

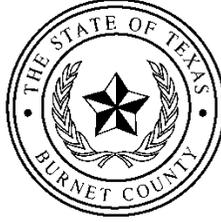


Comprehensive Annual Financial Report

September 30, 2018

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THE COUNTY OF BURNET
BURNET, TEXAS 78611

March 20, 2019

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, 2018. This report is prepared by the County Auditor's office which is responsible for both the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the County.

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

The County is not required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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

PROFILE OF BURNET COUNTY

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

The County provides a full range of services authorized by statute. Such services include general governmental functions such as recording and licensing, maintaining the County and District Court systems, maintaining public facilities, ensuring public safety, maintaining public health and welfare, aiding conservation and maintaining County roads and bridges. The costs associated with these services are presented within the financial statements in detail and summary form.

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

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

Internal Controls

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

Budgetary Controls

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

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

Community Profile

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

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

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

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

Mission Statement

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

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

The criminal justice requirements for County government account for almost one-half of all expenditures, excluding debt service. Included in this category are law enforcement, jail, prosecution and judiciary. Numerous policies, 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 2018. The medical industry and the construction industry continue to provide many jobs in the Central Texas area. Burnet has estimated its population to be 46,804 at September 2018. This represents a 10% increase in population since the 2010 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 2017-2018 reflected an increase. The certified tax roll shows an increase of \$388,366,109 in value over the 2016-2017 roll. The County relies heavily on ad valorem taxes for its operating resources. Tax revenues generated from new construction were increased over the last year.

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

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

The last three sessions of the Texas Legislature have 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 Tax Notes for County Road Infrastructure Improvements in 2017 and 2019.

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, 2018, Burnet County had two (2) debt issues outstanding. The outstanding principal balance of the certificates of obligation and tax notes at year end totaled \$17,990,000. According to the Constitution of the State of Texas, Burnet County's outstanding bonded debt is limited to an amount not exceeding 25% of the assessed taxable value of real property in the County.

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

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to Burnet County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Burnet 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

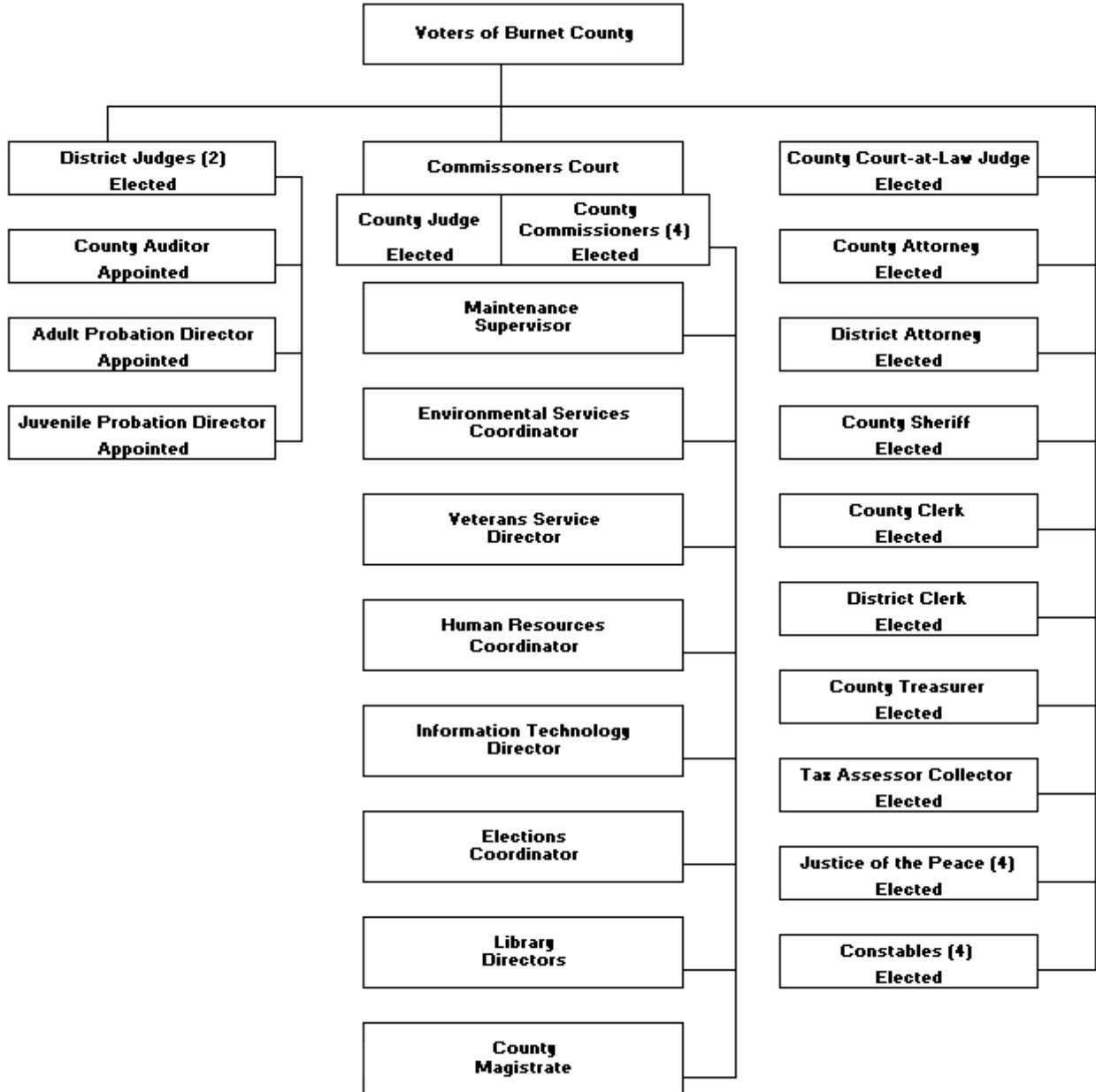
September 30, 2017

Christopher P. Morill

Executive Director/CEO

Organizational Chart

September 31, 2018



BURNET COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2018

COMMISSIONERS

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

COUNTY ADMINISTRATIVE JUDGE

James Oakley

OTHER OFFICIALS

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



Independent Auditor's Report

Honorable Judge and Members of the Commissioners Court
Burnet County, Texas
Burnet, 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, the County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of October 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan schedules and OPEB plan schedules on pages 4 through 13 and 58 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements (including the budgetary comparison schedules for nonmajor funds) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements (including the budgetary comparison schedules for nonmajor funds) 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 20, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
March 20, 2019

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, 2018. 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 \$18.66 million which represents total net position.
- Unrestricted net position of \$2.0 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 \$11.4 million, a decrease of \$1.8 million from the prior year. Approximately 18% of this amount (\$2.1 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 \$2.1 million, or approximately 12% of total general fund expenditures.
- Road construction infrastructure projects began utilizing approximately \$3 million of the \$5.8 million tax notes issued in 2016.

Overview of the Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

The *statement of net position* (page 14) 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 15) 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 14 and 15 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 seventeen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Road and Bridge Fund (consolidated), Debt Service Fund, Capital Projects Fund, County Jail Fund and Restricted Fund which are considered to be major funds. Data from the other eleven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements (Other Governmental Funds) in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Fund, County Jail Fund and certain Special Revenue Funds. Budgetary comparison schedules have been provided on pages 58-63 and pages 72-81 to demonstrate compliance with these budgets.

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

The internal service fund is presented in the proprietary fund financial statements on pages 21-23 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 24 or (Exhibit A-10) of the report.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's budgetary comparison information and progress in funding its obligation to provide pension and OPEB benefits its employees. Required supplementary information can be found on pages 58-69 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 and OPEB. Combining and individual fund statements and schedules can be found on pages 70-86 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 \$18.66 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, 2018 and 2017:

Summary of Statement of Net Position

	Governmental Activities	
	2018	2017
Current and other assets	\$ 13,418,958	\$ 15,685,714
Capital assets	29,938,008	26,899,014
Total assets	43,356,966	42,584,728
Total deferred outflows of resources	1,993,646	4,161,532
Current liabilities	1,001,882	3,167,196
Long-term liabilities	24,879,664	25,554,569
Total liabilities	25,881,546	28,721,765
Total deferred inflows of resources	812,221	488,300
Net investment in capital assets	13,283,083	11,720,177
Restricted	3,356,838	3,063,044
Unrestricted	2,016,924	2,752,974
Total net position	\$ 18,656,845	\$ 17,536,195

By far, the largest portion of the County's net position (71.2%) 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 (18.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance \$2.0 million (10.8%) 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 increased \$1.1 million from the prior fiscal year for an ending balance of \$18.66 million. The reasons for this overall increase are discussed in the following sections for governmental activities.

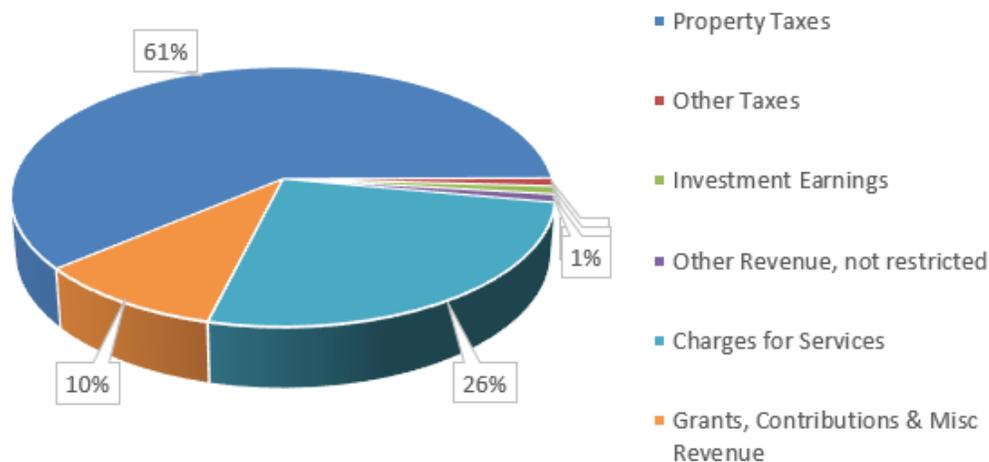
The following schedule provides a summary of the County's operations for the years ended September 30, 2018 and 2017:

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Changes in Net Position		
Revenues		
Program revenues		
Charges for services	\$ 9,514,736	\$ 7,893,301
Operating grants and contributions	1,387,821	1,061,226
Capital grants and contributions	2,050,598	-
General revenues		
Property taxes	21,837,294	19,998,027
Other taxes	578,334	538,803
Investment earnings	228,669	151,900
Other revenue, not restricted	454,325	439,081
Total revenues	<u>36,051,777</u>	<u>30,082,338</u>
Expenses		
General government	12,667,853	12,630,031
Public safety	16,099,155	14,204,584
Public transportation	3,218,518	3,029,716
Health and welfare	411,338	615,565
Culture and recreation	890,872	892,541
Conservation	324,936	327,610
Debt interest	642,497	656,821
Total expenses	<u>34,255,169</u>	<u>32,356,868</u>
Change in net position	1,796,608	(2,274,530)
Net position, beginning	17,536,195	19,810,725
Prior period adjustment	(675,958)	-
Net position, beginning, as restated	<u>16,860,237</u>	<u>19,810,725</u>
Net position, ending	<u>\$ 18,656,845</u>	<u>\$ 17,536,195</u>

At the end of the current fiscal year, the County reported an increase in net position for the government as a whole. The key elements of this change in net position are as follows: the number of contracted beds increased which increased the charges for services by \$1.6 million. Public safety increased expenses & grants and contributions increased due to a \$1.8 million contribution for radio tower upgrades.

Total revenues for the fiscal year ended September 30, 2018 were \$36.1 million. Approximately 62% of the County's revenue comes from taxes, with 61% from property taxes alone. Property tax revenue increased 8.4% due to an increase in property tax values, even though the tax rate remained the same. The graph below shows the sources of revenues for fiscal year 2018.

FY 2018 Revenues by Source Governmental Activities



Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the County's *governmental funds* is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County's Commissioners Court.

At the end of the fiscal year, the County's governmental funds reported a combined fund balance of \$11.4 million[a1], a decrease of \$1.8 million or 14% in comparison with the prior year. Approximately 18.3% of this total amount (\$2.1 million) is *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is divided among *assigned* fund balance of \$1.7 million, *committed* fund balance of \$1.3 million, *restricted* fund balance of \$ 6.3 million, and *nonspendable* fund balance of \$56 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, \$2.1 million of the total fund balance 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 12% of total general fund expenditures as well as the total fund balance.

The County's general fund balance increased slightly by \$200 thousand during the current 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 an increase from the original budget by \$260 thousand. There were slight increases and decreases among various departments that culminated in the total increased budget. Although the total amended budget expenditures totaled \$18.6 million, actual expenditures totaled \$17.6 million, a \$1.0 million positive variance. Reduced spending resulted in lower than budgeted operational costs.

Following are the main components of the decrease:

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

Capital Assets and Debt Administration

Capital Assets. As of September 30, 2018, the County had invested \$29.9 million (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, roads, bridges and equipment. This amount represents a net increase (including additions, retirements and adjustments) of \$3.0 million or 11.3% more than last year as you can see in the table below.

	Capital Assets	
	(net of depreciation)	
	Governmental Activities	
	2018	2017
Land	\$ 1,286,412	\$ 1,142,685
Construction in progress	2,118,132	1,021,418
Infrastructure	2,447,588	2,997,944
Buildings & other improvements	19,531,966	17,794,930
Office & miscellaneous equipment	1,841,442	1,829,730
Road equipment	2,712,468	2,112,307
Total	\$ 29,938,008	\$ 26,899,014

Major capital asset events during the current fiscal year included:

- Road & bridge precincts are in progress of road improvement projects utilizing tax notes issued in 2016 which has increased the construction in progress and expects to be completed in fiscal year 2019.
- Construction and renovating buildings for expanding county needs \$1.7 million.
- Purchasing road equipment mainly for public safety and public transportation resulting in a net increase of \$600 thousand.

Additional information about the County's capital assets can be found in Note 6 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding \$18.0 million. Of this amount, \$13.6 million is general obligation bonds and \$4.4 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	
	2018	2017
General obligation bonds	\$ 13,620,000	\$ 14,220,000
Tax notes	4,370,000	5,115,000
Premiums on bonds	471,910	498,128
Capital leases	1,205,503	698,069
Compensated absences	579,883	546,175
Total OPEB liability	763,505	694,473
Net pension liability	3,868,863	6,266,928
Totals	\$ 24,879,664	\$ 28,038,773

During the year, Burnet County's long-term debt decreased by \$3.2 million from payments made on bonds and tax notes of \$1.3 million. The remainder was net increase to capital leases, compensated absences, and OPEB liability totaling \$600 thousand as well as a decrease in net pension liability totaling \$2.4 million.

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 9 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 2019 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 \$743 million or 13.0% from FY2018.
- The County's unemployment rate is currently 2.6%, which is a decrease from a rate of 3.2% one year ago. The County's rate is favorable to the state's average unemployment rate of 3.9%. The unemployment rate is expected to remain favorable with all the growth in the county.
- The population of the County is estimated at 46,804 in 2018, which is an increase of 9% since the Census of 2010.

- The per capita personal income for 2018 is estimated to be \$45,500 and is expected to continue to rise as average wages continue to increase.
- The Commissioners Court approved a \$37 million budget for the 2019 fiscal year. This is a slight decrease of 2.1% over the adopted 2018 fiscal year budget.
- The overall tax rate established for the FY2018 budget is \$0.3900 per \$100 of assessed valuation, which is lower than the rate for the previous year and slightly higher than the effective rate of \$0.3633 per \$100 of assessed valuation.

