



BURNET COUNTY, TEXAS

Comprehensive Annual Financial Report

For the Year Ended
September 30, 2016

BURNET COUNTY, TEXAS
 Comprehensive Annual Financial Report
 Year Ended September 30, 2016

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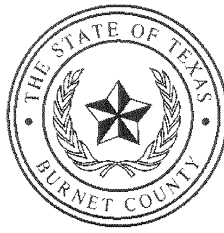
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INTRODUCTORY SECTION



THE COUNTY OF BURNET

BURNET, TEXAS 78611

March 17, 2017

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, 2016. 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 Davis Kinard & Co, PC, 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 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, 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 more than 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 2016. 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 2015-2016 reflected a slight increase. The certified tax roll shows an increase of \$295,111,981 in value over the 2014-2015 roll. The County relies heavily on ad valorem taxes for its operating resources. Tax revenues generated from new construction were increased slightly over the last year. The Burnet and Marble Falls school districts are also realizing some growing pains due to the slight rise in school enrollments.

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.

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, 2016, Burnet County had two (2) debt issues outstanding. The outstanding principal balance of the issues is \$20,625,000 and interest of \$7,187,797, for a grand total outstanding debt of \$27,812,797 in certificates of obligation. 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.

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,



Karen Hardin, CPA

County Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Burnet County
Texas

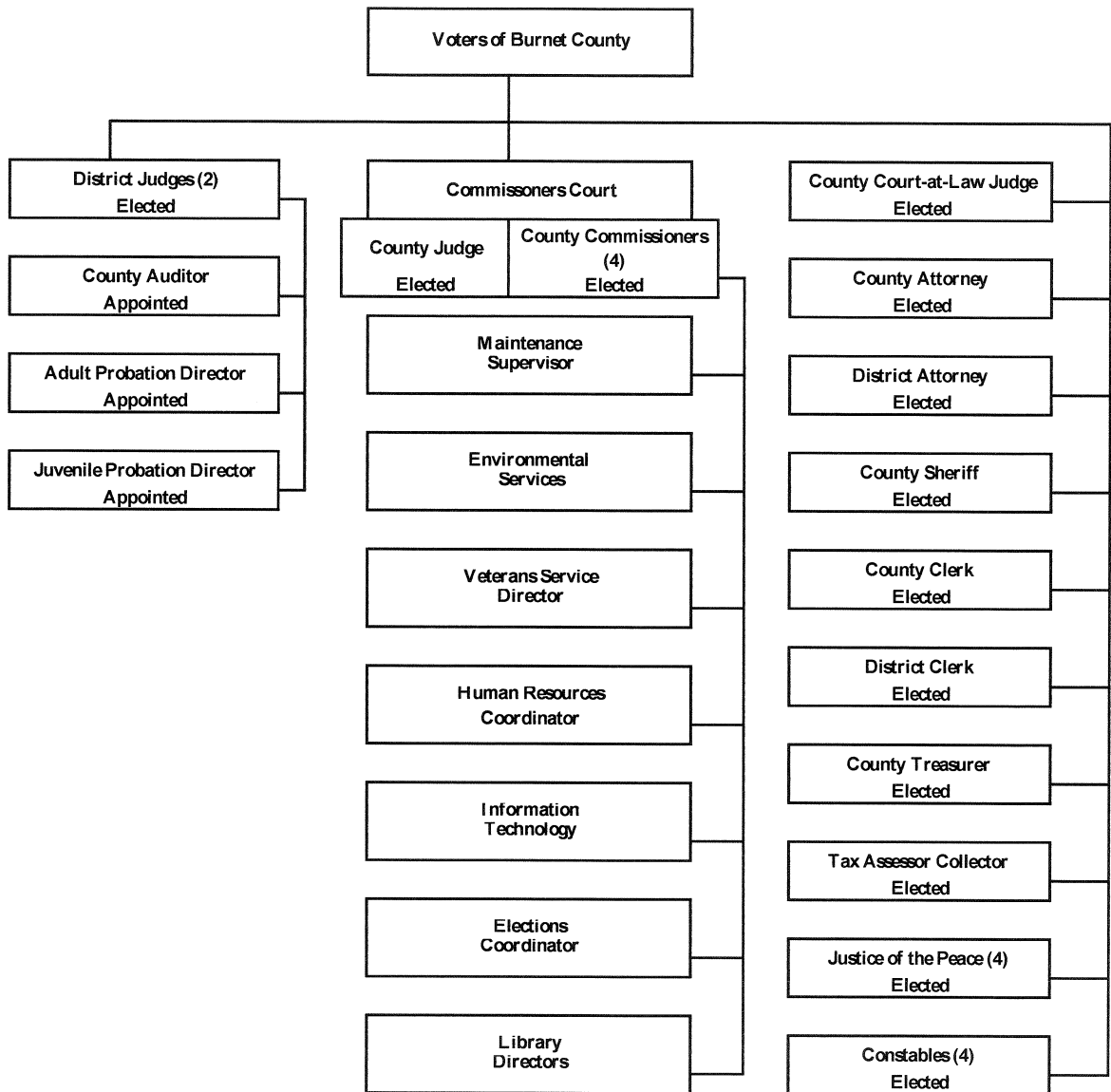
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

BURNET COUNTY ORGANIZATIONAL CHART

SEPTEMBER 2016



BURNET COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2016

COMMISSIONERS

Bill Neve
Russell Graeter
Ronny Hibler
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
W.T. Smith	County Sheriff
Calvin Boyd	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
Chris Jett	Constable, Precinct 4

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2016, 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 51 through 61 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 purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *Texas Single Audit Circular* and is also not a required part of the basic financial statements.

The schedule of expenditures of state awards and 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 17, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Dennis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
March 17, 2017

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, 2016. 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 \$19.8 million which represents total net position.
- Unrestricted net position of \$6.2 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 \$16.2 million, an increase of \$4.9 million from the prior year. Approximately 22% of this amount (\$3.6 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 \$3.7 million, or approximately 24% of total general fund expenditures.
- During the year the County issued tax notes in the amount of \$5.8 million for road projects to be completed among the four precincts.

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 position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of Changes in fiduciary net position
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 -14 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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), Grants Fund, County Jail Fund, Restricted Fund, Debt Service Fund and Capital Projects Funds, which are considered to be major funds. Data from the other eight 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 and certain special revenue funds. Budgetary comparison schedules have been provided on pages 51-57 and pages 66-73 to demonstrate compliance with the budget.

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 or 25 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 51-61 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 62-73 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 \$19.8 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, 2016 and 2015:

Summary of Statement of Net Position

	Governmental Activities	
	2016	2015
Current and other assets	\$ 18,499,949	\$ 14,462,372
Capital assets	26,631,482	28,043,334
Total assets	45,131,431	42,505,706
Total deferred outflows of resources	4,738,937	2,171,780
Current liabilities	2,732,859	3,495,567
Long-term liabilities	26,693,297	21,064,949
Total liabilities	29,426,156	24,560,516
Total deferred inflows of resources	633,487	-
Net position		
Net investment in capital assets	10,647,846	11,223,818
Restricted	2,918,390	2,703,255
Unrestricted	6,244,489	6,189,897
Total net position	\$ 19,810,725	\$ 20,116,970

By far, the largest portion of the County's net position (53.8%) 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 (14.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance \$6.2 million (31.5%) 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 \$306 thousand from the prior fiscal year for an ending balance of \$19.8 million. The reasons for this overall decrease are discussed in the following sections for governmental activities.

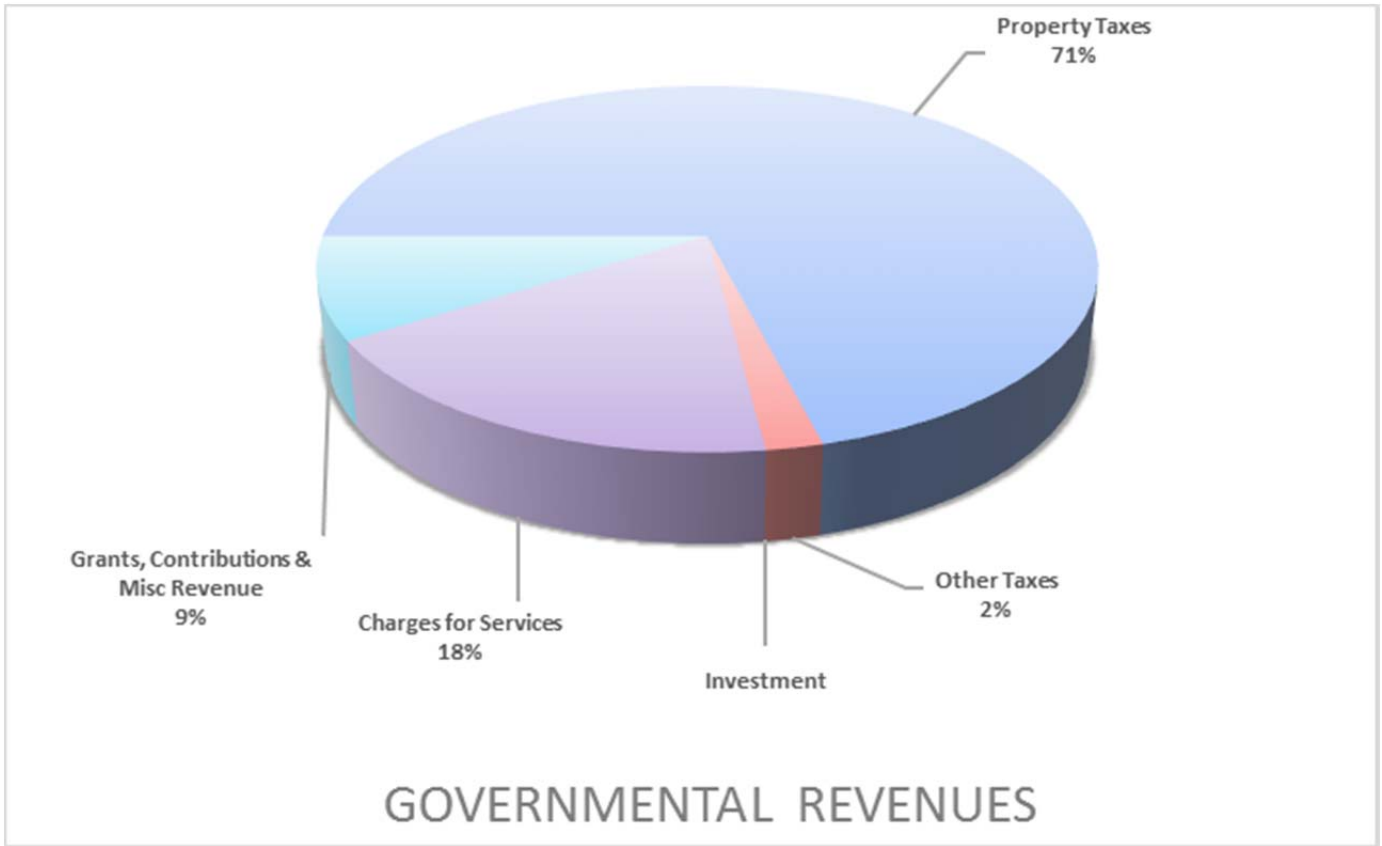
The following schedule provides a summary of the County's operations for the years ended September 30, 2016 and 2015:

Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues		
Charges for services	\$ 4,927,590	\$ 5,258,681
Grants and contributions	1,748,028	1,855,659
General revenues		
Property taxes	19,340,372	18,516,562
Other taxes	497,396	434,747
Investment earnings	74,119	154,339
Other revenue, not restricted	637,574	1,256,892
Total revenues	<u>27,225,079</u>	<u>27,476,880</u>
Expenses:		
General government	11,611,958	10,009,382
Public safety	10,554,301	10,671,618
Public transportation	2,986,116	2,950,608
Health and welfare	588,627	540,270
Culture and recreation	819,902	811,745
Conservation	290,683	250,383
Debt service	679,737	821,885
Total Expenses	<u>27,531,324</u>	<u>26,055,891</u>
Increase (decrease) in net position	(306,245)	1,420,989
Net position - beginning	20,116,970	22,283,413
Prior period adjustment		(3,587,432)
Net position - ending	<u>\$ 19,810,725</u>	<u>\$ 20,116,970</u>

At the end of the current fiscal year, the County reported a slight decrease in net position for the government as a whole. The key elements of this change in net position are as follows: decrease in cash of \$4.7 due to transfer of restricted accounts to separate fund to isolate the balances for transparency purposes; increase in investments of \$5.7 million due to issuance of bonds for road projects that were not started in the current year; decrease in capital assets due to additional depreciation for full year of jail building and to shorten some assets life therefore increasing depreciation expense approximately \$900 thousand; decrease in accounts payable and payroll accruals and taxes of \$1.5 million end of year timing and transactions at the end of September; and increase of pension items of \$1.2 million; and an increase in bonds payable of \$5.7 million due to issuance of bonds for road projects.

Total revenues for the fiscal year ended September 30th were \$27.2 million. Approximately 73% of the County's revenue comes from taxes, with 71% from property taxes alone. Property tax revenue increased 4.4% due to an increase in property tax values, even though the tax rate decreased slightly. The graph below shows the sources of revenues for FY2016.



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 \$16.2 million, an increase of \$4.9 million or 44% in comparison with the prior year. Approximately 22.3% of this total amount (\$3.6 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 \$2.9 million, *committed* fund balance of \$1.0 million, *restricted* fund balance of \$8.6 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, \$3.7 million of the total fund balance of \$3.8 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 24% of total general fund expenditures, while total fund balance represents 24% of that same amount.

The County’s general fund balance decreased by \$4.0 million during the current fiscal year attributable to creating and transferring restricted, committed and assigned funds to a separate fund (Restricted Fund) which has increased by \$4.0 million. The Debt Service Fund has a total fund balance of \$793 thousand, which is all restricted for the payment of debt service. The Capital Projects Fund increased \$5.7 million from the issuance of tax notes for road projects that expect to be started in the next fiscal 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 a decrease from the original budget by \$605 thousand. There were slight increases and decreases among various departments that culminated in the total decreased budget. Although the total amended budget expenditures totaled \$15.7 million, actual expenditures totaled \$15.5 million, a \$208 thousand positive variance. Conservative 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, 2016, the County had invested \$26.6 million (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, roads, bridges and equipment. This amount represents a net decrease (including additions, retirements and adjustments) of \$1.4 million or 5% less than last year as you can see in the table below.

