$ 22,733,842
2012	\$ 16,325,985	\$ 1,313,360	\$ 128,243	\$ 1,937,299	\$ 1,452,197	\$ 452,227	\$ 385,998	\$ 21,995,309
2011	\$ 15,884,591	\$ 1,452,197	\$ (936,982)	\$ 936,982	\$ 1,500,364	\$ 477,329	\$ 310,702	\$ 19,625,182
2010	\$ 15,419,894	\$ 1,256,519	\$ 295,078	\$ 1,295,608	\$ 1,163,697	\$ 568,511	\$ 352,543	\$ 20,351,850
2009	\$ 14,393,941	\$ 1,258,994	\$ 245,753	\$ 1,068,121	\$ 1,250,918	\$ 550,529	\$ 264,488	\$ 19,032,744
2008	\$ 13,224,103	\$ 1,336,018	\$ 538,138	\$ 1,159,285	\$ 1,278,154	\$ 648,396	\$ 636,634	\$ 18,820,728

Source:

Extracted from Statement of Revenues, Expenditures, and changes in Fund Balance - Governmental Funds.
Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

BURNET COUNTY, TEXAS

Assessed Value and Estimated Actual Value of Taxable Property ¹
Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property			Less: Total Exemptions	Total Assessed Value	Total Direct General Tax Rate ²	Total Estimated Adjusted Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	All Other					
2017	\$ 3,177,645,632	\$ 487,404,314	\$ 1,487,584,394	\$ 514,570,866	\$ 5,152,634,340	0.35510	\$ 4,038,629,807	0.7838
2016	3,038,830,379	511,552,863	1,411,275,542	540,799,102	4,961,658,784	0.36010	3,892,475,631	0.7845
2015	2,823,339,548	486,561,703	1,356,645,552	409,988,073	4,666,546,803	0.37000	3,683,640,872	0.7894
2014	2,793,516,440	438,367,987	1,646,513,788	287,001,305	4,878,398,215	0.35330	3,600,291,297	0.7380
2013	2,747,582,531	415,256,598	1,609,573,153	310,803,398	4,772,412,282	0.35170	3,557,129,850	0.7454
2012	2,707,663,070	408,441,825	1,546,799,151	308,748,799	4,662,904,046	0.33320	3,504,632,927	0.7516
2011	2,662,340,790	403,281,579	1,497,008,828	261,182,451	4,562,631,197	0.33030	3,484,737,786	0.7638
2010	2,615,424,333	393,594,834	1,444,904,219	239,631,639	4,453,923,386	0.32670	3,468,961,578	0.7789
2009	2,380,145,662	351,169,223	1,378,020,542	205,521,502	4,109,335,427	0.32770	3,250,104,295	0.7909
2008	2,040,700,394	313,504,466	1,543,947,178	153,317,498	3,898,152,038	0.34780	3,744,834,540	0.9607

Source: Burnet Central Appraisal District

¹ Property value amounts were reclassified for this schedule for clarity. FY 2009 is not comparable to previous years.

² Beginning in Fiscal Year 2009 the total direct tax rate does not include the Burnet County Special Tax Rate.