Requests for Information

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

Burnet County, Texas
Statement of Net Position (Exhibit A-1)
September 30, 2018

	Primary Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,304,132
Investments	5,776,238
Receivables (net of allowance for uncollectibles)	1,489,879
Due from other governments	1,712,349
Due from others	80,527
Inventory	161
Prepaid items	55,672
Capital assets	
Nondepreciable assets	3,404,544
Depreciable assets	26,533,464
Total assets	43,356,966
Deferred outflows of resources:	
Deferred outflows - OPEB	44,807
Deferred outflows - Pension	1,948,839
Total deferred outflows of resources	1,993,646
Liabilities	
Accounts payable	778,588
Accrued interest payable	50,924
Due to others	172,370
Noncurrent Liabilities	
Due within one year	1,930,273
Due in more than one year	18,317,023
Total OPEB liability	763,505
Net pension liability	3,868,863
Total liabilities	25,881,546
Deferred inflows of resources:	
Deferred inflows - pensions	812,221
Net Position	
Net investment in capital assets	13,283,083
Restricted for debt service	1,082,788
Restricted for road and bridge	741,520
Restricted for other	1,532,530
Unrestricted net position	2,016,924
Total net position	\$ 18,656,845

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 12,667,853	\$ 1,893,855	\$ 485,609	\$ 230,598
Public safety	16,099,155	5,874,733	779,444	1,820,000
Public transportation	3,218,518	1,696,573	86,823	-
Health and welfare	411,338	8,480	-	-
Culture and recreation	890,872	41,095	35,945	-
Conservation	324,936	-	-	-
Debt interest	642,497	-	-	-
Total governmental activities	<u>34,255,169</u>	<u>9,514,736</u>	<u>1,387,821</u>	<u>2,050,598</u>
Total primary government	<u>\$ 34,255,169</u>	<u>\$ 9,514,736</u>	<u>\$ 1,387,821</u>	<u>\$ 2,050,598</u>
General revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt purposes				
Other taxes				
Miscellaneous revenue				
Investment earnings				
Total general revenues				
Change in net position				
Net position at beginning of year				
Prior period adjustment				
Net position at beginning of year, as restated				
Net position at end of year				

See Notes to Financial Statements

Net (Expense) Revenue and Change in Net Position Primary Government	
Governmental Activities	Total
\$ (10,057,791)	\$ (10,057,791)
(7,624,978)	(7,624,978)
(1,435,122)	(1,435,122)
(402,858)	(402,858)
(813,832)	(813,832)
(324,936)	(324,936)
(642,497)	(642,497)
(21,302,014)	(21,302,014)
(21,302,014)	(21,302,014)
19,618,386	19,618,386
2,218,908	2,218,908
578,334	578,334
454,325	454,325
228,669	228,669
23,098,622	23,098,622
1,796,608	1,796,608
17,536,195	17,536,195
(675,958)	(675,958)
16,860,237	16,860,237
\$ 18,656,845	\$ 18,656,845

	General Fund	Road and Bridge Fund	County Jail Fund	Restricted Fund
Assets				
Cash and cash equivalents	\$ 446,017	\$ 785,160	\$ -	\$ 748,169
Investments	2,585,293	16,135	-	118,016
Taxes receivable (net)	553,274	59,444	-	-
Fines, fees, and court costs receivable (net)	454,712	-	-	-
Receivables others (net)	88,580	70,979	45,591	460
Due from other governments	261,964	-	1,190,575	-
Due from other funds	-	-	-	2,438,555
Due from others	80,527	-	-	-
Inventories	161	-	-	-
Prepaid items	44,036	-	450	4,000
Total assets	\$ 4,514,564	\$ 931,718	\$ 1,236,616	\$ 3,309,200
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable and other accrued liabilities	\$ 298,782	\$ 190,198	\$ 219,717	\$ 20,275
Due to other funds	1,163,084	-	1,016,899	-
Due to others	-	-	-	-
Total liabilities	1,461,866	190,198	1,236,616	20,275
Deferred inflows of resources				
Unavailable revenue - fines, fees, and court costs	454,712	-	-	-
Unavailable revenue - property taxes	492,516	53,201	-	-
Total deferred inflows of resources	947,228	53,201	-	-
Fund balances				
Nonspendable fund balances	44,197	-	450	4,000
Restricted	-	688,319	-	1,407,120
Committed	-	-	-	180,724
Assigned	-	-	-	1,697,081
Unassigned	2,061,273	-	(450)	-
Total fund balances	2,105,470	688,319	-	3,288,925
Total liabilities, deferred inflows of resources and fund balances	\$ 4,514,564	\$ 931,718	\$ 1,236,616	\$ 3,309,200

See Notes to Financial Statements

Burnet County, Texas
Balance Sheet – Governmental Funds (Exhibit A-3)
September 30, 2018

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,077,587	\$ 50,000	\$ 1,196,968	\$ 4,303,901
769	3,055,390	635	5,776,238
53,618	-	-	666,336
-	-	-	454,712
1,738	-	161,483	368,831
-	-	259,810	1,712,349
-	-	-	2,438,555
-	-	-	80,527
-	-	-	161
-	-	7,186	55,672
<u>\$ 1,133,712</u>	<u>\$ 3,105,390</u>	<u>\$ 1,626,082</u>	<u>\$ 15,857,282</u>
\$ -	\$ -	\$ 49,385	\$ 778,357
-	92,902	165,670	2,438,555
-	-	172,370	172,370
-	92,902	387,425	3,389,282
-	-	-	454,712
46,098	-	-	591,815
46,098	-	-	1,046,527
-	-	7,186	55,833
1,087,614	3,012,488	125,410	6,320,951
-	-	1,076,428	1,257,152
-	-	-	1,697,081
-	-	29,633	2,090,456
<u>1,087,614</u>	<u>3,012,488</u>	<u>1,238,657</u>	<u>11,421,473</u>
<u>\$ 1,133,712</u>	<u>\$ 3,105,390</u>	<u>\$ 1,626,082</u>	<u>\$ 15,857,282</u>

Burnet County, Texas
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit A-4)
 September 30, 2018

Total Fund Balances - Governmental Fund Balance Sheet	\$ 11,421,473
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
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.	29,938,008
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.	1,046,527
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.	(20,247,296)
Payables for bond interest which are not due in the current period are not reported in the funds.	(50,924)
Included in the items related to debt is the recognition of the County's total OPEB liability in the amount of \$763,505 and a deferred outflow of resources of \$44,807. The net effect is a decrease to net position.	(718,698)
Included in the items related to debt is the recognition of the County's net pension liability in the amount of \$3,868,863, deferred inflows of \$812,221 and a deferred outflow of resources of \$1,948,839. The net effect is a decrease to net position.	(2,732,245)
Net Position of Governmental Activities - Statement of Net Position	<u>\$ 18,656,845</u>

	General Fund	Road and Bridge Fund	County Jail Fund
Revenues			
Taxes			
Property taxes	\$ 17,274,942	\$ 2,206,426	\$ -
Other taxes	96,818	-	-
Penalty and interest on taxes	182,085	22,925	-
Licenses and permits	721,228	940,463	-
Intergovernmental revenue and grants	233,852	34,228	-
Charges for services	1,017,412	-	5,739,013
Fines and forfeitures	511,986	-	-
Investment earnings	126,104	14,004	68
Rents and royalties	67,923	-	-
Other revenue	58,269	19,677	-
Total revenues	20,290,619	3,237,723	5,739,081
Expenditures			
Current			
General government	10,273,183	-	-
Public safety	6,211,104	-	6,955,335
Public transportation	-	3,021,038	-
Health and welfare	-	-	-
Culture and recreation	2,233	-	-
Conservation	312,475	-	-
Debt service			
Debt principal	126,418	217,151	-
Debt interest	5,914	4,865	-
Fiscal agent's fees	-	-	-
Capital outlay	632,358	506,243	-
Total expenditures	17,563,685	3,749,297	6,955,335
Excess (deficiency) of revenue over expenditures	2,726,934	(511,574)	(1,216,254)
Other financing sources (uses)			
Sale of capital assets and insurance proceeds	44,260	18,633	-
Issuance of capital leases	355,447	393,720	-
Transfers in	79,725	10,173	1,216,254
Transfers out	(3,002,729)	(75,000)	-
Total other financing sources (uses)	(2,523,297)	347,526	1,216,254
Net change in fund balances	203,637	(164,048)	-
Fund balances, beginning of year	1,901,833	852,367	-
Fund balances, end of year	\$ 2,105,470	\$ 688,319	\$ -

See Notes to Financial Statements

Burnet County, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit A-5)
Year Ended September 30, 2018

Restricted Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,204,028	\$ -	\$ -	\$ 21,685,396
-	-	-	481,516	578,334
-	22,202	-	-	227,212
-	-	-	-	1,661,691
36,182	1,080	-	2,851,755	3,157,097
-	-	-	279,366	7,035,791
322,618	-	-	6,383	840,987
2,562	9,513	69,722	6,696	228,669
-	-	-	-	67,923
250,922	-	-	-	328,868
<u>612,284</u>	<u>2,236,823</u>	<u>69,722</u>	<u>3,625,716</u>	<u>35,811,968</u>
373,748	-	-	1,287,754	11,934,685
6,110	-	-	635,936	13,808,485
-	-	-	30,908	3,051,946
-	-	-	392,495	392,495
-	-	-	862,594	864,827
-	-	-	-	312,475
9,070	1,345,000	-	-	1,697,639
-	660,683	-	-	671,462
-	700	-	-	700
225,000	-	2,409,594	2,047,827	5,821,022
<u>613,928</u>	<u>2,006,383</u>	<u>2,409,594</u>	<u>5,257,514</u>	<u>38,555,736</u>
<u>(1,644)</u>	<u>230,440</u>	<u>(2,339,872)</u>	<u>(1,631,798)</u>	<u>(2,743,768)</u>
-	-	-	-	62,893
110,906	-	-	-	860,073
77,144	-	-	1,874,836	3,258,132
(123,329)	-	-	(81,869)	(3,282,927)
<u>64,721</u>	<u>-</u>	<u>-</u>	<u>1,792,967</u>	<u>898,171</u>
63,077	230,440	(2,339,872)	161,169	(1,845,597)
3,225,848	857,174	5,352,360	1,077,488	13,267,070
<u>\$ 3,288,925</u>	<u>\$ 1,087,614</u>	<u>\$ 3,012,488</u>	<u>\$ 1,238,657</u>	<u>\$ 11,421,473</u>

Burnet County, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities (Exhibit A-6)
Year Ended September 30, 2018

Net Change in Fund Balances - Total Government Funds	\$ (1,845,597)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Current year capital outlays of \$5,821,022 are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. Additionally, the County received donations of fixed assets of \$230,598 which are shown as increases in the government wide financial statements. The net effect of including capital outlays subject to capitalization is to increase net position.	6,051,620
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.	(2,376,651)
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.	(635,975)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. The current year decrease in revenue recognized in the government-wide financial statements results in an decrease in net position.	(48,323)
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.	1,697,639
Issuance from capital leases are sources of funds in the governmental funds, but the issuance increases long-term liabilities in the statement of net position and is not a source of funds on the statement of activities. Issuance from capital leases result in a decrease in net position.	(860,073)
The net increase in compensated absences payable is a decrease to net position.	(33,708)
Bond premiums are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization and an increase in net position.	26,218

Burnet County, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities (Exhibit A-6)
Year Ended September 30, 2018

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.	2,747
Certain expenditures for the OPEB 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 decrease in the amount of \$3,562. The County's share of the unrecognized deferred 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 \$39,178. The net effect is a decrease in net position.	(42,740)
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 \$35,398. 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 \$173,947. The net effect is a decrease in net position.	<u>(138,549)</u>
Change in Net Position of Governmental Activities - Statement of Activities	<u><u>\$ 1,796,608</u></u>

Burnet County, Texas
Statement of Net Position – Proprietary Fund (Exhibit A-7)
September 30, 2018

	Governmental Activities
	Internal Service Fund
Assets	
Current assets	
Pooled cash and cash equivalents	\$ 231
Total assets	231
Liabilities	
Current liabilities	
Claims payable from restricted assets	231
Total liabilities	231
Net Position	
Restricted for insurance claims	-
Total net position	\$ -

Burnet County, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund (Exhibit A-8)
Year Ended September 30, 2018

	Governmental Activities
	Internal Service Fund
Operating expenses	
Insurance claims and reimbursements	\$ 24,795
Total operating expenses	24,795
Operating loss	(24,795)
Transfer in	24,795
Change in net position	-
Net position at beginning of year	-
Net position at end of year	\$ -

Burnet County, Texas
Statement of Cash Flows – Proprietary Fund (Exhibit A-9)
Year Ended September 30, 2018

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Operating Activities	
Cash payments for claims and reimbursements	\$ (24,564)
Net cash used for operating activities	<u>(24,564)</u>
Non-Capital Financing Activities	
Transfer in	<u>24,795</u>
Net cash from investing activities	<u>24,795</u>
Net change in cash and cash equivalents	231
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u><u>\$ 231</u></u>
Reconciliation of operating income to net cash used for operating activities	
Operating loss	\$ (24,795)
Adjustments to reconcile operating loss to net cash used for operating activities	
Changes in accounts payable	<u>231</u>
Net cash used for operating activities	<u><u>\$ (24,564)</u></u>

Burnet County, Texas
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit A-10)
September 30, 2018

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 3,240,190</u>
Total assets	<u><u>\$ 3,240,190</u></u>
Liabilities	
Due to others	<u>\$ 3,240,190</u>
Total liabilities	<u><u>\$ 3,240,190</u></u>

Note 1 - Summary of Significant Accounting Policies

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

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.

Basis of Presentation

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.

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

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

Governmental Fund Types

The County reports the following major governmental funds:

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

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

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

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

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

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

In addition, the County reports the following nonmajor 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.

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.

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 and Debt Service 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.

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

Infrastructure	20 years
Buildings and improvements	22 years
Other improvements	20 years
Office and miscellaneous equipment	3-15 years
Road equipment	5-10 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 \$591,815
2. Fines receivable of \$454,712

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.

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 and OPEB plans 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. Additionally, the County has deferred inflows of resources for uncollected property taxes as well as fines, fees and court costs. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Legally Adopted Budgets

All governmental funds have legally adopted budgets.

Pensions

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

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Texas County & District Retirement System Group Term Life Program (GTLP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from GTLP'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.

Implementation of GASB Statement No. 75

As of October 1, 2017, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with OPEB in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard is included in Note 12.

Note 2 - 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.

Note 3 - 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, 2018, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,544,322 and the bank balance was \$7,873,070. The County's cash deposits at September 30, 2018, were entirely covered by FDIC insurance or by pledged collateral held by the County's bank in the County's name.

Investments

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

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

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

The County's investments at September 30, 2018 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Average Maturity (Days)</u>	<u>Amortized Cost</u>	<u>Rating</u>
TexPool	28	\$ 576,601	AAAm
Logic	40	3,689,046	AAAm
Texas Class	42	23,132	AAAm
Certificates of Deposits	N/A	<u>1,487,459</u>	Non-rated
Total investments		<u><u>\$ 5,776,238</u></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. The County has investments with the following public funds investment pools, which are reported at amortized cost, as of September 30, 2018:

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:

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.

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.

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.

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.

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. There are no limitations or restrictions on participant withdrawals from these investment pools.