	Capital Assets	
	(net of depreciation)	
	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Land	\$ 1,084,982	\$ 966,013
Construction in progress	11,459	236,941
Infrastructure	2,748,737	2,768,785
Buildings & other improvements	19,035,737	20,065,992
Office & miscellaneous equipment	1,916,201	2,261,135
Road equipment	1,834,366	1,744,468
Total	\$ 26,631,482	\$ 28,043,334

Major capital asset events during the current fiscal year included:

- Purchasing additional land for future expansion \$119 thousand
- Completing a water facility (construction in progress) for \$237 thousand
- Purchasing and renovating buildings for expanding county needs \$303 thousand
- Purchasing road equipment mainly for public safety and public transportation resulting in a net increase of \$437 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 \$20.1 million. Of this amount, \$14.8 million is debt backed by the full faith and credit of the government and \$5.8 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	
	2016	2015
General Obligation Bonds	\$ 14,845,000	\$ 15,820,000
Tax Notes	5,780,000	-
Premiums on Bonds	524,345	553,349
Capital Leases	581,704	475,200
Compensated Absences	456,474	367,052
Net Pension Liability	6,156,952	5,061,536
Totals	\$ 28,344,475	\$ 22,277,137

During the year, Burnet County’s long-term debt increased by \$6.1 million. The majority increase was for tax notes of \$5.8 million that were issued for county wide road projects. The remainder was for capital leases for road equipment purchases.

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 2017 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 slightly to \$226 million or 4.6% from FY2016.
- The County’s unemployment rate is currently 3.2%, which is a decrease from a rate of 3.9% one year ago. The County’s rate is favorable to the state’s average unemployment rate of 4.6%. The unemployment rate is expected to remain favorable with all the growth in the county.
- The population of the County is estimated at 45,463 in 2015, which is an increase of 6% since the Census of 2010.
- The average household income for 2015 is \$53,086 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 \$35 million budget for the 2017 fiscal year. This is a 2.5% increase over the adopted 2016 fiscal year budget. The increase in the budget is primarily due to payroll costs increasing as a result of a county-wide cost of living increase and adding new positions to the Sheriff's office.
- The overall tax rate established for the FY2017 budget is \$0.3969 per \$100 of assessed valuation, which is the same as the effective rate and slightly lower than the previous year was at \$0.4025 per \$100 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, 2016

		Primary Government
		Governmental Activities
ASSETS:		
Cash and cash equivalents	\$	7,168,483
Investments		8,466,216
Receivables (net of allowance for uncollectibles)		1,771,754
Due from other governments		888,196
Due from others		85,286
Inventory		1,854
Prepaid items		108,291
Restricted Assets:		
Restricted cash and cash equivalents		9,869
Capital Assets:		
Nondepreciable assets		1,096,441
Depreciable assets		25,535,041
		45,131,431
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows - Pension items		4,738,937
LIABILITIES:		
Accounts payable		824,637
Payroll taxes and related items		127,612
Intergovernmental payable		524
Accrued interest payable		58,261
Due to others		64,957
Unearned revenues		5,000
Claims payable from restricted resources		690
Noncurrent Liabilities		
Due within one year		1,651,178
Due in more than one year		20,536,345
Net pension liability		6,156,952
		29,426,156
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows - pensions		633,487
NET POSITION:		
Net investment in capital assets		10,647,846
Restricted for debt service		861,594
Restricted for road and bridge		926,237
Restricted for other		1,130,559
Unrestricted net position		6,244,489
		19,810,725
Total net position	\$	19,810,725

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

BURNET COUNTY, TEXAS
Statement of Activities
For the Year Ended September 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 11,611,958	\$ 1,962,179	\$ 425,049	\$ 132,438
Public safety	10,554,301	1,313,761	556,570	-
Public transportation	3,029,310	1,593,672	83,971	-
Health and welfare	588,627	10,383	-	-
Culture and recreation	819,902	47,595	550,000	-
Conservation	290,683	-	-	-
Debt interest	636,543	-	-	-
Total Governmental Activities	<u>27,531,324</u>	<u>4,927,590</u>	<u>1,615,590</u>	<u>132,438</u>
TOTAL PRIMARY GOVERNMENT	\$ <u>27,531,324</u>	\$ <u>4,927,590</u>	\$ <u>1,615,590</u>	\$ <u>132,438</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 Assets	
Primary Government	
Governmental Activities	Total
\$ (9,092,292)	\$ (9,092,292)
(8,683,970)	(8,683,970)
(1,351,667)	(1,351,667)
(578,244)	(578,244)
(222,307)	(222,307)
(290,683)	(290,683)
(636,543)	(636,543)
<u>(20,855,706)</u>	<u>(20,855,706)</u>
<u>(20,855,706)</u>	<u>(20,855,706)</u>
17,328,751	17,328,751
2,011,621	2,011,621
497,396	497,396
588,595	588,595
74,119	74,119
48,979	48,979
<u>20,549,461</u>	<u>20,549,461</u>
(306,245)	(306,245)
<u>20,116,970</u>	<u>20,116,970</u>
<u>\$ 19,810,725</u>	<u>\$ 19,810,725</u>

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

BURNET COUNTY, TEXAS

Balance Sheet
Governmental Funds
September 30, 2016

	General Fund	Road and Bridge Fund	Grants Fund
ASSETS			
Cash and Cash Equivalents	\$ 6,080,535	\$ 263,580	\$
Investments	2,202,589	15,710	
Taxes receivable (net)	454,616	58,191	
Fines, fees, and court costs receivable (net)	598,616		
Receivables others (net)	207,218	71,787	12,826
Due from other governments	395,485		174,036
Due from other funds	92,578	817,038	
Due from others	85,286		
Inventories	1,854		
Prepaid items	91,069	12,552	
Total assets	\$ 10,209,846	\$ 1,238,858	\$ 186,862
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and other accrued liabilities	\$ 486,376	\$ 113,742	\$ 24,770
Wages and salaries payable		127,612	
Intergovernmental payable		524	
Due to other funds	4,892,038		85,676
Due to others			34,870
Unearned revenues	5,000		
Total liabilities	5,383,414	241,878	145,316
Deferred inflows of resources:			
Unavailable revenue - fines, fees, and court costs	598,616		
Unavailable revenue - property taxes	454,616	58,191	
Total deferred inflows of resources	1,053,232	58,191	-
Fund balances:			
Nonspendable fund balances	92,923	12,552	
Restricted		926,237	41,546
Committed			
Assigned			
Unassigned	3,680,277		
Total fund balances	3,773,200	938,789	41,546
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,209,846	\$ 1,238,858	\$ 186,862

County Jail Fund	Restricted Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 505,698	\$ 2,186	\$ 52,881	\$ 7,686	\$ 761,615	\$ 7,168,483
		752	5,739,727	1,740	8,466,216
		126,595			639,402
					598,616
60,891	24,306	2,769		153,939	533,736
311,044				7,631	888,196
	4,075,000	736,858		85,676	5,807,150
					85,286
					1,854
722				3,948	108,291
<u>\$ 878,355</u>	<u>\$ 4,101,492</u>	<u>\$ 919,855</u>	<u>\$ 5,747,413</u>	<u>\$ 1,014,549</u>	<u>\$ 24,297,230</u>
\$ 112,929	\$ 41,961	\$	\$	\$ 44,859	\$ 824,637
					127,612
					524
829,436					5,807,150
				30,087	64,957
					5,000
942,365	41,961			74,946	6,829,880
					598,616
		126,595			639,402
-		126,595	-	-	1,238,018
722				3,948	110,145
	1,018,830	793,260	5,747,413	61,004	8,588,290
	144,047			876,686	1,020,733
	2,896,654				2,896,654
(64,732)				(2,035)	3,613,510
(64,010)	4,059,531	793,260	5,747,413	939,603	16,229,332
<u>\$ 878,355</u>	<u>\$ 4,101,492</u>	<u>\$ 919,855</u>	<u>\$ 5,747,413</u>	<u>\$ 1,014,549</u>	<u>\$ 24,297,230</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, 2016

Exhibit A-4

Total Fund Balances - Governmental Fund Balance Sheet	\$	16,229,332
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</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.		26,631,482
Internal service funds are used by management to account for the self-insurance fund of the government. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect is an increase to net position.		9,179
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.		1,238,018
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.		(22,187,523)
Payables for bond interest which are not due in the current period are not reported in the funds.		(58,261)
Included in the items related to debt is the recognition of the County's net pension liability in the amount of \$6,156,952, deferred inflows of \$633,487 and a deferred outflow of resources of \$4,738,937. The net effect is a decrease to net position.		<u>(2,051,502)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>19,810,725</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, 2016

	General Fund	Road and Bridge Fund	Grants Fund
REVENUES:			
Taxes			
Property taxes	\$ 15,278,486	\$ 1,920,758	\$
Other taxes	76,545		
Penalty and interest on taxes	167,664	20,528	
Licenses and permits	639,676	904,059	
Intergovernmental revenue and grants	227,847	33,451	788,226
Charges for services	1,012,906		
Fines and forfeitures	545,913		
Investment earnings	51,961	5,770	
Rents and royalties	42,523		
Other revenue	281,828	1,139	
Total revenues	<u>18,325,349</u>	<u>2,885,705</u>	<u>788,226</u>
EXPENDITURES:			
Current:			
General government	9,424,262		781,723
Public safety	5,323,915		42,321
Public transportation		2,586,677	6,014
Health and welfare			
Culture and recreation	2,465		
Conservation	291,449		
Debt service:			
Debt principal	49,505	44,065	
Debt interest	1,243	1,379	
Fiscal agent's fees			
Capital outlay	359,792	387,075	29,399
Total expenditures	<u>15,452,631</u>	<u>3,019,196</u>	<u>859,457</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>2,872,718</u>	<u>(133,491)</u>	<u>(71,231)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets and insurance proceeds	54,700	34,596	
Proceeds from issuance of tax notes			
Issuance of capital leases	148,141	143,882	
Transfers in			4,214
Transfers out	(7,120,194)	(180,597)	
Total other financing sources (uses)	<u>(6,917,353)</u>	<u>(2,119)</u>	<u>4,214</u>
NET CHANGE IN FUND BALANCES	(4,044,635)	(135,610)	(67,017)
FUND BALANCES, BEGINNING OF YEAR	<u>7,817,835</u>	<u>1,074,399</u>	<u>108,563</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,773,200</u>	<u>\$ 938,789</u>	<u>\$ 41,546</u>

County Jail Fund	Restricted Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$ 1,914,923	\$	\$	\$ 19,114,167
		19,002		420,851	497,396
	550,000	1,066			207,194
1,121,941				15,000	1,543,735
	440,283			148,187	1,615,590
5,799	1,118	3,968	3,021	2,482	2,283,034
					986,196
					74,119
					42,523
28,394	276,635			599	588,595
<u>1,156,134</u>	<u>1,268,036</u>	<u>1,938,959</u>	<u>3,021</u>	<u>587,119</u>	<u>26,952,549</u>
	587,184			405,740	11,198,909
3,766,313	244,567			41,894	9,419,010
					2,592,691
				554,618	554,618
				782,351	784,816
					291,449
	91,949	975,000			1,160,519
	3,183	844,682			850,487
		400	42,794		43,194
	476,826				1,253,092
<u>3,766,313</u>	<u>1,403,709</u>	<u>1,820,082</u>	<u>42,794</u>	<u>1,784,603</u>	<u>28,148,785</u>
<u>(2,610,179)</u>	<u>(135,673)</u>	<u>118,877</u>	<u>(39,773)</u>	<u>(1,197,484)</u>	<u>(1,196,236)</u>
					89,296
			5,780,000		5,780,000
					292,023
2,805,414	4,195,204			1,366,153	8,370,985
(844,066)				(249,836)	(8,394,693)
<u>1,961,348</u>	<u>4,195,204</u>	<u>-</u>	<u>5,780,000</u>	<u>1,116,317</u>	<u>6,137,611</u>
(648,831)	4,059,531	118,877	5,740,227	(81,167)	4,941,375
584,821	-	674,383	7,186	1,020,770	11,287,957
<u>\$ (64,010)</u>	<u>\$ 4,059,531</u>	<u>\$ 793,260</u>	<u>\$ 5,747,413</u>	<u>\$ 939,603</u>	<u>\$ 16,229,332</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, 2016

Net Change in Fund Balances - Total Government Funds	\$ 4,941,375
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.	1,253,092
Assets donated to governmental entities by private parties are not recorded in the governmental fund financial statements whereas in the government-wide financial statements are recorded as capital contributions.	132,438
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.	(2,757,065)
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.	(40,317)
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 increase in net position.	91,113
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.	1,160,519
The issuance of bonds and bond premium and discounts 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. Proceeds from capital leases of \$292,023 and proceeds from debt issuance of \$5,780,000 result in a decrease in net position.	(6,072,023)
The net increase in compensated absences payable is a decrease to net position.	(89,422)
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 no change to net position.	-
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.	29,004

Current year amortization of deferred charges incurred during refunding of bonds results in a decrease to net position. (21,847)

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. 206,787

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 \$1,158,471. 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 \$298,370. The net effect is an increase in net position. 860,101

Change in Net Position of Governmental Activities - Statement of Activities \$ (306,245)

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, 2016

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
ASSETS	
Current assets:	
Restricted assets:	
Pooled cash and cash equivalents	\$ <u>9,869</u>
Total assets	9,869
LIABILITIES	
Current liabilities:	
Claims payable from restricted assets	<u>690</u>
Total liabilities	690
NET POSITION	
Restricted for insurance claims	<u>9,179</u>
Total net position	\$ <u><u>9,179</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, 2016

	<u>Governmental Activities Internal Service Fund</u>
OPERATING EXPENSES	
Insurance claims and reimbursements	\$ 23,197
Administrative fees	<u>511</u>
Total operating expenses	<u>23,708</u>
OPERATING LOSS	<u>(23,708)</u>
Loss before transfers	<u>(23,708)</u>
Transfer in	<u>23,708</u>
Change in net position	
NET POSITION AT BEGINNING OF YEAR	<u>9,179</u>
NET POSITION AT END OF YEAR	<u>\$ 9,179</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, 2016

Exhibit A-9

	<u>Governmental Activities Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash payments for claims and reimbursements	\$ (23,007)
Cash payments for administrative fees	<u>(511)</u>
Net cash used in operating activities	<u>(23,518)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfer In	<u>23,708</u>
Net cash provided by investing activities	<u>23,708</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	190
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,679</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 9,869</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (23,708)
Adjustments to reconcile operating loss to net cash used in operating activities	
Changes in:	
Accounts payable	190
Net cash used in operating activities	<u><u>\$ (23,518)</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, 2016

Exhibit A-10

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 889,702
Accounts receivable	<u>220</u>
Total assets	<u>\$ 889,922</u>
LIABILITIES	
Due to others	<u>889,922</u>
Total liabilities	<u>\$ 889,922</u>

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

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

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 generally accepted accounting principles (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, 2016

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.