BURNET COUNTY, TEXAS

Table 7

Property Tax Rates										
Direct and Overlapping Governments										
Last Ten Fiscal Years										
(unaudited)										
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Direct Rates										
Burnet County General Rates	0.3478	0.3277	0.3267	0.3303	0.3332	0.3517	0.3533	0.3700	0.3601	0.3551
Burnet Co. Special Road & Bridge Rate	0.0301	0.0350	0.0360	0.0389	0.0392	0.0417	0.0418	0.0440	0.0424	0.0418
Total direct tax rate	<u>0.3779</u>	<u>0.3627</u>	<u>0.3627</u>	<u>0.3692</u>	<u>0.3724</u>	<u>0.3934</u>	<u>0.3951</u>	<u>0.4140</u>	<u>0.4025</u>	<u>0.3969</u>
Overlapping debt:										
City Rates										
City of Bertram	0.4856	0.4565	0.4565	0.4565	0.4810	0.4810	0.4810	0.4810	0.4810	0.4810
City of Burnet	0.5819	0.5574	0.5852	0.6265	0.6265	0.6265	0.6265	0.6265	0.6265	0.6237
City of Cottonwood Shores	0.4997	0.4638	0.4999	0.5000	0.5000	0.5172	0.5438	0.5438	0.5438	0.5438
City of Granite Shoals	0.4000	0.4311	0.4300	0.4480	0.4600	0.4970	0.5198	0.5207	0.5472	0.56313
City of Highland Haven	0.0747	0.0724	0.0680	0.0718	0.0944	0.1125	0.1125	0.1059	0.1110	0.1154
City of Horseshoe Bay	0.4000	0.3500	0.3300	0.2500	0.2500	0.2500	0.2500	0.2500	0.2600	0.2600
City of Marble Falls	0.4850	0.6300	0.6134	0.6435	0.6483	0.6483	0.6483	0.6483	0.6483	0.6340
City of Meadowlakes	0.2990	0.2990	0.2990	0.2990	0.3159	0.3206	0.3206	0.3206	0.3186	0.3150
School District Rates										
Burnet C. I. S. D.	1.2750	1.2500	1.2500	1.2650	1.2625	1.2625	1.2625	1.3300	1.3200	1.2800
Lampasas I. S. D.	1.5000	1.5000	1.4600	1.4600	1.4600	1.4500	1.4500	1.4300	1.4300	1.4300
Marble Falls I. S. D.	1.2350	1.2550	1.2850	1.2900	1.2800	1.2800	1.2800	1.2800	1.2800	1.2786
Special District Rates										
Burnet ESD #1	0.0295	0.0295	0.0280	0.0280	0.0220	0.0220	0.0220	0.0231	0.0246	0.0246
Burnet ESD #2	-	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Burnet ESD #3	-	-	-	-	0.0875	0.0875	0.0875	0.0855	0.0750	0.0650
Burnet ESD #4	-	0.0780	0.0810	0.0826	0.0750	0.1000	0.1000	0.1000	0.1000	0.1000
Burnet ESD #5	-	-	0.1000	0.1000	0.0998	0.0910	0.0910	0.0910	0.0905	0.0911
Burnet ESD #6	-	-	-	-	0.0861	0.0861	0.0835	0.0791	0.1000	0.0929
Burnet ESD #7	-	-	0.1000	0.0960	0.0975	0.0975	0.0965	0.0965	0.0965	0.0977
Burnet ESD #8	-	-	-	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Burnet ESD #9	-	-	-	-	-	-	0.1000	0.1000	0.1000	0.1000
Kingsland M.U.D.	-	0.2500	0.2400	0.2250	0.2200	0.2200	0.2200	0.2200	0.2200	0.2190
Meadowlakes M. U. D	-	-	-	-	-	-	-	-	-	-
Central Texas Groundwater	0.0151	0.0137	0.0131	0.0108	0.0099	0.0098	0.0096	0.0091	0.0091	0.0085
Total Direct and Overlapping Rates	<u>7.6584</u>	<u>8.0991</u>	<u>8.3018</u>	<u>8.4219</u>	<u>8.6488</u>	<u>8.7529</u>	<u>8.9002</u>	<u>8.9551</u>	<u>8.9846</u>	<u>8.9203</u>