Note 4 - 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>
Receivables						
General fund	\$ 790,392	\$ 88,580	\$ 2,289,583	\$ 261,964	\$ 80,527	\$ 3,511,046
Road & bridge fund	84,920	70,979	-	-	-	155,899
Debt service fund	71,491	1,738	-	-	-	73,229
County jail fund	-	45,591	-	1,190,575	-	1,236,166
Restricted fund	-	460	-	-	-	460
Non-major governmental funds	-	161,483	-	259,810	-	421,293
Total gross receivables	<u>946,803</u>	<u>368,831</u>	<u>2,289,583</u>	<u>1,712,349</u>	<u>80,527</u>	<u>5,398,093</u>
Less: Allowance for uncollectibles	<u>(280,467)</u>	<u>-</u>	<u>(1,834,871)</u>	<u>-</u>	<u>-</u>	<u>(2,115,338)</u>
Net total receivables	<u>\$ 666,336</u>	<u>\$ 368,831</u>	<u>\$ 454,712</u>	<u>\$ 1,712,349</u>	<u>\$ 80,527</u>	<u>\$ 3,282,755</u>

Note 5 - Commitments Under Leases

Capital Leases

During September 2015, the County agreed to enter into a lease with Branch Banking & Trust Leasing Corporation for equipment. This lease agreement meets the criteria of a capital lease. An additional \$363,095 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total was \$363,095. The capital lease agreement required monthly payments of \$10,296, including interest at 1.34% and the agreement was through September 2018. At September 31, 2018, the liability has been paid off as per agreement.

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

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

During February 2018, the County agreed to enter into a lease with Enterprise for various vehicles. This lease agreement meets the criteria of a capital lease. An additional \$110,905 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$110,905. The capital lease agreement requires monthly payments of \$1,834. The agreement does not state a specific interest rate; however, there is an additional service fee charged monthly on each vehicle.

During September 2018, the County agreed to enter into a lease with Branch Banking & Trust Leasing Corporation for various vehicles and equipment. This lease agreement meets the criteria of a capital lease. An additional \$749,168 was recorded to the government-wide Statement of Net Position to record the capital assets acquired. The lease commitment total is \$749,168. The capital lease agreement requires quarterly payments of \$65,464, including interest at 2.95% through September 2021.

Equipment under capital lease at September 30, 2018 consists of:

Road Equipment		\$ 1,531,519
Less accumulated depreciation		<u>(372,012)</u>
Total		<u>\$ 1,159,507</u>

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

Year ended September 30,	Total	
	Principal	Interest
2019	\$ 472,308	\$ 31,177
2020	407,308	18,505
2021	290,091	6,813
2022	22,013	-
2023	<u>13,783</u>	<u>-</u>
Total	<u>\$ 1,205,503</u>	<u>\$ 56,495</u>

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2018 are as follows:

Year ended September 30,	
2019	\$ 51,498
2020	40,650
2021	28,302
2022	6,357
2023	<u>195</u>
Total minimum rentals	<u>\$ 127,002</u>
 Rental expenditures in 2018	 <u>\$ 73,371</u>

Note 6 - Capital Assets

Capital asset activity for the period ended September 30, 2018 was as follows:

Governmental Activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated				
Land	\$ 1,142,685	\$ 143,727	\$ -	\$ 1,286,412
Construction in progress	1,021,418	2,511,008	(1,414,294)	2,118,132
Total capital assets not being depreciated	2,164,103	2,654,735	(1,414,294)	3,404,544
Capital Assets Being Depreciated				
Infrastructure	8,247,081	329,127	(643,342)	7,932,866
Buildings and improvements	28,725,587	1,090,217	-	29,815,804
Other improvements	634,194	1,916,142	(10,467)	2,539,869
Office and miscellaneous equipment	6,358,232	291,638	(17,195)	6,632,675
Road equipment	7,289,526	1,184,055	(158,491)	8,315,090
Total capital assets being depreciated	51,254,620	4,811,179	(829,495)	55,236,304
Less Accumulated Depreciation for				
Infrastructure	(5,249,137)	(318,997)	82,856	(5,485,278)
Buildings and improvements	(11,111,627)	(1,237,953)	-	(12,349,580)
Other improvements	(453,224)	(31,370)	10,467	(474,127)
Office and miscellaneous equipment	(4,528,502)	(279,926)	17,195	(4,791,233)
Road equipment	(5,177,219)	(508,405)	83,002	(5,602,622)
Total accumulated depreciation	(26,519,709)	(2,376,651)	193,520	(28,702,840)
Total capital assets being depreciated, net	24,734,911	2,434,528	(635,975)	26,533,464
Governmental activities capital assets, net	<u>\$26,899,014</u>	<u>\$ 5,089,263</u>	<u>\$ (2,050,269)</u>	<u>\$29,938,008</u>

Depreciation was charged to functions as follows:

Government	\$ 494,792
Public safety	1,323,613
Health & welfare	14,892
Culture & Recreation	10,791
Conservation	7,741
Public transportation	524,822
Total depreciation expense	<u>\$ 2,376,651</u>

Construction in progress consists of various road projects including new buildings and expansion to existing roads. Projects are expected to be completed during the 2019 fiscal year. Estimated cost to complete these projects is \$2,880,000.

Note 7 - 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, 2018, consisted of the following:

Due to fund	Due from fund	Amount	Purpose
Restricted fund	General fund	\$ 1,163,084	Short-term loans
Restricted fund	County jail fund	1,016,899	Short-term loans
Restricted fund	Grants fund	165,670	Short-term loans
Restricted fund	Capital projects fund	92,902	Short-term loans
	Total	<u>\$ 2,438,555</u>	

Transfers to and from Other Funds

Transfers to and from other funds at September 30, 2018, consisted of the following:

Transfers from	Transfers to	Amount	Purpose
General fund	Nonmajor governmental funds	\$ 1,761,680	To supplement other funds sources
General fund	County jail fund	1,216,254	Additional funding for inmate housing
General fund	Internal service fund	24,795	Health insurance
Restricted fund	Nonmajor governmental funds	113,156	To supplement other funds sources
Restricted fund	Road and Bridge fund	10,173	Close out a R&B fund
Road and Bridge fund	Restricted fund	75,000	To supplement other funds sources
Nonmajor governmental funds	Restricted fund	2,144	To supplement other funds sources
Nonmajor governmental funds	General	79,725	To supplement other funds sources
	Total	<u>\$ 3,282,927</u>	

Note 8 - 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.

Note 9 - Long-Term Obligations

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

Bonds and Certificates of Obligation

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

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

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

The following are general obligation bond issues outstanding at September 30, 2018:

	<u>Interest rates</u>	<u>Date of issue</u>	<u>Date of Maturity</u>	<u>Bonds Outstanding</u>
Certificate of obligation, Series 2015	3.75 - 5.00 %	2015	2036	\$ 13,620,000
Tax Notes Series 2016	1.38	2016	2023	<u>4,370,000</u>
Total general obligations debt				<u><u>\$ 17,990,000</u></u>

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

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,400,000	\$ 619,139	\$ 2,019,139
2020	1,455,000	585,422	2,040,422
2021	1,415,000	548,253	1,963,253
2022	1,455,000	507,545	1,962,545
2023	1,495,000	465,198	1,960,198
2024-2028	3,525,000	1,847,850	5,372,850
2029-2033	4,245,000	1,078,575	5,323,575
2034-2036	3,000,000	194,623	3,194,623
Totals	<u>\$17,990,000</u>	<u>\$ 5,846,605</u>	<u>\$23,836,605</u>

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, 2018, are as follows:

	<u>Beginning Balance (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligations bonds	\$ 14,220,000	\$ -	\$ (600,000)	\$ 13,620,000	\$ 525,000
Tax notes	5,115,000	-	(745,000)	4,370,000	875,000
Total bonds payable	19,335,000	-	(1,345,000)	17,990,000	1,400,000
Unamortized bond premium	498,128	-	(26,218)	471,910	26,217
Capital leases	698,069	860,073	(352,639)	1,205,503	472,308
Compensated absences	546,175	702,370	(668,662)	579,883	31,748
Total OPEB	694,473	69,032	-	763,505	-
Net pension liability	6,266,928	-	(2,398,065)	3,868,863	-
Total governmental activities	<u>\$28,038,773</u>	<u>\$ 1,631,475</u>	<u>\$ (4,790,584)</u>	<u>\$24,879,664</u>	<u>\$ 1,930,273</u>

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

Note 10 - Health Insurance and Workers' Compensation

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, 2018, a total of \$24,795 was paid in health care insurance deductible claims.

Health Insurance

During the year ended September 30, 2018 employees of Burnet County were covered by a health, dental, and life insurance plan (the Plan). The County paid premiums of \$885 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

Workers' Compensation

The County is a member of the Texas Association of Counties Workers' Compensation Self-Insurance Fund. The Fund is sponsored by the Texas Association of Counties and was originally established on March 28, 1974 by the entry into interlocal participation agreements by member political subdivisions of the State of Texas. The Fund was created to provide workers' compensation benefits for its members pursuant to the provisions of Chapter 504, V.T.C.A., Labor Code, Art. 715(c), Rev. Civ. Stat. Ann., and Chapter 791, V.T.C.A., Government Code. The contribution amount for the Fund Member is based upon gross payroll, classification rates for types of positions, and experience modifier. During the year ended September 30, 2018 the County contributed a total of \$162,426 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 760 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 or at <https://www.tcdrs.org>.

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.

Membership

At December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees Accounts	
Receiving benefits	198
Entitled to but not yet receiving benefits	244
	442
Active employees	355

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.

	Contribution Rates	
	2017	2018
Member	7.00%	7.00%
Employers	11.37%	11.53%
Employer Contributions	\$ 1,864,269	\$ 1,937,607
Member Contributions	1,149,410	1,170,076

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.0 years
Asset Valuation Method	5 year smoothed market
Discount Rate *	8.10%
Long-term expected Investment Rate of Return *	8.10%
Salary Increases*	4.90%, average
Payroll Growth Rate	3.50%
<i>* Includes Inflation of 2.75%</i>	

The plan does not have an automatic cost-of-living adjustment and one is not considered to be substantively automatic under GASB No. 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad-hoc COLA for its retirees.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
28-29	-	0.00008
30	-	0.00009
31-32	-	0.00010
33	-	0.00011
34	-	0.00014
35	0.00001	0.00018
36	0.00001	0.00022
37	0.00002	0.00028
38	0.00002	0.00033
39	0.00002	0.00038
40	0.00002	0.00042
41	0.00003	0.00047
42	0.00003	0.00053
43	0.00004	0.00058
44	0.00004	0.00063
45	0.00004	0.00069
46	0.00005	0.00076
47	0.00006	0.00084
48	0.00007	0.00095
49	0.00009	0.00109
50	0.00010	0.00125
51	0.00012	0.00142
52	0.00013	0.00162
53	0.00015	0.00183
54	0.00018	0.00203
55	0.00018	0.00222

56	0.00018	0.00238
57	0.00018	0.00250
58	0.00018	0.00259
59	0.00018	0.00270
60 and above	0.00018	-

Mortality rates for depositing members were based on 90% of the RP-2014 Active Employee Mortality Table for males and females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Service retirees, beneficiaries, and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the MP-2014 Disabled Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Service retirement rates for males and females were as follows:

Age	Male and Female
40-44	0.045
45-49	0.090
50	0.010
51-53	0.009
54-57	0.100
58-61	0.120
62	0.200
63-64	0.150
65-66	0.250
67	0.220
68-69	0.200
70-74	0.220
75 & Over	1.000

The actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2013 - 2016. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2017 and first used in the December 31, 2017 actuarial valuation.

There were no changes in methods reflected in the December 31, 2017 actuarial valuation. The following changes in actuarial assumptions were reflected in the December 31, 2017 actuarial valuation:

- Inflation assumptions decreased from 3.00% per year to 2.75% per year, with a corresponding decrease in the general wage growth assumption from 3.5% to 3.25%.
- Slightly adjusted all mortality rates to better reflect anticipated experience.
- Adjusted retirement rates to reflect people retiring at older ages.
- Lowered disability retirement rates.
- Adjustments made to termination rates.
- Lowered probability of withdrawal of contributions upon termination.
- Adjusted merit salary scale to reflect anticipated future experience.
- Adjusted payroll increase assumption to reflect the changes in the general wage growth assumption and to reflect changes in anticipated experience.

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 2018 information for a 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 2017 based on the period January 1, 2013 – December 31, 2016.

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 Cambridge Associates Global Private Equity	11.50%	4.55%
Private Equity	& Venture Capital Index ^[3]	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	11.00%	4.55%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index ^[4] 67% FTSE NAREIT Equity REITs Index + 33%	2.00%	6.30%
REIT Equities	S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ^[5] Hedge Fund Research, Inc. (HFRI) Fund of	6.00%	6.25%
Hedge Funds	Funds Composite Index	18.00%	4.10%

^[1] Target asset allocation adopted at the April 2018 TCDRS Board meeting.

^[2] Geometric real rates of return in addition to assumed inflation of 1.95%, per Cliffwater's 2018 capital market assumptions.

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

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

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

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

At September 30, 2018, the County reported a net pension liability of \$3,868,863 measured at December 31, 2017. For the year ended September 30, 2018, the County recognized pension expense of \$2,076,156.

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, 2017 are as follows:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		Net Pension Liability/(Asset) (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances as of December 31, 2016	\$ 47,812,270	\$ 41,545,342	\$ 6,266,928
Changes for the year			
Service Cost	2,210,581	-	2,210,581
Interest on total pension liability (1)	3,952,341	-	3,952,341
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	217,272	-	217,272
Effect of assumptions changes or inputs	342,569	-	342,569
Refund of contributions	(191,532)	(191,532)	-
Benefit payments	(2,314,288)	(2,314,288)	-
Administrative expense	-	(32,028)	32,028
Member contributions	-	1,170,076	(1,170,076)
Net investment income	-	6,073,281	(6,073,281)
Employer contributions	-	1,902,209	(1,902,209)
Other (3)	-	7,290	(7,290)
Net changes	<u>4,216,943</u>	<u>6,615,008</u>	<u>(2,398,065)</u>
Balance as of December 31, 2017	<u>\$ 52,029,213</u>	<u>\$ 48,160,350</u>	<u>\$ 3,868,863</u>

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
(2) No plan changes valued.
(3) Relates to the allocation of system-wide items.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.10%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 58,546,838	\$ 52,029,213	\$ 46,519,551
Fiduciary net position	<u>48,160,351</u>	<u>48,160,350</u>	<u>48,160,351</u>
Net pension liability / (asset)	<u>\$ 10,386,487</u>	<u>\$ 3,868,863</u>	<u>\$ (1,640,800)</u>

At December 31, 2017 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	\$ 255,146	\$ 162,954
Changes in actual assumptions	-	376,688
Difference between projected and actual investment earnings	557,075	-
Contributions subsequent to the measurement date	-	1,409,197
Total	\$ 812,221	\$ 1,948,839

\$1,409,197 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, 2019. 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
2019	\$ 307,230
2020	298,262
2021	(340,752)
2022	(537,319)
2023	-
Thereafter	-
	\$ (272,579)

Note 12 - Other Post-Employment Benefits

Plan Description

The County participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. The fund for this benefit is a separate trust administered by the board of TCDRS. The fund receives monthly participating employers' premiums and pays benefits when due. The obligations of the program are payable only from this fund, and are not an obligation of, or a claim against, the TCDRS Pension Trust Fund. The fund's assets are pooled with those of the Pension Trust Fund under provisions of the TCDRS Act and annually receive an allocation of income based on the fund value. This optional program provides group term life insurance coverage to currently employed members, and if elected by employers, to retirees.

Benefits Provided

Current employees of participating employers are insured for an amount equivalent to the employee's current annual compensation. Employers may also choose to cover retirees. Retirees are insured for \$5,000. Life insurance proceeds are payable as a lump sum. The coverage provided to retirees is a postemployment benefit other than pension benefits.