Grants Fund. To account for federal, state and local monies provided for the enhancement of programs not fully funded by the County.

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.

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.

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.

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, 2016

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, 2016

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, 2016

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 \$639,402
2. Fines receivable of \$598,616

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, 2016

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, 2016

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 TCDRS'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.

Implementation of GASB Statement No. 72 did not have a significant impact on the County's financial statements for the year ended September 30, 2016.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

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, 2016, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,068,054 and the bank balance was \$13,817,645. The County's cash deposits at September 30, 2016, 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.

Investments (continued)

The County's investments at September 30, 2016 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>	<u>Rating</u>
TexPool	48	\$ 66,913	AAAm
Logic	43	5,803,057	AAA
Texas Class	55	8,082	AAAm
Certificates of Deposits	N/A	2,588,164	Non-rated
Total investments		<u>\$ 8,466,216</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, 2016

Note 2: Deposits and Investments (continued)

The County has investments with the following public funds investment pools as of September 30, 2016:

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, 2016

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	\$ 454,616	\$ 207,218	\$ 598,616	\$ 395,485	\$ 85,286	\$ 1,741,221
Road & bridge fund	58,191	71,787				129,978
Grants fund		12,826		174,036		186,862
Debt service fund	126,595	2,769				129,364
County jail fund		60,891		311,044		371,935
Restricted fund		24,306				24,306
Non-major governmental funds		<u>153,939</u>		<u>7,631</u>		<u>161,570</u>
	<u>\$ 639,402</u>	<u>\$ 533,736</u>	<u>\$ 598,616</u>	<u>\$ 888,196</u>	<u>\$ 85,286</u>	<u>\$ 2,745,236</u>

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

Note 4: Commitments Under Leases

Capital Leases

During August 2013, the County agreed to enter into a lease with Branch Banking & Trust Leasing Corporation for three (3) 2013 Chevy Tahoe Police SUV's. This lease agreement meets the criteria of a capital lease. An additional \$83,028 has been recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$83,028. The capital lease agreement requires quarterly payments of \$7,062, including interest at 1.50% through May 2016.

During September 2014, the County agreed to enter into a lease with Wells Fargo Equipment Finance, Inc. for three (3) 2014 Chevy Tahoe Police SUV's. This lease agreement meets the criteria of a capital lease. An additional \$85,935 has been recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$85,935. The capital lease agreement requires quarterly payments of \$7,390, including interest at 2.31% through July 2017.

During September 2014, the County agreed to enter into a lease with Wells Fargo Equipment Finance, Inc. for one (1) Caterpillar CB34B Double Drum Roller. This lease agreement meets the criteria of a capital lease. An additional \$49,999 has been recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$49,999. The capital lease agreement requires quarterly payments of \$4,257, including interest at 1.57% through July 2017.

During September 2015, the County agreed to enter into a lease with Branch Banking & Trust Leasing Corporation for one (1) Etnyre self-propelled chipsreader and one (1) 2016 Freightliner single axle dump truck. This lease agreement meets the criteria of a capital lease. An additional \$363,095 has been recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$363,095. The capital lease agreement requires quarterly 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 has been 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.

Equipment under capital lease at September 30, 2016 consists of:

Road Equipment	\$ 727,383
Less: accumulated depreciation	<u>(155,577)</u>
Total	<u><u>\$ 571,806</u></u>

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

Note 4: Commitments Under Leases (continued)

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>
2017	\$ 263,057	\$ 6,569
2018	219,991	3,047
2019	<u>98,656</u>	<u>834</u>
Total	<u>\$ 581,704</u>	<u>\$ 10,450</u>

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2016 are as follows:

<u>Year ending September 30,</u>	
2017	\$ 62,174
2018	54,541
2019	38,634
2020	23,214
2021	12,309
2022	<u>789</u>
Total minimum rentals	<u>\$ 191,661</u>
Rental expenditures in 2016	<u>\$ 68,282</u>

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

Note 5: Capital Assets

Capital asset activity for the period ended September 30, 2016 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	\$ 966,013	\$ 118,969	\$ -	\$ 1,084,982
Construction in progress	<u>236,941</u>	<u>11,459</u>	<u>(236,941)</u>	<u>11,459</u>
Total capital assets not being depreciated	1,202,954	130,428	(236,941)	1,096,441
Capital assets being depreciated				
Infrastructure (Roads & Bridges)	7,526,671	236,943	-	7,763,614
Buildings and improvements	28,413,720	303,187	-	28,716,907
Other improvements	635,844	15,878	(17,528)	634,194
Office and miscellaneous equipment	6,083,443	171,781	(46,383)	6,208,841
Road equipment	<u>6,445,148</u>	<u>764,254</u>	<u>(352,632)</u>	<u>6,856,770</u>
Total capital assets being depreciated	49,104,826	1,492,043	(416,543)	50,180,326
Less accumulated depreciation for:				
Infrastructure (Roads & Bridges)	(4,757,886)	(256,991)	-	(5,014,877)
Buildings and improvements	(8,571,243)	(1,320,127)	-	(9,891,370)
Other improvements	(412,329)	(29,193)	17,528	(423,994)
Office and miscellaneous equipment	(3,822,308)	(501,921)	31,589	(4,292,640)
Road equipment	<u>(4,700,680)</u>	<u>(648,833)</u>	<u>327,109</u>	<u>(5,022,404)</u>
Total accumulated depreciation	(22,264,446)	(2,757,065)	376,226	(24,645,285)
Total capital assets being depreciated, net	<u>26,840,380</u>	<u>(1,265,022)</u>	<u>(40,317)</u>	<u>25,535,041</u>
Governmental activities capital assets, net	<u>\$ 28,043,334</u>	<u>\$ (1,134,594)</u>	<u>\$ (277,258)</u>	<u>\$ 26,631,482</u>

Depreciation was charged to functions as follows:

Government	\$ 615,438
Public safety	1,587,235
Health & welfare	34,009
Culture & Recreation	61,831
Conservation	8,822
Public transportation	<u>449,730</u>
Total depreciation expense	<u>\$ 2,757,065</u>

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

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, 2016, consisted of the following:

Due to fund	Due from fund	Amount	Purpose
General fund	County jail fund	\$ 92,578	Short-term loans
Nonmajor governmental fund	Grant fund	85,676	Short-term loans
Restricted fund	General fund	4,075,000	Short-term loans
Road and Bridge fund	General fund	817,038	Equipment purchases
Debt Service fund	County jail fund	736,858	Debt service
Total		<u>\$ 5,807,150</u>	

Transfers to and from Other Funds

Transfers to and from other funds at September 30, 2016, consisted of the following:

Transfers from	Transfers to	Amount	Purpose
General fund	Nonmajor governmental funds	\$ 1,366,153	To supplement other funds sources
General fund	Restricted fund	2,920,705	Establish opening balances of restricted fund
General fund	Grant fund	4,214	To supplement other funds sources
General fund	County jail fund	2,805,414	Additional funding for inmate housing
General fund	Internal service fund	23,708	Health insurance
Nonmajor governmental fund	Restricted fund	249,836	Establish opening balances of restricted fund
County jail fund	Restricted fund	844,066	Establish opening balances of restricted fund
Road and Bridge fund	Restricted fund	180,597	Establish opening balances of restricted fund
Total		<u>\$ 8,394,693</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, 2016

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.

Long Term Debt-Advance Refunding

During 2010, the County advance refunded two of the County’s obligations with the issue of Burnet County, Texas Limited Tax Refunding Bonds - Series 2010 (\$5,075,000). The bonds were called and were redeemed on March 25, 2010 by purchasing \$4,742,750 in U.S. State and Local Government securities and by depositing \$398,871 into an escrow account. The various bonds have been defeased and removed as a liability of the County. The Series 2010 bonds mature on February 1, in each of the years 2011 through 2016, bearing interest at 2.00% - 2.50%. The refunding bonds resulted in a gross debt service savings of \$257,231 and the net present value savings of \$241,034. At September 30, 2016, the bonds carried a zero balance.

The following are general obligation bond issues outstanding at September 30, 2016:

	Interest rates	Date of issue	Date of Maturity	Bonds Outstanding
Certificate of obligation, Series 2015	3.75 - 5.00	2015	2036	\$ 14,845,000
Tax Notes Series 2016	1.38	2016	2023	5,780,000
Total general obligations debt				\$ 20,625,000

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, 2016

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
2017	\$ 1,290,000	\$ 688,375	\$ 1,978,375
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
2022-2026	4,985,000	2,167,303	7,152,303
2027-2031	3,930,000	1,403,200	5,333,200
2032-2036	4,805,000	523,288	5,328,288
Totals	\$ 20,625,000	\$ 7,187,797	\$ 27,812,797

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, 2016, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligations bonds	\$ 15,820,000	\$ -	\$ (975,000)	\$ 14,845,000	\$ 625,000
Tax notes	-	5,780,000	-	5,780,000	665,000
Total bonds payable	15,820,000	5,780,000	(975,000)	20,625,000	1,290,000
Unamortized bond premium	553,349	-	(29,004)	524,345	26,217
Capital leases	475,200	292,023	(185,519)	581,704	263,057
Compensated absences	367,052	539,952	(450,530)	456,474	71,904
Net pension liability	5,061,536	1,685,934	(590,518)	6,156,952	-
Total Governmental Activities	\$ 22,277,137	\$ 8,297,909	\$ (2,230,571)	\$ 28,344,475	\$ 1,651,178

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, 2016, a total of \$23,077 was paid in health care insurance deductible claims and \$511 in administrative fees.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

Note 10: Health Insurance and Workers' Compensation

Health Insurance

During the year ended September 30, 2016 employees of Burnet County were covered by a health, dental, and life insurance plan (the Plan). The County paid premiums of \$771 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, 2016 the County contributed a total of \$228,853 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 701 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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees Accounts:	
Receiving benefits	310
Entitled to but not yet receiving benefits	232
	<hr/>
	542
Active employees	165

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

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>2015</u>	<u>2016</u>
Member	7.0%	7.0%
Employers	12.43%	12.3%
Employer Contributions		\$ 1,585,618
Member Contributions		\$ 906,668

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.3 years
Asset Valuation Method	5 year smoothed market
Discount Rate	8.10%
Long-term expected Investment Rate of Return*	8.10%
Salary Increases*	3.50%, average
Payroll Growth Rate	3.50%
<i>*Includes Inflation of 3%</i>	

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 changes in assumptions and methods reflected in the December 31, 2015 actuarial valuation. Mortality assumptions have been changed to reflect projected improvements. All other assumptions and methods are the same as used in the prior valuation. Refer to the most recent CAFR issued by TCDRS for a complete discussion of all assumptions.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

Note 11: Pension Plan (continued)

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 2016 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, 2013.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

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	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index [3]	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World Ex USA 100% Hedged to USD (net) Index	10.00%	5.45%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Lending	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index [4]	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

^[1] Target asset allocation adopted at the April 2016 TCDRS Board meeting.

^[2] Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions.

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

^[4] Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

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, 2016, the County reported a net pension liability of \$6,156,952 measured at December 31, 2015. For the year ended September 30, 2016, the County recognized pension expense of \$1,719,781.

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, 2015 are as follows:

<u>Changes in Net Pension Liability / (Asset)</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2014	\$ 42,739,805	\$ 37,678,269	\$ 5,061,536
Changes for the year:			
Change in actuary estimate	(1,170,171)	-	(1,170,171)
Service Cost	1,815,151	-	1,815,151
Interest on total pension liability (1)	3,379,883	-	3,379,883
Effect of plan changes (2)	(240,009)	-	(240,009)
Effect of economic/demographic gains or losses	(844,649)	-	(844,649)
Effect of assumptions changes or inputs	479,045	-	479,045
Refund of contributions	(104,529)	(104,529)	-
Benefit payments	(1,628,787)	(1,628,787)	-
Administrative expense	-	(27,387)	27,387
Member contributions	-	906,668	(906,668)
Net investment income	-	(194,525)	194,525
Employer contributions	-	1,585,618	(1,585,618)
Other (3)	-	53,460	(53,460)
Net changes	1,685,934	590,518	1,095,416
Balance as of December 31, 2015	<u>\$ 44,425,739</u>	<u>\$ 38,268,787</u>	<u>\$ 6,156,952</u>

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

(2) Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018.

(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	\$ 49,973,133	\$ 44,425,739	\$ 39,792,513
Fiduciary net position	38,268,787	38,268,787	38,268,787
Net pension liability / (asset)	<u>\$ 11,704,346</u>	<u>\$ 6,156,952</u>	<u>\$ 1,523,726</u>

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

Note 11: Pension Plan (continued)

At December 31, 2015 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	\$ 633,487	\$ 276,054
Changes in actual assumptions	-	359,284
Difference between projected and actual investment earnings	-	2,945,128
Contributions subsequent to the measurement date	-	1,158,471
Total	\$ 633,487	\$ 4,738,937

\$1,158,471 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, 2017. 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
2016	\$ 808,000
2017	808,000
2018	669,973
2019	661,006
2020	-
Thereafter	-
	\$ 2,946,979

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, 2016, 2015 and 2014 were \$45,733, \$60,418, and \$39,677, respectively, which equaled the contractually required contributions each year.