Source: Burnet Central Appraisal District

BURNET COUNTY, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date ⁽¹⁾	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 19,773,632	\$ 19,631,328	99.28%	\$ -	\$ 19,631,328	99.28%
2016	\$ 19,134,259	\$ 18,986,845	99.23%	\$ 114,595	\$ 19,101,440	99.83%
2015	\$ 18,861,757	\$ 18,439,809	97.76%	\$ 166,663	\$ 18,606,472	98.65%
2014	\$ 17,271,388	\$ 17,027,445	98.59%	\$ 229,805	\$ 17,257,250	99.92%
2013	\$ 16,761,190	\$ 16,585,333	98.95%	\$ 167,906	\$ 16,753,239	99.95%
2012	\$ 15,828,135	\$ 15,487,022	97.84%	\$ 335,483	\$ 15,822,505	99.96%
2011	\$ 15,425,858	\$ 15,092,330	97.84%	\$ 322,788	\$ 15,415,118	99.93%
2010	\$ 14,943,142	\$ 14,565,642	97.47%	\$ 298,908	\$ 14,864,550	99.47%
2009	\$ 13,949,024	\$ 13,600,505	97.50%	\$ 190,011	\$ 13,790,516	98.86%
2008	\$ 11,783,091	\$ 11,531,728	97.87%	\$ 190,262	\$ 11,721,990	99.48%

(1) Collections in subsequent years often result in total tax collections in excess of the original tax levy due to additions to the tax roll as a result of previously exempt property losing its exempt status. Subsequent collections do not include penalties or interest assessed on late payments.

Source: Burnet Central Appraisal District

BURNET COUNTY, TEXAS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Personal Income ^{1,2}	Population	Net Bonded Debt Per Capita
	General Obligation Bonds	Unamortized Bond Premium	Capital Leases	Total Primary Government			
2017	\$ 19,335,000	\$ 498,128	\$ 698,069	\$ 20,531,197	0.82%	46,243	\$ 443.98
2016	\$ 20,625,000	\$ 524,345	\$ 581,704	\$ 21,731,049	0.96%	45,463	\$ 477.99
2015	\$ 15,820,000	\$ 553,349	\$ 475,200	\$ 16,848,549	0.74%	44,943	\$ 374.89
2014	\$ 2,185,000	\$ 11,143	\$ 210,875	\$ 2,407,018	0.12%	43,911	\$ 54.82
2013	\$ 3,400,000	\$ 19,499	\$ 287,620	\$ 3,707,119	0.35%	43,448	\$ 85.32
2012	\$ 4,790,000	\$ 27,855	\$ 225,075	\$ 5,042,930	0.48%	43,117	\$ 116.96
2011	\$ 6,140,000	\$ 36,211	\$ 269,030	\$ 6,445,241	0.61%	42,750	\$ 150.77
2010	\$ 7,420,000	\$ 44,567	\$ 196,927	\$ 7,661,494	0.52%	42,750	\$ 179.22
2009	\$ 7,070,000	\$ -	\$ 334,154	\$ 7,404,154	0.68%	45,658	\$ 162.17
2008	\$ 8,000,000	\$ -	\$ 416,178	\$ 8,416,178	0.60%	43,689	\$ 192.64

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

² Ratio of Total Primary Government Debt to Total County Personal Income.

BURNET COUNTY, TEXAS

**Direct and Overlapping Governmental Activities Debt
As of September 30, 2017
(unaudited)**

<u>Jurisdiction</u>	<u>Debt Outstanding²</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Burnet County	\$ 19,335,000	100.00%	\$ 19,335,000
Total direct debt	<u>19,335,000</u>		<u>19,335,000</u>
Overlapping debt:			
Burnet C. I. S. D.	41,605,000	89.67%	37,307,204
City of Bertram	-	100.00%	-
City of Burnet	23,618,000	100.00%	23,618,000
City of Cottonwood Shores	1,732,000	100.00%	1,732,000
City of Granite Shoals	8,927,000	100.00%	8,927,000
City of Highland Haven	985,000	100.00%	985,000
City of Horseshoe Bay	24,285,000	11.61%	2,819,489
City of Marble Falls	53,190,000	100.00%	53,190,000
City of Meadowlakes	2,410,000	100.00%	2,410,000
Lampasas I. S. D.	35,229,982	14.56%	5,129,485
Marble Falls I. S. D.	<u>60,170,000</u>	84.74%	<u>50,988,058</u>
Total overlapping debt	<u>252,151,982</u>		<u>187,106,235</u>
Total direct and overlapping debt	<u>\$ 271,486,982</u>		<u>\$ 206,441,235</u>

Source: Outstanding Debt as of September 30, 2017

¹ The Municipal Advisory of Texas.