Membership

County membership in the GTL plan at December 31, 2017 consisted of the following:

Inactive Employees Accounts	
Receiving benefits	164
Entitled to but not yet receiving benefits	65
	229
Active employees	355

Contributions

The County contributes to the GTL program at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The GTL program is voluntary, and employers can cease participation at any time. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers. The County's contribution, which equaled the required contribution, were as follows for the year ended September 30:

Employer rate	2018
	0.20%
Employer contributions	23,402

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-line
Remaining Amortization Period	Expected working life
Asset Valuation Method	Does not apply
Discount Rate *	3.44%
Long-term expected Investment Rate of Return *	3.44%
Salary Increases*	Does not apply
Payroll Growth Rate	Does not apply

* 20 Year Bond GO Index published by bondbuyer.com as of December 28, 2017.

The plan does not have an automatic cost-of-living adjustment. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the plan may elect an ad hoc COLA for its retirees.

Mortality rates for depositing members were based on 90% of the RP-2014 Active Employee Mortality Table for males and females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Service retirees, beneficiaries, and non-depositing members were based on 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014. Disabled retirees were based on 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the MP-2014 Disabled Annuitant Mortality Table for females as appropriate, with adjustments, projected with 110% of the MP-2014 Ultimate Scale after 2014.

Disability rates for males and females were as follows:

Age	Male and Female Occupational	Male and Female All Other Causes
28-29	-	0.00008
30	-	0.00009
31-32	-	0.00010
33	-	0.00011
34	-	0.00014
35	0.00001	0.00018
36	0.00001	0.00022
37	0.00002	0.00028
38	0.00002	0.00033
39	0.00002	0.00038
40	0.00002	0.00042
41	0.00003	0.00047
42	0.00003	0.00053
43	0.00004	0.00058
44	0.00004	0.00063
45	0.00004	0.00069
46	0.00005	0.00076
47	0.00006	0.00084
48	0.00007	0.00095
49	0.00009	0.00109
50	0.00010	0.00125
51	0.00012	0.00142
52	0.00013	0.00162
53	0.00015	0.00183
54	0.00018	0.00203
55	0.00018	0.00222
56	0.00018	0.00238
57	0.00018	0.00250
58	0.00018	0.00259
59	0.00018	0.00270
60 and above	0.00018	-

Service retirement rates for males and females were as follows:

Age	Male and Female
40-44	0.045
45-49	0.090
50	0.010
51-53	0.009
54-57	0.100
58-61	0.120
62	0.200
63-64	0.150
65-66	0.250
67	0.220
68-69	0.200
70-74	0.220
75 & Over	1.000

The actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016.

There were no changes in actuarial assumptions and methods reflected in the December 31, 2017 actuarial valuation.

Discount Rate

The GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. A discount rate of 3.44% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2017. Additionally, at transition, a discount rate of 3.78% as of December 31, 2016 was used which was estimated on the 20 Year Bond GO Index as of the prior fiscal year end.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2018, the County reported a total OPEB liability of \$763,505 measured at December 31, 2017. For the year ended September 30, 2018, the County recognized OPEB expense of \$62,580.

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

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

Changes in the total OPEB liability for the measurement year ended December 31, 2017 are as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balances as of December 31, 2016, as restated	\$ 694,473
Changes for the year	
Service Cost	29,675
Interest on total OPEB liability (1)	26,935
Changes of benefit terms (2)	-
Effect of economic/demographic experience	1,757
Effect of assumptions changes or inputs (3)	34,067
Benefit payments	(23,402)
Other	-
Net changes	<u>69,032</u>
Balance as of December 31, 2017	<u><u>\$ 763,505</u></u>

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
(2) No plan changes valued.
(3) Reflects change in discount rate and the new assumptions adopted based on the January 1, 2013 – December 31, 2016 Investigation of Experience.

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the County, calculated using the discount rate of 3.44%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current rate.

	1% Decrease (2.44%)	Discount Rate (3.44)	1% Increase (4.44%)
Total OPEB Liability	\$ 911,479	\$ 763,505	\$ 648,555

At December 31, 2017, the County reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,465
Changes in assumptions	-	28,389
Net difference between projected and actual earnings	-	-
Contributions paid to TCDRS subsequent to the measurement date	-	14,953
Total	<u><u>\$ -</u></u>	<u><u>\$ 44,807</u></u>

\$14,953 reported as deferred outflows of resources related to OPEB resulting from contribution subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2019. The other net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year Ended September 30	OPEB Expense
2019	\$ 5,971
2020	5,971
2021	5,971
2022	5,971
2023	5,970
Thereafter	-
	\$ 29,854

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 Financial Statements
September 30, 2018

As of September 30, 2018, governmental fund balance is composed of the following:

Fund Balances	General Fund	Road & Bridge Fund	Debt Service Fund	Capital Projects Fund	County Jail Fund	Restricted Fund	Other Governmental Funds
Non-spendable							
Inventories	\$ 161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	44,036	-	-	-	450	4,000	7,186
Total non-spendable	44,197	-	-	-	450	4,000	7,186
Restricted for							
Records management	-	-	-	-	-	522,256	-
Court programs	-	-	-	-	-	417,460	91,349
Technology programs	-	-	-	-	-	135,981	-
Property purchasing & improvements	-	-	-	-	-	331,423	-
Road & bridge maintenance & construction	-	688,319	-	-	-	-	-
Federal and state grants	-	-	-	-	-	-	34,061
Retirement of long term debt	-	-	1,087,614	-	-	-	-
Capital asset acquisition	-	-	-	3,012,488	-	-	-
Total restricted	-	688,319	1,087,614	3,012,488	-	1,407,120	125,410
Committed to							
Property purchasing & improvements	-	-	-	-	-	153,100	-
Court programs	-	-	-	-	-	27,624	-
Western county tower system maintenance	-	-	-	-	-	-	217,394
Economic development	-	-	-	-	-	-	805,179
Special operations unit	-	-	-	-	-	-	53,855
Library system	-	-	-	-	-	-	-
Total committed	-	-	-	-	-	180,724	1,076,428
Assigned to							
Court programs	-	-	-	-	-	41,440	-
Property purchasing & improvements	-	-	-	-	-	1,655,641	-
Total assigned	-	-	-	-	-	1,697,081	-
Unassigned	2,061,273	-	-	-	(450)	-	29,633
Total fund balances	<u>\$2,105,470</u>	<u>\$688,319</u>	<u>\$1,087,614</u>	<u>\$3,012,488</u>	<u>\$ -</u>	<u>\$3,288,925</u>	<u>\$ 1,238,657</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.

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 - Subsequent Events

On October 2018, the County issued \$5,450,000 in 2018 Tax Notes for road improvements. The debt carries an interest rate of 3.00% and matures in 2025.

On March 2019, the County issued \$2,530,000 in 2019 Tax Notes for various projects including jail and dispatch upgrades. The debt carries an interest rate of 2.48% and matures in 2026.

Note 17 - Prior Period Adjustment

As of October 1, 2017, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to adopt the provisions of GASB Statement No. 75 to report the beginning total OPEB liability and deferred outflows of resources related to contributions made after the measurement date as follows:

	Governmental Activities
Net position at September 30, 2017, as previously reported	\$ 17,536,195
Add total OPEB liability under GASB Statement No. 75 at October 1, 2017	(694,473)
Deferred outflows of resources related to contributions made during the year ended September 30, 2017	18,515
Net position at October 1, 2017, as restated	\$ 16,860,237



Required Supplementary Information
September 30, 2018

Burnet County, Texas

Burnet County, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
Revenues				
Taxes				
Property taxes	\$17,744,200	\$17,744,200	\$17,274,942	\$ (469,258)
Other taxes	38,500	38,500	96,818	58,318
Penalty and interest on taxes	160,000	160,000	182,085	22,085
Licenses and permits	628,000	628,000	721,228	93,228
Intergovernmental revenue and grants	189,713	189,713	233,852	44,139
Charges for services	855,430	855,430	1,017,412	161,982
Fines	415,000	415,000	511,986	96,986
Investment earnings	40,000	40,000	126,104	86,104
Rents and royalties	41,000	41,000	67,923	26,923
Other revenue	107,110	107,110	58,269	(48,841)
Total revenues	20,218,953	20,218,953	20,290,619	71,666
Expenditures				
Current				
General government				
General				
County judge	225,552	225,552	219,504	6,048
Commissioners	372,057	372,057	370,812	1,245
County clerk	492,827	492,827	486,545	6,282
Veterans service officer	16,350	16,350	15,084	1,266
Non-departmental	1,454,309	1,492,306	1,472,222	20,084
Total general	2,561,095	2,599,092	2,564,167	34,925
Judicial				
County court at law	349,376	325,416	321,389	4,027
County court	27,000	27,000	18,064	8,936
District court	222,715	238,715	228,538	10,177
Judicial services	349,500	419,120	412,636	6,484
District clerk records management	474,639	474,639	461,648	12,991
District clerk	498,027	498,027	488,219	9,808
Justice of the peace	742,133	742,133	728,388	13,745
3rd administrative judicial district	2,873	2,873	2,713	160
Magistrates/Indigent Defense	222,460	247,460	230,385	17,075
Total judicial	2,888,723	2,975,383	2,891,980	83,403
Legal				
Public defender office	513,531	513,531	481,447	32,084
County attorney	725,478	708,013	695,142	12,871
District attorney	912,652	869,892	787,516	82,376
Total judicial	2,151,661	2,091,436	1,964,105	127,331

Burnet County, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
Elections	310,128	297,290	256,323	40,967
Election expense	<u>310,128</u>	<u>297,290</u>	<u>256,323</u>	<u>40,967</u>
Financial administration				
County auditor	562,037	561,317	540,657	20,660
Purchasing	65,657	66,377	66,163	214
County treasurer	201,053	201,053	187,529	13,524
Collections department	67,338	67,338	59,887	7,451
Tax appraisal district	357,578	357,578	269,383	88,195
Human resources	138,236	138,236	107,857	30,379
Information technology	587,253	556,512	533,778	22,734
Total financial administration	<u>1,979,152</u>	<u>1,948,411</u>	<u>1,765,254</u>	<u>183,157</u>
Public facilities	<u>820,633</u>	<u>866,193</u>	<u>831,354</u>	<u>34,839</u>
Maintenance department	<u>820,633</u>	<u>866,193</u>	<u>831,354</u>	<u>34,839</u>
Total general government	<u>10,711,392</u>	<u>10,777,805</u>	<u>10,273,183</u>	<u>504,622</u>
Public safety				
Emergency management	93,977	101,978	94,937	7,041
Emergency medical service	696,360	696,360	696,359	1
Area fire departments	280,044	281,436	281,436	-
Constables	326,464	326,464	312,497	13,967
Animal control	103,279	103,279	83,583	19,696
County sheriff	5,019,116	4,792,169	4,444,325	347,844
Juvenile probation department	218,168	218,168	161,043	57,125
Adult probation department	61,090	61,090	52,620	8,470
Department of public safety	84,763	84,763	84,304	459
Total public safety	<u>6,883,261</u>	<u>6,665,707</u>	<u>6,211,104</u>	<u>454,603</u>
Culture and recreation				
County Historical Commission	500	500	348	152
County parks	2,100	2,100	1,885	215
Total culture and recreation	<u>2,600</u>	<u>2,600</u>	<u>2,233</u>	<u>367</u>
Conservation				
Agricultural extension service	124,042	125,875	101,668	24,207
Environmental services	178,853	177,319	173,907	3,412
Government trappers	37,500	37,500	36,900	600
Total conservation	<u>340,395</u>	<u>340,694</u>	<u>312,475</u>	<u>28,219</u>

Burnet County, Texas
 Budgetary Comparison Schedule – General Fund (Exhibit B-1)
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual GAAP Basis	Variance from Final Budget
Debt service				
Debt principal	127,878	127,878	126,418	1,460
Debt interest	8,393	8,393	5,914	2,479
Total debt service	<u>136,271</u>	<u>136,271</u>	<u>132,332</u>	<u>3,939</u>
Capital outlay	<u>261,158</u>	<u>672,127</u>	<u>632,358</u>	<u>39,769</u>
Total expenditures	<u>18,335,077</u>	<u>18,595,204</u>	<u>17,563,685</u>	<u>1,031,519</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,883,876</u>	<u>1,623,749</u>	<u>2,726,934</u>	<u>1,103,185</u>
Other financing sources (uses)				
Sale of capital assets and insurance proceeds	20,000	58,900	44,260	(14,640)
Issuance of capital leases	-	355,447	355,447	-
Transfers in	-	-	79,725	79,725
Transfers out	<u>(3,909,152)</u>	<u>(3,909,152)</u>	<u>(3,002,729)</u>	<u>906,423</u>
Total other financing uses	<u>(3,889,152)</u>	<u>(3,494,805)</u>	<u>(2,523,297)</u>	<u>971,508</u>
Net change in fund balance	(2,005,276)	(1,871,056)	203,637	2,074,693
Fund balance at beginning of year	<u>1,901,833</u>	<u>1,901,833</u>	<u>1,901,833</u>	<u>-</u>
Fund balance at end of year	<u>\$ (103,443)</u>	<u>\$ 30,777</u>	<u>\$ 2,105,470</u>	<u>\$ 2,074,693</u>

Burnet County, Texas
 Budgetary Comparison Schedule – Road and Bridge Fund (Exhibit B-2)
 Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual GAAP Basis	Variance from Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Taxes				
Property taxes	\$ 2,210,653	\$ 2,210,653	\$ 2,206,426	\$ (4,227)
Penalty and interest on taxes	18,000	18,000	22,925	4,925
Licenses and permits	880,000	880,000	940,463	60,463
Intergovernmental revenue and grants	-	12,182	34,228	22,046
Investment earnings	6,000	6,000	14,004	8,004
Other revenue	30,000	30,000	19,677	(10,323)
Total revenues	<u>3,144,653</u>	<u>3,156,835</u>	<u>3,237,723</u>	<u>80,888</u>
Expenditures				
Current				
Public transportation	3,230,344	3,197,130	3,021,038	176,092
Debt service				
Debt principal	216,845	217,205	217,151	54
Debt interest	6,254	5,677	4,865	812
Capital outlay	58,800	556,016	506,243	49,773
Total expenditures	<u>3,512,243</u>	<u>3,976,028</u>	<u>3,749,297</u>	<u>226,731</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(367,590)</u>	<u>(819,193)</u>	<u>(511,574)</u>	<u>307,619</u>
Other financing sources (uses)				
Sale of capital assets and insurance proceeds	-	18,633	18,633	-
Issuance of capital leases	-	393,720	393,720	-
Transfers in	-	-	10,173	10,173
Transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources	<u>(75,000)</u>	<u>337,353</u>	<u>347,526</u>	<u>10,173</u>
Net change in fund balance	(442,590)	(481,840)	(164,048)	317,792
Fund balance at beginning of year	852,367	852,367	852,367	-
Fund balance at end of year	<u>\$ 409,777</u>	<u>\$ 370,527</u>	<u>\$ 688,319</u>	<u>\$ 317,792</u>

Burnet County, Texas
 Budgetary Comparison Schedule – County Jail Fund (Exhibit B-3)
 Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 8,740,556	\$ 8,740,556	\$ 5,739,013	\$ (3,001,543)
Investment earnings	-	-	68	68
Total revenues	<u>8,740,556</u>	<u>8,740,556</u>	<u>5,739,081</u>	<u>(3,001,475)</u>
Expenditures				
Current				
Public safety	10,650,267	10,660,267	6,955,335	3,704,932
Total expenditures	<u>10,650,267</u>	<u>10,660,267</u>	<u>6,955,335</u>	<u>3,704,932</u>
Excess (deficiency) of revenues over (under) expenditures	(1,909,711)	(1,919,711)	(1,216,254)	703,457
Other financing sources (uses)				
Transfers in	1,909,711	1,909,711	1,216,254	(693,457)
Total other financing sources	<u>1,909,711</u>	<u>1,909,711</u>	<u>1,216,254</u>	<u>(693,457)</u>
Net change in fund balance	-	(10,000)	-	10,000
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ 10,000</u>