BURNET COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2016

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, 2016

Note 15: Fund Balance (continued)

As of September 30, 2016, governmental fund balance is composed of the following:

Fund Balances:	General Fund	Road & Bridge Fund	Grants Fund	Debt Service Fund	Capital Projects Fund	County Jail Fund	Restricted Fund	Other Governmental Funds
Non-spendable:								
Inventories	\$ 1,854							
Prepaid items	91,069	12,552				722	-	3,948
Total Non-spendable	92,923	12,552	-	-	-	722	-	3,948
Restricted for:								
Records management							426,374	
Court programs							432,733	61,004
Technology programs							114,852	
Property purchasing & improvements							44,871	
Road & bridge maintenance & construction		926,237						-
Federal and state grants			41,546					
Retirement of long term debt				793,260				
Capital asset acquisition					5,747,413			
Total Restricted	-	926,237	41,546	793,260	5,747,413	-	1,018,830	61,004
Committed to:								
Property purchasing & improvements							129,092	
Court programs							14,955	
Western county tower system maintenance								64,622
Economic development								726,100
Special operations unit								85,964
Library system								
Total committed	-	-	-	-	-	-	144,047	876,686
Assigned to:								
Court programs							797,444	
Property purchasing & improvements	-	-	-	-	-	-	2,099,210	-
Total assigned	-	-	-	-	-	-	2,896,654	-
Unassigned:	3,680,277	-	-	-	-	(64,732)	-	(2,035)
Total Fund Balances	<u>\$ 3,773,200</u>	<u>\$ 938,789</u>	<u>\$ 41,546</u>	<u>\$ 793,260</u>	<u>\$ 5,747,413</u>	<u>\$ (64,010)</u>	<u>\$ 4,059,531</u>	<u>\$ 939,603</u>

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, 2016

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: Unearned Revenues and Deferred Inflows of Resources

Unearned revenues reported on the Balance Sheet-Governmental Funds consisted of the following at year-end:

<u>Description</u>	<u>Fund</u>	<u>Unearned Amount</u>
Advance revenues	General	\$ 5,000
		<u>\$ 5,000</u>

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

<u>Description</u>	<u>Fund</u>	<u>Deferred Amount</u>
Property taxes	General	\$ 454,616
Property taxes	Road & bridge	58,191
Property taxes	Debt service	126,595
Fines, fees and court costs	General	598,616
		<u>\$ 1,238,018</u>

REQUIRED SUPPLEMENTARY INFORMATION

BURNET COUNTY, TEXAS
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

Exhibit B-1

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
REVENUES				
Taxes				
Property Taxes	\$ 15,848,485	15,848,485	\$ 15,278,486	\$ (569,999)
Other Taxes	64,500	64,500	76,545	12,045
Penalty and Interest on Taxes	160,000	160,000	167,664	7,664
Licenses and Permits	574,000	574,000	639,676	65,676
Intergovernmental Revenue and Grants	157,210	157,210	227,847	70,637
Charges for Services	940,795	944,785	1,012,906	68,121
Fines	530,000	530,000	545,913	15,913
Investment Earnings	45,000	45,000	51,961	6,961
Rents and Royalties	36,000	36,000	42,523	6,523
Other Revenue	91,600	99,135	281,828	182,693
	<u>18,447,590</u>	<u>18,459,115</u>	<u>18,325,349</u>	<u>(133,766)</u>
EXPENDITURES:				
Current:				
General government				
General				
County judge	204,862	190,479	187,454	3,025
Commissioners	354,198	359,392	358,786	606
County clerk	490,837	478,777	477,704	1,073
Veterans service officer	14,250	14,950	13,695	1,255
Non-departmental	1,526,500	1,287,626	1,227,109	60,517
Total general	<u>2,590,647</u>	<u>2,331,224</u>	<u>2,264,748</u>	<u>66,476</u>
Judicial				
County court at law	328,903	310,794	309,953	841
County court	44,454	41,729	37,153	4,576
District court	213,596	213,742	209,632	4,110
Judicial services	274,500	423,300	420,246	3,054
District clerk records management	430,573	430,480	428,607	1,873
District clerk	444,590	414,945	410,143	4,802
Justice of the peace	664,801	657,636	643,605	14,031
3rd administrative judicial district	2,873	2,873	2,872	1
Magistrates/Indigent Defense	172,056	168,182	165,098	3,084
Total judicial	<u>2,576,346</u>	<u>2,663,681</u>	<u>2,627,309</u>	<u>36,372</u>
Legal				
Public defender office	483,466	475,468	468,827	6,641
County attorney	677,894	677,895	677,553	342
District attorney	700,071	726,096	723,591	2,505
Total judicial	<u>1,861,431</u>	<u>1,879,459</u>	<u>1,869,971</u>	<u>9,488</u>

BURNET COUNTY, TEXAS
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

Exhibit B-1
(continued)

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
Elections	233,684	239,784	238,977	807
Election expense	233,684	239,784	238,977	807
Financial administration				
County auditor	500,952	472,559	468,265	4,294
Purchasing	60,413	56,119	55,211	908
County treasurer	158,142	160,346	158,614	1,732
Collections department	115,918	116,009	116,009	
Tax appraisal district	325,836	321,136	321,055	81
Human resources	113,076	85,726	82,585	3,141
Information technology	546,695	521,521	517,478	4,043
Total financial administration	1,821,032	1,733,416	1,719,217	14,199
Public facilities	740,835	712,448	704,040	8,408
Maintenance department	740,835	712,448	704,040	8,408
Total general government	9,823,975	9,560,012	9,424,262	135,750
Public safety				
Emergency management	88,530	70,680	65,069	5,611
Emergency medical service	631,618	631,618	631,618	-
Area fire departments	280,044	280,056	280,056	-
Constables	290,640	293,849	280,686	13,163
Animal control	89,860	86,360	78,560	7,800
County sheriff	4,189,617	3,740,992	3,732,381	8,611
Juvenile probation department	208,457	218,168	150,874	67,294
Adult probation department	30,279	32,828	25,531	7,297
Department of public safety	84,958	80,857	79,140	1,717
Total public safety	5,894,003	5,435,408	5,323,915	111,493
Culture and recreation				
County Historical Commission	450	450	450	
County parks	4,624	4,624	2,015	2,609
Total culture and recreation	5,074	5,074	2,465	2,609
Conservation				
Agricultural extension service	115,158	109,458	106,562	2,896
Environmental services	171,820	157,810	152,487	5,323
Government trappers	31,500	32,400	32,400	-
Total conservation	318,478	299,668	291,449	8,219

BURNET COUNTY, TEXAS
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

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	49,505	49,505	49,505	-
Debt interest	1,244	1,244	1,243	1
Total debt service	<u>50,749</u>	<u>50,749</u>	<u>50,748</u>	<u>1</u>
Capital outlay	224,832	361,609	359,792	1,817
Total expenditures	<u>16,317,111</u>	<u>15,712,520</u>	<u>15,452,631</u>	<u>259,889</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,130,479</u>	<u>2,746,595</u>	<u>2,872,718</u>	<u>126,123</u>
OTHER FINANCING USES				
Sale of capital assets and insurance proceeds	5,000	42,365	54,700	12,335
Issuance of capital leases	-	148,141	148,141	-
Transfers out	<u>(3,747,906)</u>	<u>(4,564,156)</u>	<u>(7,120,194)</u>	<u>(2,556,038)</u>
Total other financing uses	<u>(3,742,906)</u>	<u>(4,373,650)</u>	<u>(6,917,353)</u>	<u>(2,543,703)</u>
NET CHANGE IN FUND BALANCE	(1,612,427)	(1,627,055)	(4,044,635)	(2,417,580)
FUND BALANCE, BEGINNING OF YEAR (RESTATED)	<u>7,817,835</u>	<u>7,817,835</u>	<u>7,817,835</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,205,408</u>	<u>\$ 6,190,780</u>	<u>\$ 3,773,200</u>	<u>\$ (2,417,580)</u>

BURNET COUNTY, TEXAS
Road and Bridge Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

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	\$ 1,949,082	\$ 1,949,082	\$ 1,920,758	\$ (28,324)
Penalty and Interest on Taxes	18,000	18,000	20,528	2,528
Licenses and Permits	860,000	860,000	904,059	44,059
Intergovernmental Revenue and Grants	50,000	50,000	33,451	(16,549)
Investment Earnings	6,000	6,000	5,770	(230)
Other Revenue	600	600	1,139	539
Total revenues	<u>2,883,682</u>	<u>2,883,682</u>	<u>2,885,705</u>	<u>2,023</u>
EXPENDITURES:				
Current:				
Public transportation	2,813,999	2,695,905	2,586,677	109,228
Debt service:				
Debt principal	31,500	44,100	44,065	35
Debt interest	2,990	2,990	1,379	1,611
Capital outlay	50,000	241,216	387,075	(145,859)
Total expenditures	<u>2,898,489</u>	<u>2,984,211</u>	<u>3,019,196</u>	<u>(34,985)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,807)</u>	<u>(100,529)</u>	<u>(133,491)</u>	<u>(32,962)</u>
OTHER FINANCING USES				
Sale of capital assets and insurance proceeds	-	32,259	34,596	2,337
Issuance of capital leases	-	-	143,882	143,882
Transfers out	-	-	(180,597)	(180,597)
Total other financing uses	<u>-</u>	<u>32,259</u>	<u>(2,119)</u>	<u>(34,378)</u>
NET CHANGE IN FUND BALANCE	(14,807)	(68,270)	(135,610)	(67,340)
FUND BALANCE AT BEGINNING OF YEAR	<u>1,074,399</u>	<u>1,074,399</u>	<u>1,074,399</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,059,592</u>	<u>\$ 1,006,129</u>	<u>\$ 938,789</u>	<u>\$ (67,340)</u>

BURNET COUNTY, TEXAS
Grants Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

Exhibit B-3

	<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	\$ 721,462	\$ 912,387	\$ 788,226	\$ (124,161)
Total revenues	<u>721,462</u>	<u>912,387</u>	<u>788,226</u>	<u>(124,161)</u>
EXPENDITURES:				
Current:				
General government	539,672	658,005	781,723	(123,718)
Public safety	159,699	159,699	42,321	117,378
Public transportation	-	-	6,014	(6,014)
Capital outlay	-	11,212	29,399	(18,187)
Total expenditures	<u>699,371</u>	<u>828,916</u>	<u>859,457</u>	<u>(30,541)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>22,091</u>	<u>83,471</u>	<u>(71,231)</u>	<u>(154,702)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	4,214	4,214
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,214</u>	<u>4,214</u>
NET CHANGE IN FUND BALANCE	22,091	83,471	(67,017)	(150,488)
FUND BALANCE AT BEGINNING OF YEAR	<u>108,563</u>	<u>108,563</u>	<u>108,563</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 130,654</u>	<u>\$ 192,034</u>	<u>\$ 41,546</u>	<u>\$ (150,488)</u>

BURNET COUNTY, TEXAS
 County Jail Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2016

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				
Charges for services	\$ 520,620	\$ 520,620	\$ 1,121,941	\$ 601,321
Investment earnings	-	-	5,799	5,799
Other revenue	-	-	28,394	28,394
Total revenues	<u>520,620</u>	<u>520,620</u>	<u>1,156,134</u>	<u>635,514</u>
EXPENDITURES				
Current:				
Public safety	<u>3,816,795</u>	<u>4,226,863</u>	<u>3,766,313</u>	<u>460,550</u>
Total expenditures	<u>3,816,795</u>	<u>4,226,863</u>	<u>3,766,313</u>	<u>460,550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,296,175)	(3,706,243)	(2,610,179)	1,096,064
OTHER FINANCING SOURCES (USES)				
Transfers in	2,806,313	2,806,313	2,805,414	(899)
Transfers out	<u>-</u>	<u>-</u>	<u>(844,066)</u>	<u>(844,066)</u>
Total other financing sources	<u>2,806,313</u>	<u>2,806,313</u>	<u>1,961,348</u>	<u>(844,965)</u>
NET CHANGE IN FUND BALANCE	(489,862)	(899,930)	(648,831)	251,099
FUND BALANCE AT BEGINNING OF YEAR	<u>584,821</u>	<u>584,821</u>	<u>584,821</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 94,959</u>	<u>\$ (315,109)</u>	<u>\$ (64,010)</u>	<u>\$ 251,099</u>

BURNET COUNTY, TEXAS
Restricted Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

Exhibit B-5

	<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	\$	\$ 550,000	\$ 550,000	\$
Fines and forfeitures	-	904,264	440,283	(463,981)
Investment earnings	-	-	1,118	1,118
Other revenue	-	369,240	276,635	(92,605)
Total revenues	-	1,823,504	1,268,036	(555,468)
EXPENDITURES				
Current:				
General government	-	743,649	587,184	156,465
Public safety	-	262,476	244,567	17,909
Debt service				
Debt principal	-	92,000	91,949	51
Debt interest	-	3,200	3,183	17
Capital outlay	-	1,262,169	476,826	785,343
Total expenditures	-	2,363,494	1,403,709	959,785
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	-	(539,990)	(135,673)	404,317
OTHER FINANCING SOURCES (USES)				
Transfers in	-	357,866	4,195,204	3,837,338
Total other financing sources	-	357,866	4,195,204	3,837,338
NET CHANGE IN FUND BALANCE				
		(182,124)	4,059,531	4,241,655
FUND BALANCE AT BEGINNING OF YEAR				
	-	-	-	-
FUND BALANCE AT END OF YEAR				
	\$	\$ (182,124)	\$ 4,059,531	\$ 4,241,655

BURNET COUNTY, TEXAS

Exhibit B-6

Schedule of Changes in Net Pension Liability and Related Ratios
Texas County & District Retirement System
For the Year Ended September 30, 2016

	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability		
Change in actuary estimate	\$ (1,170,171)	\$ -
Service cost	1,815,151	1,448,123
Interest on total pension liability	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	(844,649)	752,053
Benefit payments/refunds of contributions	<u>(1,733,316)</u>	<u>(1,463,782)</u>
Net change in total pension liability	1,685,934	3,883,160
Total pension liability, beginning	<u>42,739,805</u>	<u>38,856,645</u>
Total pension liability, ending (a)	<u>\$ 44,425,739</u>	<u>\$ 42,739,805</u>
Fiduciary Net Position		
Employer contributions	\$ 1,585,618	\$ 1,542,078
Member contributions	906,668	868,425
Investment income net of investment expenses	(194,525)	2,351,079
Benefit payments/refunds of contribution	(1,733,316)	(1,463,782)
Administrative expenses	(27,387)	(27,813)
Other	<u>53,460</u>	<u>(37,500)</u>
Net change in fiduciary net position	590,518	3,232,487
Fiduciary net position, beginning	<u>37,678,269</u>	<u>34,445,782</u>
Fiduciary net position, ending (b)	<u>\$ 38,268,787</u>	<u>\$ 37,678,269</u>
Net pension liability / (asset), ending = (a) - (b)	<u>6,156,952</u>	<u>5,061,536</u>
Fiduciary net position as a percentage of total pension liability	86.14%	88.16%
Pensionable covered payroll	\$ 12,943,805	\$ 12,406,073
Net pension liability as a percentage of covered payroll	47.57%	40.80%

Notes to the Schedule:

As of December 31 - measurement date

Only two years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is no measured in accordance with the requirements of this Statement."