² The Debt Outstanding includes only debt covered with debt service ad valorem taxes.

BURNET COUNTY, TEXAS

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2017	\$ 19,335,000	857,174	\$ 18,477,826	0.4575%	\$ 399.58
2016	\$ 20,625,000	793,260	\$ 19,831,740	0.5095%	\$ 436.22
2015	\$ 15,820,000	674,383	\$ 15,145,617	0.4112%	\$ 337.00
2014	\$ 2,185,000	293,509	\$ 1,891,491	0.5250%	\$ 42.09
2013	\$ 3,400,000	270,771	\$ 3,129,229	0.0880%	\$ 71.26
2012	\$ 4,790,000	279,320	\$ 4,510,680	0.1287%	\$ 103.82
2011	\$ 6,140,000	327,222	\$ 5,812,778	0.1668%	\$ 134.81
2010	\$ 7,420,000	520,063	\$ 6,899,937	0.1989%	\$ 161.40
2009	\$ 7,070,000	750,619	\$ 6,319,381	0.1944%	\$ 147.82
2008	\$ 8,000,000	776,269	\$ 7,223,731	0.2108%	\$ 158.21

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics.

BURNET COUNTY, TEXAS
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 1,236,255,222	\$ 1,062,185,912	\$ 927,148,304	\$ 936,480,059	\$ 953,345,432	\$ 966,983,312	\$ 971,823,151	\$ 1,166,636,701	\$ 1,107,248,995	\$ 1,138,300,168
Total net debt applicable to limit	<u>7,223,731</u>	<u>6,319,381</u>	<u>6,899,937</u>	<u>5,812,778</u>	<u>4,510,680</u>	<u>3,129,229</u>	<u>1,891,491</u>	<u>15,145,617</u>	<u>19,831,740</u>	<u>18,477,826</u>
Legal debt margin	<u>\$ 1,229,031,491</u>	<u>\$ 1,055,866,531</u>	<u>\$ 920,248,367</u>	<u>\$ 930,667,281</u>	<u>\$ 948,834,752</u>	<u>\$ 963,854,083</u>	<u>\$ 969,931,660</u>	<u>\$ 1,151,491,084</u>	<u>\$ 1,087,417,255</u>	<u>\$ 1,119,822,342</u>
Total net debt applicable to the limit as percentage of debt limit	0.58%	0.59%	0.74%	0.62%	0.47%	0.32%	0.19%	1.30%	1.79%	1.62%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value ¹	\$ 4,038,629,807
Add back: exempt real property ¹	<u>514,570,866</u>
Total assessed value	<u>\$ 4,553,200,673</u>
Debt Limit (25% of total assessed value)	1,138,300,168
Debt applicable to limit:	
General obligation bonds ²	19,335,000
Less: Amount set aside for repayment of general obligation debt ³	<u>857,174</u>
Total net debt applicable to limit	<u>18,477,826</u>
Legal debt margin	<u>\$ 1,119,822,342</u>

Sources:

¹Burnet Central Appraisal District

²Note 8 of the Financial Statements

³Statement of Net Position

BURNET COUNTY

Principal Property Taxpayers
Current Year and Nine Years Ago

Employer	2008			2017		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Pedernales Electric Co-Op, Inc.	\$ 26,713,715	1	0.82%	\$ 46,111,174	1	0.81%
APAC Texas, Inc				29,516,083	2	0.52%
LCRA Transmission Services Corp.	14,690,544	4	0.45%	28,424,113	3	0.50%
HTA-Marble Falls Mob LLC				14,616,860	4	0.26%
J.M. Huber Corp	7,625,758	8	0.23%	12,953,641	5	0.23%
Lhoist North America				10,558,817	6	0.19%
Wal-Mart Stores, Inc				9,919,467	7	0.17%
Gulf Coast Limestone, Inc				9,179,295	8	0.16%
Worldmark the Club				9,000,000	9	0.16%
Castle Acres LLC				8,257,638	10	0.15%
Capitol Aggregates LTD	19,817,536	2	0.61%			
ATMI Materials LTD	17,741,779	3	0.55%			
GTE Southwest	13,842,471	5	0.43%			
Clearwater Landing 2007 LLC	12,604,319	6	0.39%			
Chemical Lime	8,556,991	7	0.26%			
Johnson-Sewell Family Partnership	7,302,758	9	0.22%			
Wal-Mart Stores, East LP	7,167,006	10	0.22%			
Total	\$ 136,062,877		4.18%	\$ 178,537,088		5.83%

Source: The Municipal Advisory of Texas.

BURNET COUNTY
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per capita Personal Income	Median Age	Education Level in Years of Formal Schooling	Public School Enrollment	Burnet County Unemployment Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2017	46,243	\$ 2,509,098,937	\$ 54,259	44.5	14.0	7,295	2.9%
2016	45,463	2,260,965,916	49,732	44.1	13.4	7,314	3.5%
2015	44,943	2,279,149,416	50,712	43.4	13.8	7,204	3.7%
2014	43,911	2,079,361,494	47,354	43.8	13.8	6,949	4.0%
2013	43,448	920,880,360	21,195	43.0	13.8	7,464	4.9%
2012	43,117	1,078,399,287	25,011	43.2	13.8	7,520	5.0%
2011	42,750	1,052,761,500	24,626	43.5	13.2	7,582	6.7%
2010	42,750	1,048,700,250	24,531	41.5	12.6	7,316	6.4%
2009	45,658	1,093,737,390	23,955	41.3	12.6	7,296	5.7%
2008	43,689	1,009,565,412	23,108	41.0	12.6	7,328	4.1%

(1) (2) (5) US Census Bureau

(3) www.bea.gov

(4) U.S. Census Bureau, 2006-2008 American Community Survey

(6) Texas Education Agency Website (Grades K-12)

(7) <http://www.bls.gov/lau/laucntycur14.txt>

BURNET COUNTY
Principal Employers
Current and Nine Years Ago

Employer	2008			2017		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Marble Falls ISD	625	1	2.70%	496	1	1.92%
Burnet CISD	528	2	2.28%	455	2	1.76%
Wal-Mart Stores, Inc.	400	3	1.73%	400	3	1.55%
Burnet County	195	6	0.84%	336	4	1.30%
HEB Grocery	225	4	0.97%	225	5	0.87%
Home Depot, USA	225	4	0.97%	225	5	0.87%
Edwards Risk Management	180	7	0.78%	180	7	0.70%
City of Burnet	130	8	0.56%	130	8	0.50%
Texas Dept. of Criminal Justice	130	8	0.56%	130	8	0.50%
Seton Highland Lakes	120	10	0.52%	120	10	0.46%
Total	2758		11.54%	2697		12.20%

Sources: The Municipal Advisory of Texas.

Number of employed from the Texas Labor Market Info--Burnet County Website--

BURNET COUNTY, TEXAS

**Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years**

<u>Function/ Program</u>	<u>Full-time Equivalent Employees as of September 30</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government	68	66	65	65	65	63	78	79	82	82
Elected Officials	20	20	20	20	20	20	20	20	20	20
Public Safety	81	55	58	58	58	59	88	137	182	187
Conservation/Environmental	3	5	4	4	4	4	5	6	5	5
Health and Welfare	2	1	1	1	1	1	---	---	---	---
Community Service	1	1	1	1	1	1	1	1	1	1
Library	11	11	14	13	13	13	13	14	14	14
Road and Bridge	<u>25</u>	<u>26</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
Total	<u><u>211</u></u>	<u><u>185</u></u>	<u><u>190</u></u>	<u><u>189</u></u>	<u><u>189</u></u>	<u><u>187</u></u>	<u><u>232</u></u>	<u><u>284</u></u>	<u><u>331</u></u>	<u><u>336</u></u>