Burnet County, Texas
 Budgetary Comparison Schedule – Restricted Fund (Exhibit B-4)
 Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental revenue and grants	\$ -	\$ 36,182	\$ 36,182	\$ -
Fines and forfeitures	220,740	305,717	322,618	16,901
Investment earnings	-	9	2,562	2,553
Other revenue	69,455	244,899	250,922	6,023
	290,195	586,807	612,284	25,477
Expenditures				
Current				
General government	509,077	2,598,830	373,748	2,225,082
Public safety	242,136	28,346	6,110	22,236
Debt service				
Debt principal	-	11,029	9,070	1,959
Capital outlay	62,979	820,212	225,000	595,212
	814,192	3,458,417	613,928	2,844,489
Excess (deficiency) of revenues over (under) expenditures	(523,997)	(2,871,610)	(1,644)	2,869,966
Other financing sources (uses)				
Issuance of capital leases	-	-	110,906	110,906
Transfers in	475,343	75,000	77,144	2,144
Transfers out	-	-	(123,329)	(123,329)
	475,343	75,000	64,721	(10,279)
Net change in fund balance	(48,654)	(2,796,610)	63,077	2,859,687
Fund balance at beginning of year	3,225,848	3,225,848	3,225,848	-
Fund balance at end of year	\$ 3,177,194	\$ 429,238	\$ 3,288,925	\$ 2,859,687

Burnet County, Texas
Schedule of Changes in Net Pension Liability and Related Ratios – Texas County & District Retirement System
(Exhibit B-5)
Year Ended September 30, 2018

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability				
Change in actuary estimate	\$ -	\$ -	\$ (1,170,171)	\$ -
Service cost	2,210,581	1,995,104	1,815,151	1,448,123
Interest on total pension liability	3,952,341	3,593,749	3,379,883	3,146,766
Effect of plan changes	-	-	(240,009)	-
Effect of assumptions changes or inputs	342,569	-	479,045	-
Effect of economic/demographic (gains) or losses	217,272	(87,967)	(844,649)	752,053
Refund of contributions	(191,532)			
Benefit payments/refunds of contributions	(2,314,288)	(2,114,355)	(1,733,316)	(1,463,782)
Net change in total pension liability	4,216,943	3,386,531	1,685,934	3,883,160
Total pension liability, beginning	47,812,270	44,425,739	42,739,805	38,856,645
Total pension liability, ending (a)	\$52,029,213	\$47,812,270	\$44,425,739	\$42,739,805
Fiduciary Net Position				
Employer contributions	\$ 1,902,209	\$ 1,648,941	\$ 1,585,618	\$ 1,542,078
Member contributions	1,170,076	1,023,276	906,668	868,425
Investment income net of investment expenses	6,073,281	2,834,298	(194,525)	2,351,079
Benefit payments/refunds of contribution	(2,505,820)	(2,114,355)	(1,733,316)	(1,463,782)
Administrative expenses	(32,028)	(30,866)	(27,387)	(27,813)
Other	7,290	(84,739)	53,460	(37,500)
Net change in fiduciary net position	6,615,008	3,276,555	590,518	3,232,487
Fiduciary net position, beginning	41,545,342	38,268,787	37,678,269	34,445,782
Fiduciary net position, ending (b)	\$48,160,350	\$41,545,342	\$38,268,787	\$37,678,269
Net pension liability / (asset), ending = (a) - (b)	\$ 3,868,863	\$ 6,266,928	\$ 6,156,952	\$ 5,061,536
Fiduciary net position as a percentage of total pension liability	92.56%	86.89%	86.14%	88.16%
Pensionable covered payroll	\$16,715,367	\$14,618,232	\$12,943,805	\$12,406,073
Net pension liability as a percentage of covered payroll	23.15%	42.87%	47.57%	40.80%

Burnet County, Texas

Schedule of Employer Contributions – Texas County & District Retirement System (Exhibit B-6)
Year Ended September 30, 2018

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2015	\$ 1,559,469	\$ 1,559,469	\$ -	\$12,680,031	12.3%
2016	1,610,680	1,610,680	-	13,961,626	11.5%
2017	1,864,269	1,864,269	-	16,420,179	11.4%
2018	1,937,607	1,937,607	-	17,214,201	11.3%

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

Burnet County, Texas
 Schedule of Changes in Total OPEB Liability and Related Ratios – Texas County & District Retirement System
 (Exhibit B-7)
 Year Ended September 30, 2018

	Year Ended December 31, 2017
Total OPEB Liability	
Service cost	\$ 29,675
Interest on total OPEB liability	26,935
Effect of plan changes	-
Effect of assumption changes or inputs	34,067
Effect of economic/demographic (gains) or losses	1,757
Benefit payments/refunds of contributions	(23,402)
Net change in total OPEB liability	69,032
Total OPEB liability, beginning	694,473
Total OPEB liability, ending	\$ 763,505
Pensionable covered employee payroll	\$ 16,715,367
Total OPEB liability as a percentage of covered employee payroll	4.57%

Note: No assets are accumulated in a trust that meets the criteria in GASB 74, paragraph 4 for the OPEB plan.

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 department level (i.e., county judge, commissioners, county clerk, etc.). 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.

For the year ended September 31, 2018, there were no excess of expenditures over appropriations at the legal level of control.

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

Assumptions

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

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	13.0 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	4.9%, average, including inflation
Investment rate of return	8.00%, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 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

New mortality assumptions were reflected in the December 31, 2017 valuation.

Note B: Total OPEB 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	Straight-line amortization
Remaining amortization period	Expected working life
Asset valuation method	Does not apply
Inflation	Does not apply
Salary increases	Does not apply
Investment rate of return	3.44%; 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2017
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RSP-2014 Healthy Annuitant Mortality Table for males and 115% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the RSP-2014 Ultimate scale after 2014.

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total OPEB 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 in assumptions that were reflected in the December 31, 2017 valuation.



Combining Statements and Budgetary Comparison
Schedules as Supplementary Information
September 30, 2018

Burnet County, Texas

	County Attorney Hot Check Fund	District Attorney Special Fund	Economic Development Fund	Law Library Fund	Western County Tower System Fund
Assets					
Pooled cash and cash equivalents	\$ 4,611	\$ 91,391	\$ 651,008	\$ 91,549	\$ 200,496
Investments	-	-	635	-	-
Accounts receivable (net)	-	-	156,935	-	-
Due from other governments	-	-	-	-	21,464
Prepays	-	-	5,000	-	-
Total assets	\$ 4,611	\$ 91,391	\$ 813,578	\$ 91,549	\$ 221,960
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable and other accrued liabilities	\$ 4,611	\$ -	\$ 3,399	\$ 200	\$ 4,566
Due to other funds	-	-	-	-	-
Due to others	-	91,391	-	-	-
Total liabilities	4,611	91,391	3,399	200	4,566
Fund Balance					
Non-spendable	-	-	5,000	-	-
Restricted	-	-	-	91,349	-
Committed	-	-	805,179	-	217,394
Unassigned	-	-	-	-	-
Total fund balance	-	-	810,179	91,349	217,394
Total liabilities, deferred inflows of resources and fund balances	\$ 4,611	\$ 91,391	\$ 813,578	\$ 91,549	\$ 221,960

Burnet County, Texas
 Combining Balance Sheet – Nonmajor Special Revenue Funds (Exhibit C-1)
 September 30, 2018

Special Operations Unit Fund	Library System Fund	Indigent Health Care Fund	Grants Fund	Courthouse Security Fund	Jail Commissary Fund	Total Nonmajor Special Revenue Funds
\$ 56,400	\$ 3,588	\$ 2,904	\$ 47,856	\$ 15,593	\$ 31,572	\$ 1,196,968
-	-	-	-	-	-	635
-	-	-	-	-	4,548	161,483
-	-	-	238,346	-	-	259,810
-	1,861	325	-	-	-	7,186
<u>\$ 56,400</u>	<u>\$ 5,449</u>	<u>\$ 3,229</u>	<u>\$ 286,202</u>	<u>\$ 15,593</u>	<u>\$ 36,120</u>	<u>\$ 1,626,082</u>
\$ 2,545	\$ 5,449	\$ 3,229	\$ 5,492	\$ 15,593	\$ 4,301	\$ 49,385
-	-	-	165,670	-	-	165,670
-	-	-	80,979	-	-	172,370
2,545	5,449	3,229	252,141	15,593	4,301	387,425
-	1,861	325	-	-	-	7,186
-	-	-	34,061	-	-	125,410
53,855	-	-	-	-	-	1,076,428
-	(1,861)	(325)	-	-	31,819	29,633
53,855	-	-	34,061	-	31,819	1,238,657
<u>\$ 56,400</u>	<u>\$ 5,449</u>	<u>\$ 3,229</u>	<u>\$ 286,202</u>	<u>\$ 15,593</u>	<u>\$ 36,120</u>	<u>\$ 1,626,082</u>

	County Attorney Hot Check Fund	District Attorney Special Fund	Economic Development Fund	Law Library Fund	Western County Tower System Fund
Revenues					
Taxes					
Other Taxes	\$ -	\$ -	\$ 481,516	\$ -	\$ -
Intergovernmental	-	-	-	-	1,820,000
Charges for services	-	-	-	8,727	148,129
Forfeits	-	-	-	-	-
Investment earnings	-	-	5,767	-	-
Total revenues	-	-	487,283	8,727	1,968,129
Expenditures					
Current					
General government	-	-	380,073	-	111,802
Public safety	-	-	-	-	-
Public transportation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	7,850	-
Capital outlay	-	-	103,659	-	1,820,500
Total expenditures	-	-	483,732	7,850	1,932,302
Excess (deficit) of revenues over expenditures	-	-	3,551	877	35,827
Other financing sources					
Transfers in	-	-	10,000	-	33,984
Transfers out	-	-	-	-	-
Total other financing sources	-	-	10,000	-	33,984
Net change in fund balance	-	-	13,551	877	69,811
Fund balance at beginning of year	-	-	796,628	90,472	147,583
Fund balance at end of year	\$ -	\$ -	\$ 810,179	\$ 91,349	\$ 217,394

Burnet County, Texas
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue
 (Exhibit C-2)
 Year Ended September 30, 2018

Special Operations Unit Fund	Library System Fund	Indigent Health Care Fund	Grants Fund	Courthouse Security Fund	Jail Commissary Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 481,516
-	-	-	1,031,755	-	-	2,851,755
-	-	-	-	50,961	71,549	279,366
6,383	-	-	-	-	-	6,383
624	-	-	-	-	305	6,696
<u>7,007</u>	<u>-</u>	<u>-</u>	<u>1,031,755</u>	<u>50,961</u>	<u>71,854</u>	<u>3,625,716</u>
-	-	-	795,879	-	-	1,287,754
20,850	-	-	44,824	498,969	71,293	635,936
-	-	-	30,908	-	-	30,908
-	-	392,495	-	-	-	392,495
-	854,744	-	-	-	-	862,594
59,544	9,613	-	47,011	7,500	-	2,047,827
<u>80,394</u>	<u>864,357</u>	<u>392,495</u>	<u>918,622</u>	<u>506,469</u>	<u>71,293</u>	<u>5,257,514</u>
<u>(73,387)</u>	<u>(864,357)</u>	<u>(392,495)</u>	<u>113,133</u>	<u>(455,508)</u>	<u>561</u>	<u>(1,631,798)</u>
81,898	864,357	392,495	5,336	455,508	31,258	1,874,836
-	-	-	(81,869)	-	-	(81,869)
<u>81,898</u>	<u>864,357</u>	<u>392,495</u>	<u>(76,533)</u>	<u>455,508</u>	<u>31,258</u>	<u>1,792,967</u>
8,511	-	-	36,600	-	31,819	161,169
45,344	-	-	(2,539)	-	-	1,077,488
<u>\$ 53,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,061</u>	<u>\$ -</u>	<u>\$ 31,819</u>	<u>\$ 1,238,657</u>

Burnet County, Texas
 Budgetary Comparison Schedule – Economic Development Fund (Exhibit C-3)
 Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes				
Other taxes	\$ 500,000	\$ 500,000	\$ 481,516	\$ (18,484)
Investment earnings	2,000	2,000	5,767	3,767
Total revenue	<u>502,000</u>	<u>502,000</u>	<u>487,283</u>	<u>(14,717)</u>
Expenditures				
Current				
General government	583,861	569,911	380,073	189,838
Capital outlay	100,000	113,650	103,659	9,991
Total expenditures	<u>683,861</u>	<u>683,561</u>	<u>483,732</u>	<u>199,829</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(181,861)</u>	<u>(181,561)</u>	<u>3,551</u>	<u>185,112</u>
Other financing sources				
Transfers in	-	-	10,000	10,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Net change in fund balance	(181,861)	(181,561)	13,551	195,112
Fund balance at beginning of year	<u>796,628</u>	<u>796,628</u>	<u>796,628</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 614,767</u></u>	<u><u>\$ 615,067</u></u>	<u><u>\$ 810,179</u></u>	<u><u>\$ 195,112</u></u>

Burnet County, Texas
 Budgetary Comparison Schedule – Law Library Fund (Exhibit C-4)
 Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Charges for services	\$ 28,000	\$ 28,000	\$ 8,727	\$ (19,273)
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>8,727</u>	<u>(19,273)</u>
Expenditures				
Current				
Culture and recreation	<u>28,000</u>	<u>28,000</u>	<u>7,850</u>	<u>20,150</u>
Total expenditures	<u>28,000</u>	<u>28,000</u>	<u>7,850</u>	<u>20,150</u>
Net change in fund balance	-	-	877	877
Fund balance at beginning of year	<u>90,472</u>	<u>90,472</u>	<u>90,472</u>	<u>-</u>
Fund balance at end of year	<u>\$ 90,472</u>	<u>\$ 90,472</u>	<u>\$ 91,349</u>	<u>\$ 877</u>

Burnet County, Texas
 Budgetary Comparison Schedule – Western County Tower System Fund (Exhibit C-5)
 Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$ -	\$ 1,820,000	\$ 1,820,000	\$ -
Charges for services	239,808	239,808	148,129	(91,679)
Total revenues	<u>239,808</u>	<u>2,059,808</u>	<u>1,968,129</u>	<u>(91,679)</u>
Expenditures				
Current				
General government	273,792	273,292	111,802	161,490
Capital outlay	-	1,820,500	1,820,500	-
Total expenditures	<u>273,792</u>	<u>2,093,792</u>	<u>1,932,302</u>	<u>161,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,984)</u>	<u>(33,984)</u>	<u>35,827</u>	<u>69,811</u>
Other financing sources				
Transfers in	33,984	33,984	33,984	-
Total other financing sources	<u>33,984</u>	<u>33,984</u>	<u>33,984</u>	<u>-</u>
Net change in fund balance	-	-	69,811	69,811
Fund balance at beginning of year	<u>147,583</u>	<u>147,583</u>	<u>147,583</u>	<u>-</u>
Fund balance at end of year	<u>\$ 147,583</u>	<u>\$ 147,583</u>	<u>\$ 217,394</u>	<u>\$ 69,811</u>

Burnet County, Texas
 Budgetary Comparison Schedule – Special Operations Unit Fund (Exhibit C-6)
 Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Forfeits	\$ -	\$ -	\$ 6,383	\$ 6,383
Investment earnings	-	-	624	624
Total revenues	-	-	7,007	7,007
Expenditures				
Current				
Public safety	51,600	32,930	20,850	12,080
Capital outlay	-	62,190	59,544	2,646
Total expenditures	51,600	95,120	80,394	14,726
Excess (deficiency) of revenues over (under) expenditures	(51,600)	(95,120)	(73,387)	21,733
Other financing sources				-
Transfers in	-	-	81,898	81,898
Total other financing sources	-	-	81,898	(81,898)
Net change in fund balance	(51,600)	(95,120)	8,511	103,631
Fund balance at beginning of year	45,344	45,344	45,344	-
Fund balance at end of year	\$ (6,256)	\$ (49,776)	\$ 53,855	\$ 103,631