BURNET COUNTY, TEXAS
Schedule of Employer Contributions
Texas County & District Retirement System
For the Year Ended September 30, 2016

Exhibit B-7

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2006	\$ 793,708	\$ 793,708	-	\$ 7,866,284	10.1%
2007	850,667	850,667	-	8,364,477	10.2%
2008	908,847	908,847	-	8,919,013	10.2%
2009	952,631	952,631	-	8,987,085	10.6%
2010	1,007,649	1,007,649	-	9,168,778	11.0%
2011	1,013,555	1,013,555	-	9,057,702	11.2%
2012	1,089,506	1,089,506	-	9,384,204	11.6%
2013	1,185,413	1,185,413	-	9,756,474	12.2%
2014	1,542,078	1,542,078	-	12,406,073	12.4%
2015	1,585,618	1,585,618	-	12,943,805	12.3%

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, 2016

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
Road and Bridge Fund	Capital outlay	\$ 145,859
Grants Fund	General government	72,413
Grants Fund	Public transportation	6,014
Grants Fund	Capital outlay	18,187

BURNET COUNTY, TEXAS
Notes to Required Supplementary Information
For the Year Ended September 30, 2016

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	14.3 years
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	3.5%, average, including inflation
Investment rate of return	8.10%, including inflation
Cost-of-living adjustments	Cost-of-Living Adjustments for Burnet County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
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, 2016

	<u>County Attorney Hot Check Fund</u>	<u>District Attorney Special Fund</u>	<u>Economic Development Fund</u>
ASSETS			
Pooled cash and cash equivalents	\$ 6,051	\$ 30,087	\$ 488,314
Investments			621
Accounts receivable (net)	389		152,313
Due from other funds			85,676
Due from other governments			
Prepays			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,440</u>	<u>\$ 30,087</u>	<u>\$ 726,924</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and other accrued liabilities	\$ 6,440	\$	\$ 824
Due to other funds			
Due to others		30,087	
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	6,440	30,087	824
Fund balance			
Non-spendable			
Restricted			
Committed			726,100
Unassigned			
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>-</u>	<u>-</u>	<u>726,100</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,440</u>	<u>\$ 30,087</u>	<u>\$ 726,924</u>

Law Library Fund	Western County Tower System Fund	Special Operations Unit Fund	Library System Fund	Indigent Health Care Fund	Total Nonmajor Special Revenue Funds
\$ 61,376	\$ 82,310	\$ 87,352	\$ 6,018	\$ 107	\$ 761,615
		1,119			1,740
			1,237		153,939
	7,631				85,676
	746	1,167	2,035		7,631
					3,948
<u>\$ 61,376</u>	<u>\$ 90,687</u>	<u>\$ 89,638</u>	<u>\$ 9,290</u>	<u>\$ 107</u>	<u>\$ 1,014,549</u>
\$ 372	\$ 25,319	\$ 2,507	\$ 9,290	\$ 107	\$ 44,859
					30,087
372	25,319	2,507	9,290	107	74,946
	746	1,167	2,035		3,948
61,004	64,622	85,964			61,004
			(2,035)		876,686
					(2,035)
<u>61,004</u>	<u>65,368</u>	<u>87,131</u>	<u>-</u>	<u>-</u>	<u>939,603</u>
<u>\$ 61,376</u>	<u>\$ 90,687</u>	<u>\$ 89,638</u>	<u>\$ 9,290</u>	<u>\$ 107</u>	<u>\$ 1,014,549</u>

BURNET COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 2016

	County Attorney Hot Check Fund	District Attorney Special Fund	Economic Development Fund
REVENUES			
Taxes			
Other Taxes	\$	\$	\$ 420,851
Intergovernmental			
Charges for services			
Forfeits			
Investment earnings			2,104
Contributions and donations			
Other revenue			
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u> -</u>	<u> -</u>	<u> 422,955</u>
Expenditures:			
Current:			
General government			284,119
Public safety			
Public transportation			
Health and welfare			
Culture and recreation			
Debt service			
Debt Principal			
Debt Interest			
Capital outlay			
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u> -</u>	<u> -</u>	<u> 284,119</u>
EXCESS (DEFICIT) OF			
 REVENUES OVER EXPENDITURES	<u> -</u>	<u> -</u>	<u> 138,836</u>
OTHER FINANCING SOURCES			
Transfers in			
Transfers out	<u> (22,882)</u>	<u> (48,417)</u>	<u> </u>
Total other financing sources	<u> (22,882)</u>	<u> (48,417)</u>	<u> -</u>
NET CHANGE IN FUND BALANCE	<u> (22,882)</u>	<u> (48,417)</u>	<u> 138,836</u>
FUND BALANCES AT			
 BEGINNING OF YEAR	<u> 22,882</u>	<u> 48,417</u>	<u> 587,264</u>
FUND BALANCES AT END OF YEAR	<u> \$ -</u>	<u> \$ -</u>	<u> \$ 726,100</u>

Law Library Fund	Western County Tower System Fund	Special Operations Unit Fund	Library System Fund	Indigent Health Care Fund	Total Nonmajor Special Revenue Funds
\$	\$	\$	\$	\$	\$
		15,000			420,851
27,789	120,398				15,000
	114	264			148,187
		599			2,482
					599
<u>27,789</u>	<u>120,512</u>	<u>15,863</u>	<u>-</u>	<u>-</u>	<u>587,119</u>
4,464	117,157	41,894			405,740
					41,894
			782,351	554,618	554,618
					782,351
<u>4,464</u>	<u>117,157</u>	<u>41,894</u>	<u>782,351</u>	<u>554,618</u>	<u>1,784,603</u>
<u>23,325</u>	<u>3,355</u>	<u>(26,031)</u>	<u>(782,351)</u>	<u>(554,618)</u>	<u>(1,197,484)</u>
	29,184	(97,909)	782,351	554,618	1,366,153
			(80,628)		(249,836)
	<u>29,184</u>	<u>(97,909)</u>	<u>701,723</u>	<u>554,618</u>	<u>1,116,317</u>
23,325	32,539	(123,940)	(80,628)	-	(81,167)
<u>37,679</u>	<u>32,829</u>	<u>211,071</u>	<u>80,628</u>	<u>-</u>	<u>1,020,770</u>
<u>\$ 61,004</u>	<u>\$ 65,368</u>	<u>\$ 87,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 939,603</u>

BURNET COUNTY, TEXAS
 Economic Development Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2016

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	\$ 300,000	\$ 300,000	\$ 420,851	\$ 120,851
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>2,104</u>	<u>104</u>
Total revenue	<u>302,000</u>	<u>302,000</u>	<u>422,955</u>	<u>120,955</u>
EXPENDITURES				
Current:				
General government	<u>336,897</u>	<u>355,718</u>	<u>284,119</u>	<u>71,599</u>
Total expenditures	<u>336,897</u>	<u>355,718</u>	<u>284,119</u>	<u>71,599</u>
NET CHANGE IN FUND BALANCE	(34,897)	(53,718)	138,836	192,554
FUND BALANCE AT BEGINNING OF YEAR	<u>587,264</u>	<u>587,264</u>	<u>587,264</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 552,367</u>	<u>\$ 533,546</u>	<u>\$ 726,100</u>	<u>\$ 192,554</u>

BURNET COUNTY, TEXAS
 Law Library Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2016

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	\$ 24,500	\$ 24,500	\$ 27,789	\$ 3,289
Total revenues	<u>24,500</u>	<u>24,500</u>	<u>27,789</u>	<u>3,289</u>
EXPENDITURES				
Current:				
General government	<u>24,500</u>	<u>24,500</u>	<u>4,464</u>	<u>20,036</u>
Total expenditures	<u>24,500</u>	<u>24,500</u>	<u>4,464</u>	<u>20,036</u>
NET CHANGE IN FUND BALANCE	-	-	23,325	23,325
FUND BALANCE AT BEGINNING OF YEAR	<u>37,679</u>	<u>37,679</u>	<u>37,679</u>	-
FUND BALANCE AT END OF YEAR	<u>\$ 37,679</u>	<u>\$ 37,679</u>	<u>\$ 61,004</u>	<u>\$ 23,325</u>

BURNET COUNTY, TEXAS
 Western County Tower System Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2016

Exhibit C-5

	<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	\$ 203,904	\$ 203,904	\$ 120,398	\$ (83,506)
Investment earnings	-	-	114	114
Total revenues	<u>203,904</u>	<u>203,904</u>	<u>120,512</u>	<u>(83,392)</u>
EXPENDITURES				
Current:				
General government	<u>233,088</u>	<u>233,088</u>	<u>117,157</u>	<u>115,931</u>
Total expenditures	<u>233,088</u>	<u>233,088</u>	<u>117,157</u>	<u>115,931</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,184)</u>	<u>(29,184)</u>	<u>3,355</u>	<u>32,539</u>
OTHER FINANCING SOURCES				
Transfers in	<u>29,184</u>	<u>29,184</u>	<u>29,184</u>	<u>-</u>
Total other financing sources	<u>29,184</u>	<u>29,184</u>	<u>29,184</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	32,539	32,539
FUND BALANCE AT BEGINNING OF YEAR	<u>32,829</u>	<u>32,829</u>	<u>32,829</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 32,829</u>	<u>\$ 32,829</u>	<u>\$ 65,368</u>	<u>\$ 32,539</u>

BURNET COUNTY, TEXAS
Special Operations Unit Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

Exhibit C-6

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Investment earnings	200	200	264	64
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>599</u>	<u>(401)</u>
Total revenues	<u>16,200</u>	<u>16,200</u>	<u>15,863</u>	<u>(337)</u>
EXPENDITURES				
Current:				
Public safety	<u>56,800</u>	<u>56,800</u>	<u>41,894</u>	<u>14,906</u>
Total expenditures	<u>56,800</u>	<u>56,800</u>	<u>41,894</u>	<u>14,906</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(40,600)</u>	<u>(40,600)</u>	<u>(26,031)</u>	<u>14,569</u>
OTHER FINANCING SOURCES				
Transfers out	<u>-</u>	<u>-</u>	<u>(97,909)</u>	<u>(97,909)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>(97,909)</u>	<u>97,909</u>
NET CHANGE IN FUND BALANCE	(40,600)	(40,600)	(123,940)	(83,340)
FUND BALANCE AT BEGINNING OF YEAR	<u>211,071</u>	<u>211,071</u>	<u>211,071</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 170,471</u>	<u>\$ 170,471</u>	<u>\$ 87,131</u>	<u>\$ (83,340)</u>

BURNET COUNTY, TEXAS
Library System Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

Exhibit C-7

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Forfeits	-	-	-	-
Contributions and donations	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>815,891</u>	<u>815,890</u>	<u>782,351</u>	<u>33,539</u>
Total expenditures	<u>815,891</u>	<u>815,890</u>	<u>782,351</u>	<u>33,539</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(815,891)	(815,890)	(782,351)	33,539
OTHER FINANCING SOURCES (USES)				
Transfers In	832,891	782,891	782,351	(540)
Transfers out	<u>(80,628)</u>	<u>(80,628)</u>	<u>(80,628)</u>	<u>(80,628)</u>
Total Other Financing Sources (Uses)	<u>832,891</u>	<u>782,891</u>	<u>701,723</u>	<u>(81,168)</u>
NET CHANGE IN FUND BALANCE	17,000	(32,999)	(80,628)	(47,629)
FUND BALANCE AT BEGINNING OF YEAR	<u>80,628</u>	<u>80,628</u>	<u>80,628</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 97,628</u>	<u>\$ 47,629</u>	<u>\$ -</u>	<u>\$ (47,629)</u>

BURNET COUNTY, TEXAS
Indigent Health Care Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

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>		
REVENUES				
Other revenue	\$ -	\$ -	\$ -	\$ -
Total revenues				
EXPENDITURES				
Current:				
Health and welfare	<u>600,000</u>	<u>562,550</u>	<u>554,618</u>	<u>7,932</u>
Total expenditures	<u>600,000</u>	<u>562,550</u>	<u>554,618</u>	<u>7,932</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(600,000)	(562,550)	(554,618)	7,932
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>600,000</u>	<u>555,000</u>	<u>554,618</u>	<u>(382)</u>
Total other financing sources	<u>600,000</u>	<u>555,000</u>	<u>554,618</u>	<u>(382)</u>
NET CHANGE IN FUND BALANCE	-	(7,550)	-	7,550
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ (7,550)</u>	<u>\$ -</u>	<u>\$ 7,550</u>

BURNET COUNTY, TEXAS
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2016

Exhibit C-9

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes				
Property taxes	\$ 1,593,538	\$ 1,593,538	\$ 1,914,923	\$ 321,385
Penalty and interest on taxes	15,000	15,000	19,002	4,002
Intergovernmental revenue and grants	-	-	1,066	1,066
Investment earnings	1,000	1,000	3,968	2,968
Total revenues	<u>1,609,538</u>	<u>1,609,538</u>	<u>1,938,959</u>	<u>329,421</u>
EXPENDITURES:				
Debt service:				
Debt principal	-	-	975,000	(975,000)
Debt interest	832,493	832,493	844,682	(12,189)
Fiscal agent's fees	1,000	1,000	400	600
Total expenditures	<u>833,493</u>	<u>833,493</u>	<u>1,820,082</u>	<u>(986,589)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>776,045</u>	<u>776,045</u>	<u>118,877</u>	<u>(657,168)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>674,383</u>	<u>674,383</u>	<u>674,383</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,450,428</u>	<u>\$ 1,450,428</u>	<u>\$ 793,260</u>	<u>\$ (657,168)</u>

BURNET COUNTY, TEXAS
Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

Exhibit C-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES				
Investment earnings	\$ -	\$ -	\$ 3,021	\$ 3,021
Total revenues	<u>-</u>	<u>-</u>	<u>3,021</u>	<u>3,021</u>
EXPENDITURES:				
Debt service:				
Fiscal agent's fees	-	-	42,794	(42,794)
Total expenditures	<u>-</u>	<u>-</u>	<u>42,794</u>	<u>(42,794)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(39,773)</u>	<u>(39,773)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of certificate of obligation	-	-	5,780,000	5,780,000
Total other financing uses	<u>-</u>	<u>-</u>	<u>5,780,000</u>	<u>5,780,000</u>
NET CHANGE IN FUND BALANCE	-	-	5,740,227	5,740,227
FUND BALANCE AT BEGINNING OF YEAR	<u>7,186</u>	<u>7,186</u>	<u>7,186</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,186</u>	<u>\$ 7,186</u>	<u>\$ 5,747,413</u>	<u>\$ 5,740,227</u>