*Note--FY 2010 equivalent employees has been changed to include part-time positions allocated by hours worked
Source: Burnet County Human Resources Department

Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

Function/ Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
County Finance										
Accounts Payable checks issued	5,052	4,506	4,516	5,880	4,554	3,799	4,759	4,243	4,281	5,076
Payroll checks and advices issued	7,048	5,720	7,070	7,016	7,287	7,540	8,169	7,384	7,930	8,502
Deposit warrants issued	4,283	3,448	3,871	5,014	4,985	5,441	5,739	5,527	5,626	6,720
Tax Office										
Auto titles issued	10,347	9,887	10,049	10,121	10,489	10,868	10,951	11,001	11,111	11,858
Auto registrations	50,007	50,724	50,681	50,746	51,390	52,074	53,269	53,479	54,198	56,540
Administration of justice										
District court level										
Civil cases filed	504	758	605	521	437	419	373	353	359	365
Civil case dispositions	684	675	575	558	400	447	444	421	400	308
Criminal cases filed	382	400	257	916	966	638	684	599	722	549
Criminal case dispositions	376	452	282	387	426	460	429	641	505	479
Juvenile cases filed	87	64	60	41	57	43	53	56	42	34
Juvenile cases disposed	84	78	59	11	35	33	42	51	47	28
County court level										
Civil cases filed	480	612	432	423	199	578	346	504	191	295
Civil case dispositions	552	530	444	307	186	582	347	550	261	207
Criminal cases filed	1,492	1,070	835	950	1,041	1,848	2,087	1,153	1,697	582
Criminal case dispositions	2,022	1,262	989	1,100	976	1,238	1,128	1,213	1,482	947
Justice of the Peace court level										
Civil cases filed	449	566	337	518	322	370	325	330	347	119
Civil case dispositions	293	530	281	362	324	337	357	273	340	81
Criminal cases filed	4,950	902	4,940	4,451	4,171	5,607	4,658	3,250	3,221	900
Criminal case dispositions	4,892	1,262	4,487	4,214	4,354	5,312	4,702	3,305	3,252	1,501
Public Safety										
Jail Facilities										
Total prisoner days	79	110	112	90	87	88	107	144	192	322
Cost per prisoner day	46.26	40.00	40.00	32.13	37.76	44.00	46.00	50.00	50.00	50.00
Law Enforcement										
Arrests	2,707	2,907	2,375	944	1,026	921	842	725	791	910
Citations filed	703	1,106	577	485	402	575	349	490	714	996
Culture and recreation										
County Library										
Materials circulated	260,960	285,143	292,100	298,714	271,946	232,789	243,420	241,410	239,665	224,613
Patrons	10,320	14,677	12,625	12,773	13,562	14,451	13,308	13,044	12,002	11,663
Transportation										
Road and Bridge										
Miles of new roadways	2.20	0.51	-	-	-	1.42	0.19	-	-	-
Miles of road surface-Major Improvements	23.00	0.25	-	-	-	-	-	-	-	-

BURNET COUNTY, TEXAS

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Administrative Vehicles	14	14	16	16	16	15	12	27	30	28
Public Safety										
Sheriff patrol units	49	53	48	48	48	48	48	30	44	55
Law Enforcement units	20	12	16	16	18	21	30	30	33	19
Transportation										
Road and Bridge Vehicles	25	28	32	32	28	28	29	25	29	30
Road and Bridge Equipment	127	91	96	96	96	90	91	93	97	93
County roads (miles)	489	490	490	490	490	490	490	490	490	490
Culture and recreation										
County Parks	3	2	2	2	2	2	2	2	2	2
County Libraries	4	4	4	4	4	4	4	4	5	5