Burnet County, Texas
 Budgetary Comparison Schedule – Library System Fund (Exhibit C-7)
 Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Expenditures				
Current				
Culture and recreation	\$ 908,114	\$ 898,501	\$ 854,744	\$ 43,757
Capital outlay	-	9,613	9,613	-
Total expenditures	908,114	908,114	864,357	43,757
Other financing sources				
Transfers in	908,114	908,114	864,357	(43,757)
Total other financing sources	908,114	908,114	864,357	(43,757)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Burnet County, Texas
 Budgetary Comparison Schedule – Indigent Health Care Fund (Exhibit C-8)
 Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Expenditures				
Current				
Health and welfare	\$ 600,000	\$ 600,000	\$ 392,495	\$ 207,505
Total expenditures	<u>600,000</u>	<u>600,000</u>	<u>392,495</u>	<u>207,505</u>
Other financing sources				
Transfers In	<u>600,000</u>	<u>600,000</u>	<u>392,495</u>	<u>(207,505)</u>
Total other financing sources	<u>600,000</u>	<u>600,000</u>	<u>392,495</u>	<u>207,505</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Burnet County, Texas
 Budgetary Comparison Schedule – Grants Fund (Exhibit C-9)
 Year Ended September 30, 2018

	Budgeted Amounts			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental	\$ -	\$ 1,570,675	\$ 1,031,755	\$ (538,920)
Total revenues	-	1,570,675	1,031,755	(538,920)
Expenditures				
Current				
General government	-	1,268,613	795,879	472,734
Public safety	-	86,872	44,824	42,048
Public transportation	-	68,545	30,908	37,637
Capital outlay	-	48,125	47,011	1,114
Total expenditures	-	1,472,155	918,622	553,533
Excess (deficiency) of revenues over (under) expenditures	-	98,520	113,133	14,613
Other financing sources (uses)				
Transfers in	-	5,336	5,336	-
Transfers out	-	-	(81,869)	(81,869)
Total other financing sources (uses)	-	5,336	(76,533)	(81,869)
Net change in fund balance	-	103,856	36,600	(67,256)
Fund balance at beginning of year	(2,539)	(2,539)	(2,539)	-
Fund balance at end of year	\$ (2,539)	\$ 101,317	\$ 34,061	\$ (67,256)

Burnet County, Texas
 Budgetary Comparison Schedule – Courthouse Security Fund (Exhibit C-10)
 Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance from Final Budget
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ -	\$ 25,000	\$ 50,961	\$ 25,961
Total revenues	-	25,000	50,961	25,961
Expenditures				
Current				
Public safety	-	549,243	498,969	50,274
Capital outlay	-	7,500	7,500	-
Total expenditures	-	556,743	506,469	50,274
Excess (deficiency) of revenues over (under) expenditures	-	(531,743)	(455,508)	76,235
Other financing sources				-
Transfers in	-	400,343	455,508	55,165
Total other financing sources	-	400,343	455,508	55,165
Net change in fund balance	-	(131,400)	-	131,400
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ (131,400)	\$ -	\$ 131,400

Burnet County, Texas
 Budgetary Comparison Schedule – Jail Commissary Fund (Exhibit C-11)
 Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance from Final Budget
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ -	\$ 107,990	\$ 71,549	\$ (36,441)
Investment earnings	-	-	305	305
Total revenues	-	107,990	71,854	(36,136)
Expenditures				
Current				
Public safety	-	84,029	71,293	12,736
Total expenditures	-	84,029	71,293	12,736
Excess (deficiency) of revenues over (under) expenditures	-	23,961	561	(23,400)
Other financing sources				
Transfers in	-	-	31,258	31,258
Total other financing sources	-	-	31,258	31,258
Net change in fund balance	-	23,961	31,819	7,858
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ 23,961	\$ 31,819	\$ 7,858

Burnet County, Texas
 Budgetary Comparison Schedule – Debt Service Fund (Exhibit C-12)
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Taxes				
Property taxes	\$ 1,806,864	\$ 1,806,864	\$ 2,204,028	\$ 397,164
Penalty and interest on taxes	15,000	15,000	22,202	7,202
Intergovernmental revenue and grants	-	-	1,080	1,080
Investment earnings	2,000	2,000	9,513	7,513
Total revenues	<u>1,823,864</u>	<u>1,823,864</u>	<u>2,236,823</u>	<u>412,959</u>
Expenditures				
Debt service:				
Debt principal	1,345,000	1,345,000	1,345,000	-
Debt interest	652,817	652,817	660,683	(7,866)
Fiscal agent's fees	1,000	1,000	700	300
Total expenditures	<u>1,998,817</u>	<u>1,998,817</u>	<u>2,006,383</u>	<u>(7,566)</u>
Net change in fund balance	(174,953)	(174,953)	230,440	405,393
Fund balance at beginning of year	<u>857,174</u>	<u>857,174</u>	<u>857,174</u>	<u>-</u>
Fund balance at end of year	<u>\$ 682,221</u>	<u>\$ 682,221</u>	<u>\$ 1,087,614</u>	<u>\$ 405,393</u>

	<u>Court Costs and Fees Fund</u>	<u>Wastewater Permit Fees</u>	<u>Employee Great Fund Costs</u>	<u>Treasurer's Cash Bond</u>	<u>County Clerk's Trusts</u>
Assets					
Pooled cash and cash equivalents	<u>\$ 157,977</u>	<u>\$ 1,640</u>	<u>\$ 24,890</u>	<u>\$ 529,425</u>	<u>\$ 542,724</u>
Total assets	<u><u>\$ 157,977</u></u>	<u><u>\$ 1,640</u></u>	<u><u>\$ 24,890</u></u>	<u><u>\$ 529,425</u></u>	<u><u>\$ 542,724</u></u>
Liabilities					
Due to others	<u>\$ 157,977</u>	<u>\$ 1,640</u>	<u>\$ 24,890</u>	<u>\$ 529,425</u>	<u>\$ 542,724</u>
Total liabilities	<u><u>\$ 157,977</u></u>	<u><u>\$ 1,640</u></u>	<u><u>\$ 24,890</u></u>	<u><u>\$ 529,425</u></u>	<u><u>\$ 542,724</u></u>

Burnet County, Texas
 Combining Statement of Fiduciary Assets and Liabilities – Agency Funds (Exhibit C-13)
 September 30, 2018

County Clerk's Registry	District Clerk's Registry	District Clerk's Trusts	Tax A/C Sales Tax and State Fees	Inmate Trust	Juvenile Probation	Adult Probation	Total Agency Funds
\$ 71,303	\$ 415,816	\$ 100,760	\$ 185,489	\$ 47,315	\$ 167,769	\$ 995,082	\$3,240,190
<u>\$ 71,303</u>	<u>\$ 415,816</u>	<u>\$ 100,760</u>	<u>\$ 185,489</u>	<u>\$ 47,315</u>	<u>\$ 167,769</u>	<u>\$ 995,082</u>	<u>\$3,240,190</u>
<u>\$ 71,303</u>	<u>\$ 415,816</u>	<u>\$ 100,760</u>	<u>\$ 185,489</u>	<u>\$ 47,315</u>	<u>\$ 167,769</u>	<u>\$ 995,082</u>	<u>\$3,240,190</u>
<u><u>\$ 71,303</u></u>	<u><u>\$ 415,816</u></u>	<u><u>\$ 100,760</u></u>	<u><u>\$ 185,489</u></u>	<u><u>\$ 47,315</u></u>	<u><u>\$ 167,769</u></u>	<u><u>\$ 995,082</u></u>	<u><u>\$3,240,190</u></u>

Burnet County, Texas
 Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-14)
 Year Ended September 30, 2018

	Balance 10/1/2017	Additions	Deductions	Balance 9/30/2018
Court Costs and Fees Fund				
Assets				
Cash and cash equivalents	\$ 146,138	\$ 686,734	\$ 674,895	\$ 157,977
Total assets	<u>\$ 146,138</u>	<u>\$ 686,734</u>	<u>\$ 674,895</u>	<u>\$ 157,977</u>
Liabilities				
Due to others	\$ 146,138	\$ 686,734	\$ 674,895	\$ 157,977
Total liabilities	<u>\$ 146,138</u>	<u>\$ 686,734</u>	<u>\$ 674,895</u>	<u>\$ 157,977</u>
Wastewater Permit Fees				
Assets				
Cash and cash equivalents	\$ 1,440	\$ 3,830	\$ 3,630	\$ 1,640
Total assets	<u>\$ 1,440</u>	<u>\$ 3,830</u>	<u>\$ 3,630</u>	<u>\$ 1,640</u>
Liabilities				
Due to others	\$ 1,440	\$ 3,830	\$ 3,630	\$ 1,640
Total liabilities	<u>\$ 1,440</u>	<u>\$ 3,830</u>	<u>\$ 3,630</u>	<u>\$ 1,640</u>
Employee Great Fund				
Assets				
Cash and cash equivalents	\$ 19,362	\$ 7,178	\$ 1,650	\$ 24,890
Total assets	<u>\$ 19,362</u>	<u>\$ 7,178</u>	<u>\$ 1,650</u>	<u>\$ 24,890</u>
Liabilities				
Due to others	\$ 19,362	\$ 7,178	\$ 1,650	\$ 24,890
Total liabilities	<u>\$ 19,362</u>	<u>\$ 7,178</u>	<u>\$ 1,650</u>	<u>\$ 24,890</u>
Treasurer's Cash Bond				
Assets				
Cash and cash equivalents	\$ 385,289	\$ 377,785	\$ 233,649	\$ 529,425
Total assets	<u>\$ 385,289</u>	<u>\$ 377,785</u>	<u>\$ 233,649</u>	<u>\$ 529,425</u>
Liabilities				
Due to others	\$ 385,289	\$ 377,785	\$ 233,649	\$ 529,425
Total liabilities	<u>\$ 385,289</u>	<u>\$ 377,785</u>	<u>\$ 233,649</u>	<u>\$ 529,425</u>

Burnet County, Texas
Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-14)
Year Ended September 30, 2018

	<u>Balance 10/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2018</u>
County Clerk's Trusts				
Assets				
Cash and cash equivalents	\$ 576,216	\$ 77,871	\$ 111,363	\$ 542,724
Total assets	<u>\$ 576,216</u>	<u>\$ 77,871</u>	<u>\$ 111,363</u>	<u>\$ 542,724</u>
Liabilities				
Due to others	\$ 576,216	\$ 77,871	\$ 111,363	\$ 542,724
Total liabilities	<u>\$ 576,216</u>	<u>\$ 77,871</u>	<u>\$ 111,363</u>	<u>\$ 542,724</u>
County Clerk's Registry				
Assets				
Cash and cash equivalents	\$ 255,988	\$ 56,116	\$ 240,801	\$ 71,303
Total assets	<u>\$ 255,988</u>	<u>\$ 56,116</u>	<u>\$ 240,801</u>	<u>\$ 71,303</u>
Liabilities				
Due to others	\$ 255,988	\$ 56,116	\$ 240,801	\$ 71,303
Total liabilities	<u>\$ 255,988</u>	<u>\$ 56,116</u>	<u>\$ 240,801</u>	<u>\$ 71,303</u>
District Clerk's Registry				
Assets				
Cash and cash equivalents	\$ 301,270	\$ 428,891	\$ 314,345	\$ 415,816
Total assets	<u>\$ 301,270</u>	<u>\$ 428,891</u>	<u>\$ 314,345</u>	<u>\$ 415,816</u>
Liabilities				
Due to others	\$ 301,270	\$ 428,891	\$ 314,345	\$ 415,816
Total liabilities	<u>\$ 301,270</u>	<u>\$ 428,891</u>	<u>\$ 314,345</u>	<u>\$ 415,816</u>
District Clerk's Trusts				
Assets				
Cash and cash equivalents	\$ 122,313	\$ 15,573	\$ 37,126	\$ 100,760
Total assets	<u>\$ 122,313</u>	<u>\$ 15,573</u>	<u>\$ 37,126</u>	<u>\$ 100,760</u>
Liabilities				
Due to others	\$ 122,313	\$ 15,573	\$ 37,126	\$ 100,760
Total liabilities	<u>\$ 122,313</u>	<u>\$ 15,573</u>	<u>\$ 37,126</u>	<u>\$ 100,760</u>

Burnet County, Texas

Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-14)
Year Ended September 30, 2018

	<u>Balance 10/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2018</u>
Tax A/C Sales Tax and State Fees				
Assets				
Cash and cash equivalents	\$ -	\$ 34,771,995	\$ 34,586,506	\$ 185,489
Total assets	<u>\$ -</u>	<u>\$ 34,771,995</u>	<u>\$ 34,586,506</u>	<u>\$ 185,489</u>
Liabilities				
Due to others	\$ -	\$ 34,771,995	\$ 34,586,506	\$ 185,489
Total liabilities	<u>\$ -</u>	<u>\$ 34,771,995</u>	<u>\$ 34,586,506</u>	<u>\$ 185,489</u>
Inmate Trust				
Assets				
Cash and cash equivalents	\$ 53,361	\$ 731,107	\$ 737,153	\$ 47,315
Total assets	<u>\$ 53,361</u>	<u>\$ 731,107</u>	<u>\$ 737,153</u>	<u>\$ 47,315</u>
Liabilities				
Due to others	\$ 53,361	\$ 731,107	\$ 737,153	\$ 47,315
Total liabilities	<u>\$ 53,361</u>	<u>\$ 731,107</u>	<u>\$ 737,153</u>	<u>\$ 47,315</u>
Juvenile Probation				
Assets				
Cash and cash equivalents	\$ 182,329	\$ 1,504,645	\$ 1,519,205	\$ 167,769
Total assets	<u>\$ 182,329</u>	<u>\$ 1,504,645</u>	<u>\$ 1,519,205</u>	<u>\$ 167,769</u>
Liabilities				
Due to others	\$ 182,329	\$ 1,504,645	\$ 1,519,205	\$ 167,769
Total liabilities	<u>\$ 182,329</u>	<u>\$ 1,504,645</u>	<u>\$ 1,519,205</u>	<u>\$ 167,769</u>
Adult Probation				
Assets				
Cash and cash equivalents	\$ 920,595	\$ 6,282,256	\$ 6,207,769	\$ 995,082
Total assets	<u>\$ 920,595</u>	<u>\$ 6,282,256</u>	<u>\$ 6,207,769</u>	<u>\$ 995,082</u>
Liabilities				
Due to others	\$ 920,595	\$ 6,282,256	\$ 6,207,769	\$ 995,082
Total liabilities	<u>\$ 920,595</u>	<u>\$ 6,282,256</u>	<u>\$ 6,207,769</u>	<u>\$ 995,082</u>

Burnet County, Texas

Combining Statement of Changes in Assets and Liabilities – All Agency Funds (Exhibit C-14)
Year Ended September 30, 2018

	<u>Balance 10/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2018</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 2,964,301	\$ 44,943,981	\$ 44,668,092	\$ 3,240,190
Total assets	<u>\$ 2,964,301</u>	<u>\$ 44,943,981</u>	<u>\$ 44,668,092</u>	<u>\$ 3,240,190</u>
Liabilities				
Due to others	\$ 2,964,301	\$ 44,943,981	\$ 44,668,092	\$ 3,240,190
Total liabilities	<u>\$ 2,964,301</u>	<u>\$ 44,943,981</u>	<u>\$ 44,668,092</u>	<u>\$ 3,240,190</u>