AGENCY FUNDS

BURNET COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2016

	<u>Court Costs and Fees Fund</u>	<u>Household Hazardous Waste</u>	<u>Wastewater Permit Fees</u>	<u>Employee Great Fund Costs</u>	<u>Treasurer's Cash Bond</u>	<u>County Clerk's Trusts</u>
ASSETS:						
Pooled cash and cash equivalents	\$ 33,752	\$	\$ 1,040	\$ 15,395	\$ 75,697	\$ 225,898
Accounts receivable						
Other				220		
TOTAL ASSETS	<u>\$ 33,752</u>	<u>\$ -</u>	<u>\$ 1,040</u>	<u>\$ 15,615</u>	<u>\$ 75,697</u>	<u>\$ 225,898</u>
LIABILITIES:						
Due to others	\$ 33,752	\$	\$ 1,040	\$ 15,615	\$ 75,697	\$ 225,898
TOTAL LIABILITIES	<u>\$ 33,752</u>	<u>\$ -</u>	<u>\$ 1,040</u>	<u>\$ 15,615</u>	<u>\$ 75,697</u>	<u>\$ 225,898</u>

<u>County Clerk's Registry</u>	<u>District Clerk's Registry</u>	<u>District Clerk's Trusts</u>	<u>Tax A/C Sales Tax and State Fees</u>	<u>Inmate Trust</u>	<u>Total Agency Funds</u>
\$ 64,270	\$ 249,264	\$ 169,603	\$ (488)	\$ 55,271	\$ 889,702
					<u>220</u>
<u>\$ 64,270</u>	<u>\$ 249,264</u>	<u>\$ 169,603</u>	<u>\$ (488)</u>	<u>\$ 55,271</u>	<u>\$ 889,922</u>
<u>\$ 64,270</u>	<u>\$ 249,264</u>	<u>\$ 169,603</u>	<u>\$ (488)</u>	<u>\$ 55,271</u>	<u>\$ 889,922</u>
<u>\$ 64,270</u>	<u>\$ 249,264</u>	<u>\$ 169,603</u>	<u>\$ (488)</u>	<u>\$ 55,271</u>	<u>\$ 889,922</u>

BURNET COUNTY, TEXAS
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2016

Exhibit C-12

	Balance 10/1/2015	Additions	Deductions	Balance 9/30/2016
COURT COSTS AND FEES FUND				
ASSETS				
Cash and cash equivalents	\$ 170,183	\$ 557,782	\$ 694,213	\$ 33,752
Accounts receivable	230	-	230	-
Total assets	\$ 170,413	\$ 557,782	\$ 694,443	\$ 33,752
LIABILITIES				
Due to others	\$ 170,413	\$ 557,782	\$ 694,443	\$ 33,752
Total liabilities	\$ 170,413	\$ 557,782	\$ 694,443	\$ 33,752
HOUSEHOLD HAZARDOUS WASTE				
ASSETS				
Cash and cash equivalents	\$ 69,769	-	\$ 69,769	-
Accounts receivable	-	-	-	-
Total assets	\$ 69,769	\$ -	\$ 69,769	\$ -
LIABILITIES				
Due to others	\$ 69,769	-	\$ 69,769	-
Total liabilities	\$ 69,769	\$ -	\$ 69,769	\$ -
WASTEWATER PERMIT FEES				
ASSETS				
Cash and cash equivalents	\$ 780	\$ 2,370	\$ 2,110	\$ 1,040
Total assets	\$ 780	\$ 2,370	\$ 2,110	\$ 1,040
LIABILITIES				
Due to others	\$ 780	\$ 2,370	\$ 2,110	\$ 1,040
Total liabilities	\$ 780	\$ 2,370	\$ 2,110	\$ 1,040
EMPLOYEE GREAT FUND				
ASSETS				
Cash and cash equivalents	\$ 13,980	\$ 5,954	\$ 4,539	\$ 15,395
Accounts receivable	174	220	174	220
Total assets	\$ 14,154	\$ 6,174	\$ 4,713	\$ 15,615
LIABILITIES				
Due to others	\$ 14,154	\$ 6,174	\$ 4,713	\$ 15,615
Total liabilities	\$ 14,154	\$ 6,174	\$ 4,713	\$ 15,615

BURNET COUNTY, TEXAS
Combining Statement of Changes in Assets and Liabilities - continued
All Agency Funds
For the Year Ended September 30, 2016

Exhibit C-12
(continued)

	Balance 10/1/2015	Additions	Deductions	Balance 9/30/2016
TREASURER'S CASH BOND				
ASSETS				
Cash and cash equivalents	\$ 99,188	\$ 197,705	\$ 221,196	\$ 75,697
Total assets	<u>\$ 99,188</u>	<u>\$ 197,705</u>	<u>\$ 221,196</u>	<u>\$ 75,697</u>
LIABILITIES				
Due to others	99,188	197,705	221,196	75,697
Total liabilities	<u>\$ 99,188</u>	<u>\$ 197,705</u>	<u>\$ 221,196</u>	<u>\$ 75,697</u>
COUNTY CLERK'S TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 242,362	\$ 64,225	\$ 80,689	\$ 225,898
Total assets	<u>\$ 242,362</u>	<u>\$ 64,225</u>	<u>\$ 80,689</u>	<u>\$ 225,898</u>
LIABILITIES				
Due to others	\$ 242,362	\$ 64,225	\$ 80,689	\$ 225,898
Total liabilities	<u>\$ 242,362</u>	<u>\$ 64,225</u>	<u>\$ 80,689</u>	<u>\$ 225,898</u>
COUNTY CLERK'S REGISTRY				
ASSETS				
Cash and cash equivalents	\$ 69,696	\$ 107,394	\$ 112,820	\$ 64,270
Total assets	<u>\$ 69,696</u>	<u>\$ 107,394</u>	<u>\$ 112,820</u>	<u>\$ 64,270</u>
LIABILITIES				
Due to others	\$ 69,696	\$ 107,394	\$ 112,820	\$ 64,270
Total liabilities	<u>\$ 69,696</u>	<u>\$ 107,394</u>	<u>\$ 112,820</u>	<u>\$ 64,270</u>
DISTRICT CLERK'S REGISTRY				
ASSETS				
Cash and cash equivalents	\$ 996,313	\$ 695,136	\$ 1,442,185	\$ 249,264
Total assets	<u>\$ 996,313</u>	<u>\$ 695,136</u>	<u>\$ 1,442,185</u>	<u>\$ 249,264</u>
LIABILITIES				
Due to others	\$ 996,313	\$ 695,136	\$ 1,442,185	\$ 249,264
Total liabilities	<u>\$ 996,313</u>	<u>\$ 695,136</u>	<u>\$ 1,442,185</u>	<u>\$ 249,264</u>

BURNET COUNTY, TEXAS
Combining Statement of Changes in Assets and Liabilities - continued
All Agency Funds
For the Year Ended September 30, 2016

Exhibit C-12
(continued)

	Balance 10/1/2015	Additions	Deductions	Balance 9/30/2016
DISTRICT CLERK'S TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 171,563	\$ 34,141	\$ 36,101	\$ 169,603
Total assets	<u>\$ 171,563</u>	<u>\$ 34,141</u>	<u>\$ 36,101</u>	<u>\$ 169,603</u>
LIABILITIES				
Due to others	\$ 171,563	\$ 34,141	\$ 36,101	\$ 169,603
Total liabilities	<u>\$ 171,563</u>	<u>\$ 34,141</u>	<u>\$ 36,101</u>	<u>\$ 169,603</u>
TAX A/C SALES TAX AND STATE FEES				
ASSETS				
Cash and cash equivalents	\$ 38,711	\$ 30,960,045	\$ 30,999,244	\$ (488)
Total assets	<u>\$ 38,711</u>	<u>\$ 30,960,045</u>	<u>\$ 30,999,244</u>	<u>\$ (488)</u>
LIABILITIES				
Due to others	\$ 38,711	\$ 30,960,045	\$ 30,999,244	\$ (488)
Total liabilities	<u>\$ 38,711</u>	<u>\$ 30,960,045</u>	<u>\$ 30,999,244</u>	<u>\$ (488)</u>
INMATE TRUST				
ASSETS				
Cash and cash equivalents	\$ 38,425	\$ 493,057	\$ 476,211	\$ 55,271
Total assets	<u>\$ 38,425</u>	<u>\$ 493,057</u>	<u>\$ 476,211</u>	<u>\$ 55,271</u>
LIABILITIES				
Due to others	\$ 38,425	\$ 493,057	\$ 476,211	\$ 55,271
Total liabilities	<u>\$ 38,425</u>	<u>\$ 493,057</u>	<u>\$ 476,211</u>	<u>\$ 55,271</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,910,970	\$ 33,117,809	\$ 34,139,077	\$ 889,702
Accounts receivable	404	220	404	220
Total assets	<u>\$ 1,911,374</u>	<u>\$ 33,118,029</u>	<u>\$ 34,139,481</u>	<u>\$ 889,922</u>
LIABILITIES				
Due to others	\$ 1,911,374	\$ 33,118,029	\$ 34,139,481	\$ 889,922
Total liabilities	<u>\$ 1,911,374</u>	<u>\$ 33,118,029</u>	<u>\$ 34,139,481</u>	<u>\$ 889,922</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.	79
Revenue Capacity These schedules contain information to help the reader assess the County's most significant revenue source, property taxes.	83
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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 4,626,445	\$ 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
Restricted	2,738,586	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
Unrestricted	8,149,829	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
Total governmental activities net position	\$ 15,514,860	\$ 16,994,721	\$ 16,778,584	\$ 18,415,273	\$ 17,948,219	\$ 19,767,460	\$ 21,218,399	\$ 22,283,413	\$ 20,116,970	\$ 19,810,725

Extracted from the Statement of Net Position

BURNET COUNTY, TEXAS

Change in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities:										
General government	\$ 7,282,552	\$ 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
Public safety	5,281,014	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
Public transportation	1,829,628	2,727,586	2,187,038	2,662,518	2,834,692	2,601,488	2,828,087	2,925,573	2,950,608	3,029,310
Health and welfare	403,277	469,197	453,438	590,292	722,603	609,570	531,660	618,282	540,270	588,627
Culture and recreation	529,403	649,080	898,391	726,592	749,805	697,018	779,946	786,521	811,745	819,902
Conservation	165,398	213,902	204,980	234,281	320,590	516,942	449,112	256,130	250,383	290,683
Debt Service	385,817	382,762	339,283	229,834	209,573	163,462	118,286	87,962	821,885	636,543
Total governmental activities expenses	15,877,089	17,489,486	18,276,105	19,036,762	20,090,884	20,086,229	21,197,924	23,723,845	26,055,891	27,531,324
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 2,214,552	\$ 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
Public safety	492,756	627,385	517,605	545,543	811,238	477,066	452,797	1,010,945	1,265,529	1,313,761
Public transportation	1,013,350	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
Health and welfare	991	5,410	5,325	5,707	5,829	18,660	19,578	20,015	25,055	10,383
Culture and recreation	26,904	25,333	29,510	37,161	36,853	33,030	32,236	33,724	42,217	47,595
Conservation	-	-	-	-	-	-	-	-	-	-
Grants and contributions	1,644,681	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
Total governmental activities program revenues	5,393,234	5,034,919	4,397,637	4,485,749	3,314,645	5,224,576	4,908,525	5,965,428	7,114,339	6,675,618
Net (Expenses)/Revenues	\$ (10,483,855)	\$ (12,454,567)	\$ (13,878,468)	\$ (14,551,013)	\$ (16,776,239)	\$ (14,861,653)	\$ (16,289,399)	\$ (17,758,417)	\$ (18,941,552)	\$ (20,855,706)
GENERAL REVENUES AND OTHER CHANGES										
IN NET ASSETS										
Governmental activities:										
Taxes:										
Property taxes	\$ 11,551,408	\$ 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
Other taxes	235,596	285,486	322,626	307,643	274,257	321,095	318,621	402,748	434,747	497,396
Penalty and interest	211,823	193,647	203,547	228,540	220,523	215,565	239,488	229,766	-	-
Other revenue not restricted to specific programs	266,375	323,053	176,058	674,037	288,352	267,911	331,739	639,551	1,256,892	588,595
Investment earnings	531,519	375,051	114,249	54,434	88,625	138,548	98,537	53,603	154,339	74,119
Gain on disposition of assets	-	-	-	-	-	-	-	-	-	48,979
Total general revenues	12,796,721	13,934,428	14,743,722	16,187,702	16,309,185	16,807,082	17,890,214	18,631,692	20,362,540	20,549,461
Change in Net Position	\$ 2,312,866	\$ 1,479,861	\$ 865,254	\$ 1,636,689	\$ (467,054)	\$ 1,945,429	\$ 1,600,815	\$ 873,275	\$ 1,420,989	\$ (306,245)

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ²
General fund										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ 41,059	\$ 30,051	\$ 34,273	\$ 35,185	\$ 107,174	\$ 92,923
Restricted	4,276,231	4,147,886	4,271,139	4,479,886	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	1,348,097	1,391,486	790,175	1,014,527	4,985,243	5,947,429	6,852,443	6,399,924	5,184,873	3,680,277
Reserved										
Unreserved	4,276,231	4,147,886	4,271,139	4,479,886	670,331	663,078	758,096	902,023	963,195	-
Total general fund ⁽²⁾	\$ 5,624,328	\$ 5,539,372	\$ 5,061,314	\$ 5,494,413	\$ 5,974,159	\$ 6,923,763	\$ 8,019,176	\$ 8,133,614	\$ 7,817,835	\$ 3,773,200
All other governmental funds										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ 1,740	\$ 4,227	\$ 3,910	\$ 998	\$ 20,708	\$ 17,222
Restricted					1,302,687	1,191,685	1,308,665	1,190,123	1,738,067	8,588,290
Committed					805,775	716,558	748,015	865,738	946,625	1,020,733
Assigned					35,936	12,116	59,724	123,525	764,722	2,896,654
Unassigned					-	-	-	-	-	(66,767)
Reserved	277,334	1,441,476	1,448,001	1,387,932						
Unreserved, reported in :										
Special revenue funds	1,233,196	1,991,172	1,818,982	1,657,549						
Debt service fund	533,585	-	-	-						
Capital projects fund	579,570	-	-	-						
Total all other governmental funds	2,623,685	3,432,648	3,266,983	3,045,481	2,146,138	1,924,586	2,120,314	2,180,384	3,470,122	12,456,132
Total funds	\$ 8,248,013	\$ 8,972,020	\$ 8,328,297	\$ 8,539,894	\$ 8,120,297	\$ 8,848,349	\$ 10,139,490	\$ 10,313,998	\$ 11,287,957	\$ 16,229,332