BURNET COUNTY, TEXAS
SCHEDULE OF INSURANCE IN FORCE
September 30, 2017
(unaudited)

Type of Coverage and Name of Company	Policy Number	Policy From	Policy To	Details of Coverage	Liability Limits	Annual Premium
AUTOMOBILE LIABILITY (TAC Risk Management Pool)	AL 0270 2014 07 01	7/1/2017	7/1/2018	Auto Liability Bodily Injury Property Damage Uninsured Motorist - Bodily Injury Property Damage Personal Injury Prot	\$ 1,000 / Deductible 100,000 / Person 300,000 / Occurrence 100,000 / Occurrence 30,000 / Person 60,000 / Occurrence 25,000 / Occurrence 5,000 / Person	\$ 30,312
AUTOMOBILE PHYSICAL DAMAGE (TAC Risk Management Pool)	APD 0270 2014 07 01	7/1/2017	7/1/2018	Comprehensive Collision	2,500 / Deductible Actual cash value or cost of repair (lesser)	\$ 17,434
GENERAL LIABILITY (TAC Risk Management Pool)	GL 0270 2014 07 01	7/1/2017	7/1/2018	General Liability Bodily Injury Property Damage Medical Expense Employee Benefits Personal & Advertising Injury	1,000 / Deductible 100,000 / Person 300,000 / Occurrence 100,000 / Occurrence 5,000 / Person 100,000 / Claim 100,000 / Person 300,000 / Offense/Aggr	\$ 12,627
BUILDINGS/PROPERTY/CRIME (TAC Risk Management Pool)	PR 0270 2014 07 01	7/1/2017	7/1/2018	Basic Coverage: Buildings Contents Flood Flood- Deductible Earth Movement Earth Movement- Deductible Valuable Papers Electronic Data Equip Mobile Equipment Equipment Breakdown Fine Arts Site Improvement Law Enforcement Animals	1,000 / Deductible 45,393,475 / Limit 6,670,460 / Limit 5,000,000 / Limit 25,000 / Deductible 5,000,000 / Limit 25,000 / Deductible 1,000,000 / Limit 1,000,000 / Limit 2,227,417 / Limit 25,000,000 / Limit 20,000 / Limit 306,953 / Limit 30,000 / Limit per animal	\$ 72,130
PUBLIC OFFICIALS LIABILITY (TAC Risk Management Pool)	PO 0270 2014 07 01	7/1/2017	7/1/2018	Public Officials Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 44,978
LAW ENFORCEMENT LIABILITY (TAC Risk Management Pool)	LE 0270 2014 04 01	4/1/2017	4/1/2018	Law Enforcement Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 53,913
WORK RELEASE VOLUNTEER PROGRAM (The CIMA Companies, Inc.)	TX BURN 4	7/1/2017	7/1/2018	Volunteer Ins. Service	2,500 / Accidental Death 25,000 / Medical	\$ 1,803
WORKERS' COMPENSATION & EMPLOYERS' LIABILITY	WC 0270 2014 01 01	1/1/2017	1/1/2018	Death by Accident Death by Disease	1,000,000 / Accident 1,000,000 / Claimant 2,000,000 / Aggregate	\$ 242,464
UNEMPLOYMENT (Participation Agreement-TAC Unemployment Compensation Group Account Fund)	99-991884-D	10/1/2017	9/30/2018	Unemployment Compensation Group Account Fund	Texas Workforce Commission/ Texas Labor Code Requirements	\$ 26,361

BURNET COUNTY, TEXAS
SCHEDULE OF SALARIES, SUPPLEMENTS AND SURETY
BONDS OF PRINCIPAL OFFICIALS
For the Year Ended September 30, 2017
(unaudited)