Statistical Section
September 30, 2018

Burnet County, Texas

Burnet County, Texas
Net Position by Component (Table 1)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 6,589,622	\$ 8,131,053	\$ 8,991,719	\$ 10,130,715	\$ 10,397,590	\$ 11,133,474	\$ 11,223,818	\$ 10,647,846	\$ 11,720,177	\$ 13,283,083
Restricted	2,238,176	2,363,974	1,973,018	1,854,763	2,066,761	3,877,891	2,703,255	2,918,390	3,063,044	3,356,838
Unrestricted	7,950,786	7,920,246	6,983,482	7,781,982	8,754,048	7,272,048	6,189,897	6,244,489	2,752,974	2,016,924
Total governmental activities net position	<u>\$ 16,778,584</u>	<u>\$ 18,415,273</u>	<u>\$ 17,948,219</u>	<u>\$ 19,767,460</u>	<u>\$ 21,218,399</u>	<u>\$ 22,283,413</u>	<u>\$ 20,116,970</u>	<u>\$ 19,810,725</u>	<u>\$ 17,536,195</u>	<u>\$ 18,656,845</u>

Burnet County, Texas
Changes in Net Position (Table 2)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
General government	\$ 8,230,791	\$ 8,971,896	\$ 9,365,277	\$ 9,689,816	\$ 8,911,433	\$ 9,836,316	\$ 10,009,382	\$ 11,611,958	\$ 12,630,031	\$ 12,667,853
Public safety	5,962,184	5,621,349	5,888,344	5,807,933	7,579,400	9,213,061	10,671,618	10,554,301	14,204,584	16,099,155
Public transportation	2,187,038	2,662,518	2,834,692	2,601,488	2,828,087	2,925,573	2,950,608	2,986,116	3,029,716	3,218,518
Health and welfare	453,438	590,292	722,603	609,570	531,660	618,282	540,270	588,627	615,565	411,338
Culture and recreation	898,391	726,592	749,805	697,018	779,946	786,521	811,745	819,902	892,541	890,872
Conservation	204,980	234,281	320,590	516,942	449,112	256,130	250,383	290,683	327,610	324,936
Debt Service	339,283	229,834	209,573	163,462	118,286	87,962	821,885	679,737	656,821	642,497
Total governmental activities expenses	<u>18,276,105</u>	<u>19,036,762</u>	<u>20,090,884</u>	<u>20,086,229</u>	<u>21,197,924</u>	<u>23,723,845</u>	<u>26,055,891</u>	<u>27,531,324</u>	<u>32,356,868</u>	<u>34,255,169</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	1,378,505	1,387,549	292,287	1,002,955	1,085,961	1,218,240	1,525,027	1,962,179	1,856,913	1,893,855
Public safety	517,605	545,543	811,238	477,066	452,797	1,010,945	1,265,529	1,313,761	4,381,801	5,874,733
Public transportation	1,209,877	1,214,181	1,231,456	1,682,462	1,811,333	1,917,877	2,400,852	1,593,672	1,603,453	1,696,573
Health and welfare	5,325	5,707	5,829	18,660	19,578	20,015	25,055	10,383	7,821	8,480
Culture and recreation	29,510	37,161	36,853	33,030	32,236	33,724	42,217	47,595	43,313	41,095
Grants and contributions	1,256,815	1,295,608	936,982	2,010,403	1,506,620	1,764,627	1,855,659	1,748,028	1,061,226	3,438,419
Total governmental activities program revenues	<u>4,397,637</u>	<u>4,485,749</u>	<u>3,314,645</u>	<u>5,224,576</u>	<u>4,908,525</u>	<u>5,965,428</u>	<u>7,114,339</u>	<u>6,675,618</u>	<u>8,954,527</u>	<u>12,953,155</u>
Net (Expenses) /Revenues	<u>\$(13,878,468)</u>	<u>\$(14,551,013)</u>	<u>\$(16,776,239)</u>	<u>\$(14,861,653)</u>	<u>\$(16,289,399)</u>	<u>\$(17,758,417)</u>	<u>\$(18,941,552)</u>	<u>\$(20,855,706)</u>	<u>\$(23,402,341)</u>	<u>\$(21,302,014)</u>

Burnet County, Texas
Changes in Net Position (Table 2)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	\$ 13,927,242	\$ 14,923,248	\$ 15,437,428	\$ 15,863,963	\$ 16,901,829	\$ 17,306,024	\$ 18,516,562	\$ 19,340,372	\$ 19,998,027	\$ 21,837,294
Other taxes	322,626	307,643	274,257	321,095	318,621	402,748	434,747	497,396	538,803	578,334
Penalty and interest	203,547	228,340	220,523	215,565	239,488	229,766	-	-	-	-
Other revenue not restricted to specific programs	176,058	674,037	288,352	267,911	331,739	639,551	1,256,892	662,714	412,697	454,325
Investment earnings	114,249	54,434	88,625	138,548	98,537	53,603	154,339	48,979	151,900	228,669
Gain on sale of capital assets	-	-	-	-	-	-	-	-	26,384	-
Total general revenues	<u>14,743,722</u>	<u>16,187,702</u>	<u>16,309,185</u>	<u>16,807,082</u>	<u>17,890,214</u>	<u>18,631,692</u>	<u>20,362,540</u>	<u>20,549,461</u>	<u>21,127,811</u>	<u>23,098,622</u>
Change in Net Position	<u>\$ 865,254</u>	<u>\$ 1,636,689</u>	<u>\$ (467,054)</u>	<u>\$ 1,945,429</u>	<u>\$ 1,600,815</u>	<u>\$ 873,275</u>	<u>\$ 1,420,989</u>	<u>\$ (306,245)</u>	<u>\$ (2,274,530)</u>	<u>\$ 1,796,608</u>

Extracted from the Statement of Activities

Burnet County, Texas
Fund Balances of Governmental Funds (Table 3)
Last Ten Fiscal Years¹
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Non-spendable	\$ -	\$ -	\$ 41,059	\$ 30,051	\$ 34,273	\$ 35,185	\$ 107,174	\$ 92,923	\$ 92,977	\$ 44,197
Restricted	-	-	670,331	663,078	758,096	902,023	963,195	-	-	-
Committed	-	-	55,096	60,775	92,748	57,270	112,034	-	-	-
Assigned	-	-	222,430	222,430	281,616	739,212	1,450,559	-	-	-
Unassigned	-	-	4,985,243	5,947,429	6,852,443	6,399,924	5,184,873	3,613,510	1,808,856	2,061,273
Reserved	790,175	1,014,527	-	-	-	-	-	-	-	-
Unreserved	4,271,139	4,479,886	-	-	-	-	-	-	-	-
Total general fund	<u>5,061,314</u>	<u>5,494,413</u>	<u>5,974,159</u>	<u>6,923,763</u>	<u>8,019,176</u>	<u>8,133,614</u>	<u>7,817,835</u>	<u>3,706,433</u>	<u>1,901,833</u>	<u>2,105,470</u>
All other governmental funds										
Non-spendable	-	-	1,740	4,227	3,910	998	20,708	17,222	16,892	11,636
Restricted	-	-	1,302,687	1,191,685	1,308,665	1,190,123	1,738,067	8,588,290	8,415,655	6,320,951
Committed	-	-	805,775	716,558	748,015	865,738	946,625	1,020,733	1,126,542	1,257,152
Assigned	-	-	35,936	12,116	59,724	123,525	764,722	2,896,654	1,812,120	1,697,081
Unassigned	-	-	-	-	-	-	-	-	(5,972)	29,183
Reserved	1,448,001	1,387,932	-	-	-	-	-	-	-	-
Unreserved, reported in	-	-	-	-	-	-	-	-	-	-
Special revenue funds	1,818,982	1,657,549	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>3,266,983</u>	<u>3,045,481</u>	<u>2,146,138</u>	<u>1,924,586</u>	<u>2,120,314</u>	<u>2,180,384</u>	<u>3,470,122</u>	<u>12,522,899</u>	<u>11,365,237</u>	<u>9,316,003</u>
Total funds	<u>\$ 8,328,297</u>	<u>\$ 8,539,894</u>	<u>\$ 8,120,297</u>	<u>\$ 8,848,349</u>	<u>\$ 10,139,490</u>	<u>\$ 10,313,998</u>	<u>\$ 11,287,957</u>	<u>\$ 16,229,332</u>	<u>\$ 13,267,070</u>	<u>\$ 11,421,473</u>

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

Extracted from Balance Sheet--Governmental Funds

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

Burnet County, Texas
Changes in Fund Balances of Governmental Funds (Table 4)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 14,393,941	\$ 15,419,894	\$ 15,884,591	\$ 16,325,985	\$ 17,456,793	\$ 17,990,254	\$ 19,212,460	\$ 19,818,757	\$ 20,509,103	\$ 22,490,942
Licenses and permits	1,258,994	1,256,519	1,281,249	1,313,360	1,351,827	1,440,048	1,514,583	1,543,735	1,581,490	1,661,691
Intergovernmental and grants	1,313,874	1,590,685	1,006,961	2,065,542	1,550,281	1,800,592	1,828,548	1,615,590	1,061,503	3,157,097
Charges for services	1,250,918	1,163,697	1,500,364	1,452,197	1,474,788	2,174,799	3,043,751	2,283,034	5,339,075	7,035,791
Fines	550,529	568,511	474,726	447,306	535,315	574,762	560,301	986,196	1,143,354	840,987
Investment earnings	109,861	53,334	88,362	117,212	98,537	53,603	154,339	74,119	151,900	228,669
Other revenue	154,627	299,209	224,943	273,707	266,301	282,807	196,188	631,118	412,698	396,791
Total revenues	19,032,744	20,351,849	20,461,196	21,995,309	22,733,842	24,316,865	26,510,170	26,952,549	30,199,123	35,811,968
Expenditures										
General government	7,739,771	8,445,073	8,681,370	9,074,876	8,265,350	9,095,659	9,550,395	11,198,909	11,956,410	11,934,685
Public safety	5,207,457	4,933,582	5,444,752	5,330,507	6,945,177	8,541,083	10,000,796	9,419,010	12,507,401	13,808,485
Health and welfare	637,731	576,317	708,628	595,595	528,166	618,282	540,270	554,618	581,556	392,495
Culture and recreation	674,122	708,917	731,305	677,134	759,933	762,320	799,912	784,816	860,101	864,827
Conservation	184,432	212,469	298,263	495,722	429,441	236,459	241,531	291,449	310,030	312,475
Public transportation	2,767,690	2,291,767	2,253,269	2,180,950	2,347,796	2,517,464	2,563,894	2,592,691	2,593,843	3,051,946
Debt service										
Principal	1,235,035	1,286,288	1,394,370	1,471,814	1,528,682	1,309,482	1,308,770	1,160,519	1,553,058	1,697,639
Interest	334,563	277,355	174,493	128,382	93,870	63,548	552,085	893,681	687,628	672,162
Capital outlay	1,123,387	2,878,861	1,491,123	1,356,102	688,226	1,146,147	16,256,701	1,253,092	2,521,181	5,821,022
Total expenditures	19,904,188	21,610,629	21,177,573	21,311,082	21,586,641	24,290,444	41,814,354	28,148,785	33,571,208	38,555,736
Excess of revenues over (under) expenditures	(871,444)	(1,258,780)	(716,377)	684,227	1,147,201	26,421	(15,304,184)	(1,196,236)	(3,372,085)	(2,743,768)

Burnet County, Texas
Changes in Fund Balances of Governmental Funds (Table 4)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses)										
Transfers in	1,254,976	2,624,501	919,292	959,355	913,186	1,096,901	4,477,625	8,422,290	4,290,483	3,258,132
Transfers out	(1,254,976)	(2,337,925)	(831,042)	(853,412)	(934,772)	(1,124,929)	(4,515,179)	(8,445,998)	(4,301,694)	(3,282,927)
Proceeds from debt issued & capital leases	220,162	1,367,246	186,473	77,859	83,028	135,934	15,767,396	6,072,023	379,422	860,073
Proceeds from insurance settlements	-	-	12,143	8,191	48,851	28,229	850,000	-	-	62,893
Proceeds from Sale of capital assets	7,559	116,490	9,913	4,102	33,647	11,954	33,221	89,296	41,612	-
Total other financing sources (uses)	<u>227,721</u>	<u>1,770,312</u>	<u>296,779</u>	<u>196,095</u>	<u>143,940</u>	<u>148,089</u>	<u>16,613,063</u>	<u>6,137,611</u>	<u>409,823</u>	<u>898,171</u>
Net change in fund balances	<u>\$ (643,723)</u>	<u>\$ 511,532</u>	<u>\$ (419,598)</u>	<u>\$ 880,322</u>	<u>\$ 1,291,141</u>	<u>\$ 174,510</u>	<u>\$ 1,308,879</u>	<u>\$ 4,941,375</u>	<u>\$ (2,962,262)</u>	<u>\$ (1,845,597)</u>
Debt services as a percentage of noncapital expenditures	8.36%	8.35%	7.97%	8.02%	7.76%	5.93%	7.28%	7.64%	7.22%	7.24%

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) (Table 5)
 Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental	State/Federal Grants	Charges for Services	Fines and Forfeitures	Miscellaneous	Totals
2018	\$ 22,490,942	\$ 1,661,691	\$ 2,125,342	\$ 1,031,755	\$ 7,035,791	\$ 840,987	\$ 625,460	\$ 35,811,968
2017	\$ 20,509,103	\$ 1,581,490	\$ 315,798	\$ 745,705	\$ 5,339,075	\$ 1,143,354	\$ 564,598	\$ 30,199,123
2016	\$ 19,818,757	\$ 1,543,735	\$ 827,364	\$ 788,226	\$ 2,283,034	\$ 986,196	\$ 705,237	\$ 26,952,549
2015	\$ 19,212,460	\$ 1,514,583	\$ 424,850	\$ 1,403,698	\$ 3,043,751	\$ 560,301	\$ 350,527	\$ 26,510,170
2014	\$ 17,990,254	\$ 1,440,048	\$ 283,518	\$ 1,517,074	\$ 2,174,799	\$ 609,969	\$ 301,203	\$ 24,316,865
2013	\$ 17,456,793	\$ 1,351,827	\$ 232,551	\$ 1,317,730	\$ 1,474,788	\$ 577,289	\$ 322,864	\$ 22,733,842
2012	\$ 16,325,985	\$ 1,313,360	\$ 128,243	\$ 1,937,299	\$ 1,452,197	\$ 452,227	\$ 385,998	\$ 21,995,309
2011	\$ 15,884,591	\$ 1,452,197	\$ (936,982)	\$ 936,982	\$ 1,500,364	\$ 477,329	\$ 310,702	\$ 19,625,182
2010	\$ 15,419,894	\$ 1,256,519	\$ 295,078	\$ 1,295,608	\$ 1,163,697	\$ 568,511	\$ 352,543	\$ 20,351,850
2009	\$ 14,393,941	\$ 1,258,994	\$ 245,753	\$ 1,068,121	\$ 1,250,918	\$ 550,529	\$ 264,488	\$ 19,032,744

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

Burnet County, Texas
Assessed Value and Estimated Actual Value of Taxable Property (Table 6)
Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property			Less Total Exemptions	Total Assessed Value	Total Direct Tax Rate	Total Estimated Adjusted Actual Taxable Value	Actual Value as a Percentage of Assessed Value
	Residential Property	Commercial Property	All Other					
2018	\$3,475,759,227	\$ 577,516,971	\$ 1,628,260,454	\$ 640,117,358	\$5,681,536,652	0.39690	\$4,426,995,916	0.7792
2017	3,177,645,632	487,404,314	1,487,584,394	514,570,866	5,152,634,340	0.39690	4,038,629,807	0.7838
2016	3,038,830,379	511,552,863	1,411,275,542	540,799,102	4,961,658,784	0.40250	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	0.41400	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	0.39510	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	0.39340	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	0.37240	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	0.36920	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	0.36270	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	0.36270	3,250,104,295	0.7909