(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.
(2) In 2016, Burnet County transferred all special revenue from the General Fund into a Special Revenue Fund for transparency.
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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes	\$ 11,982,828	\$ 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
Licenses and permits	1,301,006	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
Intergovernmental and grants	1,483,954	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
Charges for services	1,344,839	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
Fines	863,407	648,396	550,529	568,511	474,726	447,306	535,315	574,762	560,301	986,196
Investment earnings	515,845	359,671	109,861	53,334	88,362	117,212	98,537	53,603	154,339	74,119
Other revenue	234,406	276,963	154,627	299,209	224,943	273,707	266,301	282,807	196,188	631,118
Total Revenues	17,726,285	18,820,728	19,032,744	20,351,849	20,461,196	21,995,309	22,733,842	24,316,865	26,510,170	26,952,549
EXPENDITURES										
General government	6,866,915	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
Public safety	4,883,153	4,634,605	5,207,457	4,933,582	5,444,752	5,330,507	6,945,177	8,541,083	10,520,366	9,419,010
Health and welfare	403,277	469,197	637,731	576,317	708,628	595,595	528,166	618,282	540,270	554,618
Culture and recreation	516,321	602,880	674,122	708,917	731,305	677,134	759,933	762,320	799,912	784,816
Conservation	150,158	197,398	184,432	212,469	298,263	495,722	429,441	236,459	241,531	291,449
Public transportation	1,616,588	2,387,969	2,767,690	2,291,767	2,253,269	2,180,950	2,347,796	2,517,464	2,563,894	2,635,885
Construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	1,096,362	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
Interest	385,817	378,042	334,563	277,355	174,493	128,382	93,870	63,548	32,515	850,487
Capital outlay	1,741,300	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
Total Expenditures	17,659,891	18,244,411	19,904,188	21,610,629	21,177,573	21,311,082	21,586,641	24,290,444	41,814,354	28,148,785
Excess of revenues over (under) expenditures	66,394	576,317	(871,444)	(1,258,780)	(716,377)	684,227	1,147,201	26,421	(15,304,184)	(1,196,236)
OTHER FINANCING SOURCES (USES)										
Transfers in	754,907	1,095,660	1,254,976	2,624,501	919,292	959,355	913,186	1,096,901	4,477,625	8,422,290
Transfers out	(754,907)	(1,095,660)	(1,254,976)	(2,337,925)	(831,042)	(853,412)	(934,772)	(1,124,929)	(4,515,179)	(8,445,998)
Proceeds from debt issued & capital leases	1,564,931	136,348	220,162	1,367,246	186,473	77,859	83,028	135,934	15,767,396	6,072,023
Proceeds from insurance settlements	-	-	-	-	12,143	8,191	48,851	28,229	850,000	-
Other Resources - contribution	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of capital assets	4,849	11,342	7,559	116,490	9,913	4,102	33,647	11,954	33,221	89,296
Total other financing sources (uses)	1,569,780	147,690	227,721	1,770,312	296,779	196,095	143,940	148,089	16,613,063	6,137,611
Net change in fund balances	\$ 1,636,174	\$ 724,007	\$ (643,723)	\$ 511,532	\$ (419,598)	\$ 880,322	\$ 1,291,141	\$ 174,510	\$ 1,308,879	\$ 4,941,375
Debt services as a percentage of noncapital expenditures	9.31%	8.91%	8.36%	8.35%	7.97%	8.02%	7.76%	5.93%	5.25%	7.48%

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	Licenses and Permits		Inter-Governmental	State/Federal Grants	Charges for Services	Fines and Forfeitures	Miscellaneous	Totals
	Taxes	Permits						
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	\$ (670,681)	\$ 936,982	\$ 1,500,364	\$ 477,329	\$ 310,702	\$ 19,891,483
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
2007	\$ 11,982,828	\$ 1,301,006	\$ 290,217	\$ 1,193,737	\$ 1,344,839	\$ 863,407	\$ 750,251	\$ 17,726,285

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 Property¹
Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property		All Other	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						
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	4,341,278,980	341,058,166	264,663,943	1,518,539,624	4,945,020,887	0.37790	3,426,481,263	0.6929
2007	3,682,742,539	299,186,692	184,392,267	1,102,849,753	4,164,360,967	0.38070	3,061,511,214	0.7352

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

**Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Direct Rates										
Burnet County General Rates	0.3553	0.3478	0.3277	0.3267	0.3303	0.3332	0.3517	0.3533	0.3700	0.3601
Burnet Co. Special Road & Bridge Rate	0.0254	0.0301	0.0350	0.0360	0.0389	0.0392	0.0417	0.0418	0.0440	0.0424
Total direct tax rate	0.3807	0.3779	0.3627	0.3627	0.3692	0.3724	0.3934	0.3951	0.4140	0.4025
Overlapping debt:										
City Rates										
City of Bertram	0.4784	0.4856	0.4565	0.4565	0.4565	0.4810	0.4810	0.4810	0.4810	0.4810
City of Burnet	0.6393	0.5819	0.5574	0.5852	0.6265	0.6265	0.6265	0.6265	0.6265	0.6265
City of Cottonwood Shores	0.4399	0.4997	0.4638	0.4999	0.5000	0.5000	0.5172	0.5438	0.5438	0.5438
City of Granite Shoals	0.4091	0.4000	0.4311	0.4300	0.4480	0.4600	0.4970	0.5198	0.5207	0.5472
City of Highland Haven	0.0775	0.0747	0.0724	0.0680	0.0718	0.0944	0.1125	0.1125	0.1059	0.1110
City of Horseshoe Bay	0.5000	0.4000	0.3500	0.3300	0.2500	0.2500	0.2500	0.2500	0.2500	0.2600
City of Marble Falls	0.3950	0.4850	0.6300	0.6134	0.6435	0.6483	0.6483	0.6483	0.6483	0.6483
City of Meadowlakes	0.0673	0.2990	0.2990	0.2990	0.2990	0.3159	0.3206	0.3206	0.3206	0.3186
School District Rates										
Burnet C. I. S. D.	1.5978	1.2750	1.2500	1.2500	1.2650	1.2625	1.2625	1.2625	1.3300	1.3200
Marble Falls I. S. D.	1.4716	1.2350	1.2550	1.2850	1.2900	1.2800	1.2800	1.2800	1.2800	1.2800
Special District Rates										
Burnet ESD #1	0.0295	0.0295	0.0295	0.0280	0.0280	0.0220	0.0220	0.0220	0.0231	0.0246
Burnet ESD #2	-	-	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
Burnet ESD #4	-	-	0.0780	0.0810	0.0826	0.0750	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
Burnet ESD #6	-	-	-	-	-	0.0861	0.0861	0.0835	0.0791	0.1000
Burnet ESD #7	-	-	-	0.1000	0.0960	0.0975	0.0975	0.0965	0.0965	0.0965
Burnet ESD #8	-	-	-	-	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Burnet ESD #9	-	-	-	-	0.2250	0.2200	0.2200	0.2200	0.2200	0.2200
Kingsland M.U.D.	-	-	0.2500	0.2400	0.2250	0.2200	0.2200	0.2200	0.2200	0.2200
Meadowlakes M. U. D.	0.2300	-	-	-	-	-	-	-	-	-
Central Texas Groundwater	0.0165	0.0151	0.0137	0.0131	0.0108	0.0099	0.0098	0.0096	0.0091	0.0091
Total Direct and Overlapping Rates	6.7326	6.1584	6.5991	6.8418	6.9619	7.1888	7.3029	7.4502	7.5251	7.5546

Source: Burnet Central Appraisal District

**Property Tax Levies and Collections
Last Ten Fiscal Years**

<u>Fiscal Year Ended September 30</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date ⁽¹⁾</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2016	\$ 19,134,259	\$ 18,986,845	99.23%	\$ -	\$ 18,986,845	99.23%
2015	\$ 18,861,757	\$ 18,439,809	97.76%	\$ 128,708	\$ 18,568,517	98.45%
2014	\$ 17,271,388	\$ 17,027,445	98.59%	\$ 279,397	\$ 17,306,841	100.21%
2013	\$ 16,761,190	\$ 16,585,333	98.95%	\$ 174,718	\$ 16,760,051	99.99%
2012	\$ 15,828,135	\$ 15,487,022	97.84%	\$ 325,746	\$ 15,812,768	99.90%
2011	\$ 15,425,858	\$ 15,092,330	97.84%	\$ 315,866	\$ 15,408,196	99.89%
2010	\$ 14,943,142	\$ 14,565,642	97.47%	\$ 292,797	\$ 14,858,439	99.43%
2009	\$ 13,949,024	\$ 13,600,505	97.50%	\$ 185,962	\$ 13,786,467	98.83%
2008	\$ 11,783,091	\$ 11,531,728	97.87%	\$ 186,844	\$ 11,718,572	99.45%
2007	\$ 11,548,946	\$ 11,276,310	97.64%	\$ 212,512	\$ 11,488,822	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

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Governmental Activities						
Fiscal Year	General Obligation Bonds	Capital Leases	Less Debt Service Restricted Balance	Total Primary Government	Percentage of Personal Income ^{1,2}	Net Bonded Debt Per Capita
2016	\$ 20,625,000	\$ 581,704	\$ 793,260	\$ 20,413,444	0.90%	\$ 449.01
2015	\$ 15,820,000	\$ 475,200	\$ 674,383	\$ 15,620,817	0.69%	\$ 347.57
2014	\$ 2,185,000	\$ 210,875	\$ 293,509	\$ 2,102,366	0.10%	\$ 47.88
2013	\$ 3,400,000	\$ 287,620	\$ 270,771	\$ 3,416,849	0.32%	\$ 79.25
2012	\$ 4,790,000	\$ 225,075	\$ 279,320	\$ 4,735,755	0.45%	\$ 110.78
2011	\$ 6,140,000	\$ 269,030	\$ 327,222	\$ 6,081,808	0.58%	\$ 142.26
2010	\$ 7,420,000	\$ 196,927	\$ 520,063	\$ 7,096,864	0.48%	\$ 155.44
2009	\$ 7,070,000	\$ 334,154	\$ 750,619	\$ 6,653,535	0.61%	\$ 152.29
2008	\$ 8,000,000	\$ 416,178	\$ 776,269	\$ 7,639,909	0.55%	\$ 178.10
2007	\$ 8,820,000	\$ 618,189	\$ 533,585	\$ 8,904,604	0.71%	\$ 207.59

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, 2016**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Burnet County	\$ 20,625,000	100.00%	\$ 20,625,000
Total direct debt	<u>20,625,000</u>		<u>20,625,000</u>
Overlapping debt:			
City of Meadowlakes	2,795,000	100.00%	2,795,000
City of Burnet	25,067,000	100.00%	25,067,000
City of Bertram	-	100.00%	-
City of Horseshoe Bay	25,540,000	11.76%	3,003,504
City of Marble Falls	54,765,000	100.00%	54,765,000
Burnet C. I. S. D.	44,570,000	89.03%	39,680,671
Lampasas I. S. D.	36,969,982	14.56%	5,382,829
Marble Falls I. S. D.	64,444,544	84.89%	54,706,973
City of Granite Shoals	9,438,000	100.00%	9,438,000
City of Highland Haven	985,000	100.00%	985,000
City of Cottonwood Shores	<u>352,000</u>	100.00%	<u>352,000</u>
	-		
Total overlapping debt	<u>264,926,526</u>		<u>196,175,978</u>
Total direct and overlapping debt	<u>\$ 285,551,526</u>		<u>\$ 216,800,978</u>

Source: Outstanding Debt as of September 30, 2016

¹ The Municipal Advisory of Texas.

BURNET COUNTY, TEXAS
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
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	0.0525%	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
2007	8,820,000	533,585	8,286,415	0.2707%	189.67

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 1,041,580,375	\$ 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
Total net debt applicable to limit	8,286,415	7,223,731	6,319,381	6,899,937	5,812,778	4,510,680	3,129,229	1,891,491	15,145,617	19,831,740
Legal debt margin	\$ 1,033,293,960	\$ 1,229,031,491	\$ 1,055,866,531	\$ 920,248,367	\$ 930,667,281	\$ 948,834,752	\$ 963,854,083	\$ 969,931,660	\$ 1,151,491,084	\$ 1,087,417,255
Total net debt applicable to the limit as percentage of debt limit	0.85%	0.80%	0.58%	0.59%	0.62%	0.47%	0.32%	0.19%	1.30%	1.79%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value ¹	\$3,892,475,631
Add back: exempt real property ¹	536,520,348
Total assessed value	\$4,428,995,979
Debt Limit (25% of total assessed value)	1,107,248,995
Debt applicable to limit:	
General obligation bonds ²	20,625,000
Less: Amount set aside for repayment of general obligation debt ³	793,260
Total net debt applicable to limit	19,831,740
Legal debt margin	\$1,087,417,255

Sources:

¹Burnet Central Appraisal District

²Note 10 of the Financial Statements

³Statement of Net Position

BURNET COUNTY, TEXAS

Principal Property Taxpayers
Current Year and Nine Years Ago

Employer	2007			2016		
	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	0.97%	\$ 19,866,924	1	0.49%
LCRA Transmission Services Corp.	15,284,635	3	0.55%	17,973,458	2	0.44%
APAC Texas, Inc				17,598,248	3	0.43%
ATMI Materials LTD	17,661,267	2	0.64%	15,946,146	4	0.39%
Duke Realty Marble Falls Dev.				14,837,130	5	0.36%
Lhoist North America				11,871,863	6	0.29%
Wal-Mart Stores, Inc	6,781,315	9	0.25%	9,902,205	7	0.24%
J.M. Huber Corp				9,620,425	8	0.24%
GTE Southwest	14,026,271	4	0.51%	8,523,652	9	0.21%
Gulf Coast Limestone, Inc				8,010,862	10	0.20%
Capitol Aggregates LTD	12,487,270	5	0.45%			0.00%
Wal-Mart Stores, East LP	7,902,083	6	0.29%			0.00%
Chemical Lime	7,577,673	7	0.27%			0.00%
Johnson-Sewell Family Partnership	7,124,554	8	0.26%			0.00%
Hanson Aggregates Central, Inc	5,613,399	10	0.20%			0.00%
Total	\$ 121,172,182		4.39%	\$ 134,150,913		4.38%

Source: The Municipal Advisory of Texas.