<u>Name of Official</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
James Oakley	County Judge	\$ 105,482	\$ 5,000
Jim Luther, Jr.	Commissioner, Precinct 1	67,246	10,000
Russell Graeter	Commissioner, Precinct 2	67,246	3,000
Billy Wall	Commissioner, Precinct 3	67,246	10,000
Joe Don Dockery	Commissioner, Precinct 4	67,246	10,000
Linda Bayless	County Court-at-Law Judge	140,000	5,000
Eduardo Arredondo	County Attorney	111,467	5,000
Janet Parker	County Clerk	71,198	95,000
Casie Walker	District Clerk	71,198	60,000
Karen Hardin	County Auditor	80,130	5,000
Karrie Crownover	County Treasurer	71,198	70,000
Sheri Frazier	Tax Assessor-Collector	71,198	100,000
Calvin Boyd	County Sheriff	78,853	10,000
Roxanne Nelson	J.P., Precinct 1	68,970	10,000
Lisa Whitehead	J.P., Precinct 2	68,970	10,000
Peggy Simon	J.P., Precinct 3	67,270	5,000
Debbie Bindseil	J.P., Precinct 4	67,270	10,000
Leslie Ray	Constable, Precinct 1	49,546	10,000
Garry Adams	Constable, Precinct 2	49,546	1,500
Robert Ballard	Constable, Precinct 3	49,546	1,500
Missy Bindseil	Constable, Precinct 4	49,546	10,000



Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Judge and
Members of the Commissioners' Court
Burnet County, Texas:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Burnet County, Texas (the County), 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 and have issued our report thereon dated March 23, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: Finding 2017-A.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Burnet County, Texas' Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subject to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Sully LLP".

Abilene, Texas
March 23, 2018

BURNET COUNTY, TEXAS
Schedule of Findings and Responses
For the Year Ended September 30, 2017

A. Summary of Auditor's Results

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material Weakness identified?	Yes
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

B. Findings Related to the Financial Statements which are Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2017-A:	Financial Reporting
Type of Finding:	Material Weakness
Criteria or Specific Requirement:	Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements.
Statement of Condition:	In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements. Additionally, we recorded approximately 5 audit adjustments to the County's recorded account balances, which if not recorded, would have resulted in a material misstatement of the County's financial statements.
Cause:	The County does not prepare and has not developed an internal control system to provide for the preparation of certain journal entries and the preparation of the financial statements and related disclosures in a timely manner.
Effect:	Although this circumstance is not unusual for an organization of your size, the preparation of financial statements and adjusting journal entries as a part of the audit engagement may result in financial statements and relates information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by County personnel. The need for the audit adjustments indicates that the County's interim financial information is not materially correct, which may affect managements decisions made during the course of the year.

BURNET COUNTY, TEXAS
Schedule of Findings and Responses
For the Year Ended September 30, 2017

**B. Findings Related to the Financial Statements which are Required to be Reported in Accordance with
Government Auditing Standards - continued**

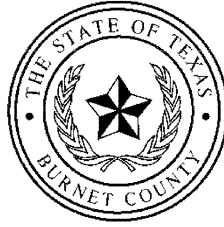
Recommendations: Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Members of the Commissioners' Court review on a routine basis. It is the responsibility of management and those charged with governance to determine whether to accept the risk associate with this condition because of cost or other considerations.

View of Responsible Officials: Management appreciates the necessity for strong controls and believes that the current system of internal controls with the adoption of the corrective action plan is sufficient to the risk/cost of other considerations.

BURNET COUNTY, TEXAS
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2017

Status of Prior Year's Findings/Noncompliance

None.



THE COUNTY OF BURNET

BURNET, TEXAS 78611

March 23, 2018

Finding 2017-A

Burnet County has put in place the following:

Management will improve the current internal control system to include verifying that correcting journal entries are in place prior to field work, and that all the forms are changed to include the transfer accounts in the journal entry forms.

Contact Person:

Karen Hardin, CPA
Burnet County Auditor
220 S. Pierce St
Burnet, TX 78611
(512) 756-5466

Expected Implementation Date:

2018 Fiscal Year