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per capita Personal Income (3)	Median Age (4)	Education Level in Years of Formal Schooling (5)	Public School Enrollment (6)	Burnet County Unemployment Rate (7)
10	45,463	\$ 2,260,965,916	49,732	44.1	13.4	7,314	3.5%
9	44,943	2,279,149,416	50,712	43.4	13.8	7,204	3.7%
8	43,911	2,079,361,494	47,354	43.8	13.8	6,949	4.0%
7	43,448	920,880,360	21,195	43.0	13.8	7,464	4.9%
6	43,117	1,078,399,287	25,011	43.2	13.8	7,520	5.0%
5	42,750	1,052,761,500	24,626	43.5	13.2	7,582	6.7%
4	42,750	1,048,700,250	24,531	41.5	12.6	7,316	6.4%
3	45,658	1,093,737,390	23,955	41.3	12.6	7,296	5.7%
2	43,689	1,009,565,412	23,108	41.0	12.6	7,328	4.1%
1	42,896	1,102,132,704	25,269	40.2	12.6	7,363	3.6%

(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, TEXAS

Principal Employers
Current and Nine Years Ago

Employer	2007			2016		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Marble Falls ISD	600	1	2.51%	496	1	1.14%
Burnet CISD	285	3	1.19%	455	2	1.05%
Wal-Mart Stores, Inc.	375	2	1.57%	400	3	0.92%
Burnet County	208	5	0.87%	336	4	0.77%
Home Depot, USA			0.00%	225	5	0.52%
HEB Grocery	285	4	1.19%	225	6	0.52%
Edwards Risk Management			0.00%	180	7	0.41%
City of Burnet	120	9	0.50%	130	8	0.30%
Texas Dept. of Criminal Justice			0.00%	130	9	0.30%
Seton Highland Lakes	120	10	0.50%	120	10	0.28%
Horseshoe Bay Marriott	175	6	0.73%			0.00%
Lewis Contractors	135	7	0.56%			0.00%
Pedernales Electric Cooperative	131	8	0.55%			0.00%
			0.00%			0.00%
Total	<u>2,434</u>		<u>10.18%</u>	<u>2,697</u>		<u>12.20%</u>

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>2007</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>
General government	63	68	66	65	65	65	63	78	79	82
Elected Officials	20	20	20	20	20	20	20	20	20	20
Public Safety	84	81	55	58	58	58	59	88	137	187
Conservation/Environmental	4	3	5	4	4	4	4	5	6	5
Health and Welfare	1	2	1	1	1	1	1	---	---	---
Community Service	1	1	1	1	1	1	1	1	1	1
Library	10	11	11	14	13	13	13	13	14	14
Road and Bridge	<u>25</u>	<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>
Total	<u>208</u>	<u>211</u>	<u>185</u>	<u>190</u>	<u>189</u>	<u>189</u>	<u>187</u>	<u>232</u>	<u>284</u>	<u>336</u>

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

BURNET COUNTY, TEXAS

Table 17

Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

Function/ Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
County Finance										
Accounts Payable checks issued	4,376	5,052	4,506	4,516	5,880	4,554	3,799	4,759	4,243	4,281
Payroll checks and advices issued	5,902	7,048	5,720	7,070	7,016	7,287	7,540	8,169	7,384	7,930
Deposit warrants issued	2,799	4,283	3,448	3,871	5,014	4,985	5,441	5,739	5,527	5,626
Tax Office										
Auto titles issued	11,590	10,347	9,887	10,049	10,121	10,489	10,868	10,951	11,001	11,111
Auto registrations	49,144	50,007	50,724	50,681	50,746	51,390	52,074	53,269	53,479	54,198
Administration of justice										
District court level										
Civil cases filed	582	504	758	605	521	437	419	373	353	359
Civil case dispositions	541	684	675	575	558	400	447	444	421	400
Criminal cases filed	348	382	400	257	916	966	638	684	599	722
Criminal case dispositions	365	376	452	282	387	426	460	429	641	505
Juvenile cases filed	45	87	64	60	41	57	43	53	56	42
Juvenile cases disposed	41	84	78	59	11	35	33	42	51	47
County court level										
Civil cases filed	572	480	612	432	423	199	578	346	504	191
Civil case dispositions	523	552	530	444	307	186	582	347	550	261
Criminal cases filed	1,812	1,492	1,070	835	950	1,041	1,848	2,087	1,153	1,697
Criminal case dispositions	1,597	2,022	1,262	989	1,100	976	1,238	1,128	1,213	1,482
Justice of the Peace court level										
Civil cases filed	150	449	566	337	518	322	370	325	330	347
Civil case dispositions	82	293	530	281	362	324	337	357	273	340
Criminal cases filed	200	4,950	902	4,940	4,451	4,171	5,607	4,658	3,250	3,221
Criminal case dispositions	116	4,892	1,262	4,487	4,214	4,354	5,312	4,702	3,305	3,252
Public Safety										
Jail Facilities										
Total prisoner days	91	79	110	112	90	87	88	107	144	192
Cost per prisoner day	29.61	46.26	40.00	40.00	32.13	37.76	44.00	46.00	50.00	50.00
Law Enforcement										
Arrests	2,703	2,707	2,907	2,375	944	1,026	921	2,558	3,180	2,441
Citations filed	900	703	1,106	577	485	402	575	349	490	714
Culture and recreation										
County Library										
Materials circulated	274,594	260,960	285,143	292,100	298,714	271,946	232,789	243,420	241,410	239,665
Patrons	18,810	10,320	14,677	12,625	12,773	13,562	14,451	13,308	13,044	12,002
Transportation										
Road and Bridge										
Miles of new roadways	2.00	2.20	0.51	-	-	-	1.42	0.19	-	-
Miles of road surface-Major Improvements	14.40	23.00	0.25	-	-	-	-	-	-	-

BURNET COUNTY, TEXAS
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Administrative Vehicles	7	14	14	16	16	16	15	12	27	30
Public Safety										
Sheriff patrol units	48	49	53	48	48	48	48	48	30	44
Law Enforcement units	20	20	12	16	16	18	21	30	30	33
Transportation										
Road and Bridge Vehicles	23	25	28	32	32	28	28	29	25	29
Road and Bridge Equipment	124	127	91	96	96	96	90	91	93	97
County roads (miles)	487	489	490	490	490	490	490	490	490	490
Culture and recreation										
County Parks	3	3	2	2	2	2	2	2	2	2
County Libraries	4	4	4	4	4	4	4	4	5	5

Note: This information excludes the following county departments; Juvenile Probation; Adult Probation; ISF

BURNET COUNTY, TEXAS

SCHEDULE OF INSURANCE IN FORCE

September 30, 2016

(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	7/1/2016	7/1/2017	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	\$ 29,474
AUTOMOBILE PHYSICAL DAMAGE (TAC Risk Management Pool)	APD 0270 2014 07 01	7/1/2016	7/1/2017	Comprehensive Collision	2,500 / Deductible Actual cash value or cost of repair (lesser)	\$ 14,437
GENERAL LIABILITY (TAC Risk Management Pool)	GL 0270 2014 07 01	7/1/2016	7/1/2017	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	\$ 12,212
BUILDINGS/PROPERTY (TAC Risk Management Pool)	PR 0270 2014 07 01	7/1/2016	7/1/2017	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	\$ 76,660
CRIME (TAC Risk Management Pool)	CR 0270 2014 07 01	7/1/2016	7/1/2017	Crime Coverage	1,000 / Deductible 100,000 / Occurrence	\$ 2,330
PUBLIC OFFICIALS LIABILITY (TAC Risk Management Pool)	PO 0270 2014 07 01	7/1/2016	7/1/2017	Public Officials Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 49,992
LAW ENFORCEMENT LIABILITY (TAC Risk Management Pool)	LE 0270 2014 04 01	4/1/2016	4/1/2017	Law Enforcement Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 48,570
WORK RELEASE VOLUNTEER PROGRAM (The CIMA Companies, Inc.)	TX BURN 4	7/1/2016	7/1/2017	Volunteer Ins. Service	2,500 / Accidental Death 25,000 / Medical	\$ 1,715
WORKERS' COMPENSATION & EMPLOYERS' LIABILITY	WC 0270 2014 01 01	1/1/2016	1/1/2017	Death by Accident Death by Disease	1,000,000 / Accident 1,000,000 / Claimant 2,000,000 / Aggregate	\$ 17,840
UNEMPLOYMENT (Participation Agreement-TAC Unemployment Compensation Group Account Fund)	99-991884-D	10/1/2016	9/30/2017	Unemployment Compensation Group Account Fund	Texas Workforce Commission/ Texas Labor Code Requirements	\$ 237,816

BURNET COUNTY, TEXAS
SCHEDULE OF SALARIES, SUPPLEMENTS AND SURETY
BONDS OF PRINCIPAL OFFICIALS
For the Year Ended September 30, 2016
(unaudited)

<u>Name of Official</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
James Oakley	County Judge	\$ 103,922	\$ 5,000
Bill Neve	Commissioner, Precinct 1	65,936	3,000
Russell Graeter	Commissioner, Precinct 2	65,936	3,000
Ronny Hibler	Commissioner, Precinct 3	65,936	3,000
Joe Don Dockery	Commissioner, Precinct 4	65,936	10,000
Linda Bayless	County Court-at-Law Judge	139,000	5,000
Eduardo Arredondo	County Attorney	107,162	5,000
Janet Parker	County Clerk	67,047	95,000
Casie Walker	District Clerk	67,047	60,000
Karen Lester	County Auditor	75,777	5,000
Karrie Crownover	County Treasurer	67,047	70,000
Sheri Frazier	Tax Assessor-Collector	67,900	100,000
W. T. Smith	County Sheriff	77,314	10,000
Roxanne Nelson	J.P., Precinct 1	60,490	10,000
Lisa Whitehead	J.P., Precinct 2	60,490	10,000
Peggy Simon	J.P., Precinct 3	60,490	5,000
Debbie Bindseil	J.P., Precinct 4	60,490	10,000
Mike Harnisch	Constable, Precinct 1	44,562	10,000
Garry Adams	Constable, Precinct 2	44,562	1,500
Robert Ballard	Constable, Precinct 3	44,562	1,500
Chris Jett	Constable, Precinct 4	44,562	1,500

**REPORTS ON INTERNAL CONTROL,
COMPLIANCE AND FEDERAL AWARDS**

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, 2016, 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 17, 2017.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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.

Dennis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
March 17, 2017

Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control Over Compliance
Required by the State of Texas Single Audit Circular

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

Report on Compliance for Each Major State Program

We have audited Burnet County, Texas' (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement, and State of Texas Single Audit Circular* that could have a direct and material effect on each of its major state programs for the year ended September 30, 2016. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with statutes, regulations, and the term and conditions of its state awards applicable to its state programs.

Auditors Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of the *State of Texas Single Audit Circular (TSAC)*. Those standards, and the TSAC, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the TSAC, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the TSAC. Accordingly, this report is not suitable for any other purpose.

Dennis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
March 17, 2017

BURNET COUNTY, TEXAS
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2016

A. Summary of Auditor's Results

Financial Statements

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

State Awards

Internal control over major programs:	
• Material Weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the TSAC	No

Major State Programs:

Grantor Agency:	Texas Automobile Burglary and Theft Prevention Authority
Program:	2016 Heart of Texas Auto Theft Task Force
Program No.	608-16-0270000
Program:	2017 Heart of Texas Auto Theft Task Force
Program No.	608-17-0270000

Grantor Agency:	Office of the Governor Criminal Justice Division
Program:	SF – State Criminal Justice Planning (421)
Program No.	Fund 33 rd and 424 Judicial Drug Court 1738612

Dollar Threshold Considered Between Type A and Type B State Programs	\$300,000
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Low Risk Auditee	The County did not qualify as a low-risk auditee in the context of TSAC.
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B. Findings Required to be Reported in Accordance with *Government Auditing Standards*

None

C. Findings and Questioned Costs for State Awards Required to be Reported Under TSAC

None

BURNET COUNTY, TEXAS
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2016

Status of Prior Year's Finding/Noncompliance

None

BURNET COUNTY, TEXAS
Corrective Action Plan
Year Ended September 30, 2016

N/A There were no findings reported in the current year.

BURNET COUNTY, TEXAS
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2016

Exhibit D-1

Federal Grantor/ Pass-Through Grantor/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal / State Expenditures
STATE AWARDS			
<u>Direct Programs</u>			
<u>Texas Veterans Commission Fund for Veterans' Assistance</u>			
Texas Veterans Commission - VETRIDES		FVA_16A_0216	\$ 44,231
Texas Veterans Commission - VETRIDES		FVA_15A_0216	9,754
Total Texas Veterans Commission Fund for Veterans' Assistance			<u>53,985</u>
<u>Automobile Burglary & Theft Prevention Authority</u>			
Heart of Texas Auto Task Force/FY 2016		608-16-0270000	267,374
Heart of Texas Auto Task Force/FY 2017		608-17-0270000	25,951
			<u>293,325</u>
<u>Office of the Attorney General of Texas</u>			
Statewide Automated Victim Notification Service		1659390	15,125
Statewide Automated Victim Notification Service		1770486	1,375
Total Office of the Attorney General of Texas			<u>16,500</u>
<u>Secretary of State Elections Division</u>			
Chapter 19		N/A	<u>5,471</u>
<u>Office of the Governor Criminal Justice Division</u>			
SF-State Criminal Justice Planning (421) Fund 33rd and 424 Judicial Drug Crt		1738612	<u>91,015</u>
TOTAL DIRECT PROGRAMS			<u>460,296</u>
<u>CAPITAL AREA PLANNING COUNCIL OF GOVERNMENTS</u>			
<u>Passed Through Texas Commission on State Emergency Communications</u>			
Capital Area Planning Council of Governments 911 PSAP FY 2016		Interlocal	661
Capital Area Planning Council of Governments 911 Database FY 2016		Interlocal	90,471
Harzardous Waste: Regional Solid Waste Grants Program		16-12-03	24,000
Total Passed Through Texas Commission on State Emergency Communications			<u>115,132</u>
TOTAL CAPITAL AREA PLANNING COUNCIL OF GOVERNMENTS			<u>115,132</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 575,428</u>

BURNET COUNTY, TEXAS
Notes to the Schedule of Expenditures of State Awards
For the Year Ended September 30, 2016

Note 1: General

The Schedule of Expenditures of State Awards presents the activity of all applicable state awards of Burnet County (the County). The County's reporting entity is defined in Note 1 of the basic financial statements. State awards received directly from state agencies, as well as state awards passed through other governmental agencies, are included on the Schedule of Expenditures of State Awards.

The information in the Schedule of Expenditures of State Awards is presented in accordance with requirements of the *State of Texas Single Audit Circular*. Because the schedule of Expenditures of State Awards presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the County.

Note 2: Basis of Accounting

The Schedule of Expenditures of State Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. Such expenditures are recognized following the cost principles contained in the State of Texas Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. State grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

Note 3: State Award Guidelines

State awards are subject to the Office of the Governor's *State of Texas Single Audit Circular*. Such guidelines are consistent with those required under the Single Audit Act of 1996, the Uniform Guidance and *Government Auditing Standards*, issued by the Comptroller General of the United States.