Source: Burnet Central Appraisal District

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 (Table 7)
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Direct Rates										
Burnet County General Rates	0.3277	0.3267	0.3303	0.3332	0.3517	0.3533	0.3700	0.3601	0.3551	0.3551
Burnet Co. Special Road & Bridge Rate	0.0350	0.0360	0.0389	0.0392	0.0417	0.0418	0.0440	0.0424	0.0418	0.0418
Total direct tax rate	0.3627	0.3627	0.3692	0.3724	0.3934	0.3951	0.4140	0.4025	0.3969	0.3969
Overlapping Debt										
City Rates										
City of Bertram	0.4565	0.4565	0.4565	0.4810	0.4810	0.4810	0.4810	0.4810	0.4810	0.4810
City of Burnet	0.5574	0.5852	0.6265	0.6265	0.6265	0.6265	0.6265	0.6265	0.6265	0.6237
City of Cottonwood Shores	0.4638	0.4999	0.5000	0.5000	0.5172	0.5438	0.5438	0.5438	0.5438	0.5438
City of Granite Shoals	0.4311	0.4300	0.4480	0.4600	0.4970	0.5198	0.5207	0.5472	0.5631	0.5631
City of Highland Haven	0.0724	0.0680	0.0718	0.0944	0.1125	0.1125	0.1059	0.1110	0.1154	0.1154
City of Horseshoe Bay	0.3500	0.3300	0.2500	0.2500	0.2500	0.2500	0.2500	0.2600	0.2600	0.2600
City of Marble Falls	0.6300	0.6134	0.6435	0.6483	0.6483	0.6483	0.6483	0.6483	0.6340	0.6340
City of Meadowlakes	0.2990	0.2990	0.2990	0.3159	0.3206	0.3206	0.3206	0.3186	0.3150	0.3150
School District Rates										
Burnet C. I. S. D.	1.2500	1.2500	1.2650	1.2625	1.2625	1.2625	1.3300	1.3200	1.2800	1.2800
Lampasas I. S. D.	1.5000	1.4600	1.4600	1.4600	1.4500	1.4500	1.4300	1.4300	1.4300	1.4300
Marble Falls I. S. D.	1.2550	1.2850	1.2900	1.2800	1.2800	1.2800	1.2800	1.2800	1.2786	1.2786

Burnet County, Texas
Property Tax Rates - Direct and Overlapping Governments (Table 7)
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Special District Rates										
Burnet ESD #1	0.0295	0.0280	0.0280	0.0220	0.0220	0.0220	0.0231	0.0246	0.0246	0.0246
Burnet ESD #2	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Burnet ESD #3	-	-	-	0.0875	0.0875	0.0875	0.0855	0.0750	0.0650	0.0650
Burnet ESD #4	0.0780	0.0810	0.0826	0.0750	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Burnet ESD #5	-	0.1000	0.1000	0.0998	0.0910	0.0910	0.0910	0.0905	0.0911	0.0911
Burnet ESD #6	-	-	-	0.0861	0.0861	0.0835	0.0791	0.1000	0.0929	0.0929
Burnet ESD #7	-	0.1000	0.0960	0.0975	0.0975	0.0965	0.0965	0.0965	0.0977	0.0977
Burnet ESD #8	-	-	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Burnet ESD #9						0.1000	0.1000	0.1000	0.1000	0.1000
Kingsland M.U.D.	0.2500	0.2400	0.2250	0.2200	0.2200	0.2200	0.2200	0.2200	0.2190	0.2190
Central Texas Groundwater	0.0137	0.0131	0.0108	0.0099	0.0098	0.0096	0.0091	0.0091	0.0085	0.0085
Total direct and overlapping rates	<u>8.0991</u>	<u>8.3018</u>	<u>8.4219</u>	<u>8.6488</u>	<u>8.7529</u>	<u>8.9002</u>	<u>8.9551</u>	<u>8.9846</u>	<u>8.9231</u>	<u>8.9203</u>

Source: Burnet Central Appraisal District

Burnet County, Texas
Property Tax Levies and Collections (Table 8)
Last Ten Fiscal Years

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date ⁽¹⁾	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$21,637,680	\$21,267,043	98.29%	\$ -	\$21,267,043	98.29%
2017	\$19,773,632	\$19,631,328	99.28%	\$ 124,747	\$19,756,075	99.91%
2016	\$19,134,259	\$18,986,845	99.23%	\$ 114,595	\$19,101,440	99.83%
2015	\$18,861,757	\$18,439,809	97.76%	\$ 166,663	\$18,606,472	98.65%
2014	\$17,271,388	\$17,027,445	98.59%	\$ 229,805	\$17,257,250	99.92%
2013	\$16,761,190	\$16,585,333	98.95%	\$ 167,906	\$16,753,239	99.95%
2012	\$15,828,135	\$15,487,022	97.84%	\$ 335,483	\$15,822,505	99.96%
2011	\$15,425,858	\$15,092,330	97.84%	\$ 322,788	\$15,415,118	99.93%
2010	\$14,943,142	\$14,565,642	97.47%	\$ 298,908	\$14,864,550	99.47%
2009	\$13,949,024	\$13,600,505	97.50%	\$ 190,011	\$13,790,516	98.86%

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

Source: Burnet Central Appraisal District

Burnet County, Texas
Ratios of Outstanding Debt by Type (Table 9)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Personal Income ^{1,2}	Population	Net Bonded Debt Per Capita
	General Obligation Bonds	Unamortized Bond Premium	Capital Leases	Total Primary Government			
2018	\$ 17,990,000	\$ 471,910	\$ 1,205,503	\$ 19,667,413	0.93%	50,386	\$ 390.33
2017	\$ 19,335,000	\$ 498,128	\$ 698,069	\$ 20,531,197	0.98%	46,243	\$ 443.98
2016	\$ 20,625,000	\$ 524,345	\$ 581,704	\$ 21,731,049	1.08%	45,463	\$ 477.99
2015	\$ 15,820,000	\$ 553,349	\$ 475,200	\$ 16,848,549	0.85%	44,943	\$ 374.89
2014	\$ 2,185,000	\$ 11,143	\$ 210,875	\$ 2,407,018	0.12%	43,911	\$ 54.82
2013	\$ 3,400,000	\$ 19,499	\$ 287,620	\$ 3,707,119	0.35%	43,448	\$ 85.32
2012	\$ 4,790,000	\$ 27,855	\$ 225,075	\$ 5,042,930	0.48%	43,117	\$ 116.96
2011	\$ 6,140,000	\$ 36,211	\$ 269,030	\$ 6,445,241	0.61%	42,750	\$ 150.77
2010	\$ 7,420,000	\$ 44,567	\$ 196,927	\$ 7,661,494	0.52%	42,750	\$ 179.22
2009	\$ 7,070,000	\$ -	\$ 334,154	\$ 7,404,154	0.68%	45,658	\$ 162.17

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 (Table 10)
September 30, 2018
(unaudited)

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Direct			
Burnet County	\$ 19,195,503	100.00%	\$ 19,195,503
Total direct debt	<u>19,195,503</u>		<u>19,195,503</u>
Overlapping Debt			
Burnet C. I. S. D.	35,985,000	87.89%	31,627,217
City of Burnet	22,341,000	100.00%	22,341,000
City of Cottonwood Shores	1,666,000	100.00%	1,666,000
City of Granite Shoals	11,393,000	100.00%	11,393,000
City of Highland Haven	895,000	100.00%	895,000
City of Horseshoe Bay	22,920,000	10.67%	2,445,564
City of Marble Falls	55,915,000	100.00%	55,915,000
City of Meadowlakes	2,025,000	100.00%	2,025,000
Lampasas I. S. D.	33,424,982	8.07%	2,697,396
Marble Falls I. S. D.	<u>55,065,000</u>	85.97%	<u>47,339,381</u>
Total overlapping debt	<u>241,629,982</u>		<u>178,344,557</u>
Total direct and overlapping debt	<u><u>\$ 260,825,485</u></u>		<u><u>\$ 197,540,060</u></u>

Source: Outstanding Debt as of September 30, 2018

¹ The Municipal Advisory of Texas.

Burnet County, Texas
Ratios of General Bonded Debt Outstanding (Table 11)
Last Ten Fiscal Years
(unaudited)

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value ¹ of Property	Per Capita ²
2018	\$ 17,990,000	1,087,614	\$ 16,902,386	0.3818%	\$ 361.13
2017	\$ 19,335,000	857,174	\$ 18,477,826	0.4575%	\$ 399.58
2016	\$ 20,625,000	793,260	\$ 19,831,740	0.5095%	\$ 436.22
2015	\$ 15,820,000	674,383	\$ 15,145,617	0.4112%	\$ 337.00
2014	\$ 2,185,000	293,509	\$ 1,891,491	0.5250%	\$ 42.09
2013	\$ 3,400,000	270,771	\$ 3,129,229	0.0880%	\$ 71.26
2012	\$ 4,790,000	279,320	\$ 4,510,680	0.1287%	\$ 103.82
2011	\$ 6,140,000	327,222	\$ 5,812,778	0.1668%	\$ 134.81
2010	\$ 7,420,000	520,063	\$ 6,899,937	0.1989%	\$ 161.40
2009	\$ 7,070,000	750,619	\$ 6,319,381	0.1944%	\$ 147.82

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 (Table 12)
 Last Ten Fiscal Years
 (unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$1,062,185,912	\$ 927,148,304	\$ 936,480,059	\$ 953,345,432	\$ 966,983,312	\$ 971,823,151	\$1,166,636,701	\$1,107,248,995	\$1,138,300,168	\$1,266,778,319
Total net debt applicable to limit	6,318,381	6,899,937	5,812,778	4,510,680	3,129,229	1,891,491	15,145,617	19,831,740	18,477,826	16,907,212
Legal debt margin	<u>\$1,055,867,531</u>	<u>\$ 920,248,367</u>	<u>\$ 930,667,281</u>	<u>\$ 948,834,752</u>	<u>\$ 963,854,083</u>	<u>\$ 969,931,660</u>	<u>\$1,151,491,084</u>	<u>\$1,087,417,255</u>	<u>\$1,119,822,342</u>	<u>\$1,249,871,107</u>
Total net debt applicable to the limit as percentage of debt limit	0.59%	0.74%	0.62%	0.47%	0.32%	0.19%	1.30%	1.79%	1.62%	1.33%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value ¹	\$4,426,995,916
Add back exempt real property ¹	<u>640,117,358</u>
Total assessed value	<u>\$5,067,113,274</u>
Debt Limit (25% of total assessed value)	\$1,266,778,319
Debt applicable to limit	
General obligation bonds ²	17,990,000
Less Amount set aside for repayment of general obligation debt ³	<u>1,082,788</u>
Total net debt applicable to limit	<u>16,907,212</u>
Legal debt margin	<u>\$1,249,871,107</u>

Sources:

¹Burnet Central Appraisal District

²Note 9 of the Financial Statements

³Statement of Net Position

Burnet County, Texas
Principal Property Taxpayers (Table 13)
Current Year and Nine Years Ago

Employer	2009			2018		
	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	0.77%	\$ 42,625,924	1	0.85%
APAC Texas, Inc				26,453,456	2	0.53%
LCRA Transmission Services Corp.	12,924,746	4	0.37%	25,365,282	3	0.50%
Enterprise Crude Pipeline LLC				21,186,095	4	0.42%
Worldmark the Club				16,030,944	5	0.32%
HTA-Marble Falls Mob LLC				14,321,840	6	0.28%
Bray Spaar Partnership				14,000,000	7	0.28%
Huber JM Corp				11,946,834	8	0.24%
Lhoist North America				11,035,617	9	0.22%
Castle Acres LLC				9,824,877	10	0.20%
J.M. Huber Corp	9,688,553	6	0.28%			
Capitol Aggregates LTD	21,998,267	2	0.63%			
ATMI Materials LTD	15,826,946	3	0.46%			
GTE Southwest	11,558,466	5	0.33%			
Chemical Lime	8,866,320	7	0.26%			
Johnson-Sewell Family Partnership	6,868,386	10	0.20%			
Wal-Mart Stores Inc 01-0781	8,144,779	8	0.23%			
Wal-Mart Stores East LP	7,476,271	9	0.22%			
Total	\$ 130,066,449		3.75%	\$ 192,790,869		3.84%

Source: The Municipal Advisory of Texas.

Burnet County, Texas
Demographic and Economic Statistics (Table 14)
Last Ten Fiscal Years

Fiscal Year	Population *	Personal Income	Per capita Personal Income	Median Age	Education Level in Years of Formal Schooling	Public School Enrollment	Burnet County Unemployment Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2018	\$ 46,804	\$ 2,122,566,000	\$ 45,500	44.3	14.1	N/A	2.9%
2017	46,243	2,097,120,050	45,350	44.5	14.0	7,295	2.9%
2016	45,463	2,018,466,274	44,398	44.1	13.4	7,314	3.5%
2015	44,943	1,979,424,549	44,043	43.4	13.8	7,204	3.7%
2014	43,911	2,079,361,494	47,354	43.8	13.8	6,949	4.0%
2013	43,448	920,880,360	21,195	43.0	13.8	7,464	4.9%
2012	43,117	1,078,399,287	25,011	43.2	13.8	7,520	5.0%
2011	42,750	1,052,761,500	24,626	43.5	13.2	7,582	6.7%
2010	42,750	1,048,700,250	24,531	41.5	12.6	7,316	6.4%
2009	45,658	1,093,737,390	23,955	41.3	12.6	7,296	5.7%

(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>

* 2018 estimated

Burnet County, Texas
Principal Employers (Table 15)
Current and Nine Years Ago

Employer	2009			2018		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Marble Falls ISD	638	2	2.86%	496	1	2.17%
Burnet CISD	285	5	1.28%	455	2	1.99%
Wal-Mart Stores, Inc.	375	3	1.68%	400	3	1.75%
Burnet County	185	7	0.83%	336	4	1.47%
HEB Grocery	201	6	0.90%	225	5	0.98%
Home Depot, USA				225	5	0.98%
Edwards Risk Management				180	7	0.79%
City of Burnet	120	10	0.54%	130	8	0.57%
Texas Dept. of Criminal Justice	120	9	0.54%	130	8	0.57%
Seton Highland Lakes	311	4	1.40%	120	10	0.52%
Horseshoes Bay Resort & Marriott	719	1	3.23%			
City of Marble Falls	129	8	0.58%			
Total	<u>3,083</u>		<u>13.84%</u>	<u>2,697</u>		<u>11.79%</u>

Sources: The Municipal Advisory of Texas.
Number of employed from the Texas Labor Market Info--Burnet County Website--
<http://www.tracer2.com>

Burnet County, Texas
 Full-Time Equivalent County Government Employees by Function/Program (Table 16)
 Last Ten Fiscal Years

Function/ Program	Full-time Equivalent Employees as of September 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	66	65	65	65	63	78	79	82	82	93
Elected Officials	20	20	20	20	20	20	20	20	20	20
Public Safety	55	58	58	58	59	88	137	182	187	151
Conservation/Environmental	5	4	4	4	4	5	6	5	5	5
Health and Welfare	1	1	1	1	1	-	-	-	-	-
Community Service	1	1	1	1	1	1	1	1	1	1
Library	11	14	13	13	13	13	14	14	14	19
Road and Bridge	26	27	27	27	27	27	27	27	27	27
Total	185	190	189	189	187	232	284	331	336	316

*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
 Operating Indicators by Function/Program (Table 17)
 Last Ten Fiscal Years
 (unaudited)

Function/ Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
County Finance										
Accounts Payable checks issued	4,506	4,516	5,880	4,554	3,799	4,759	4,243	4,281	5,076	5,167
Payroll checks and advices issued	5,720	7,070	7,016	7,287	7,540	8,169	7,384	7,930	8,502	9,885
Deposit warrants issued	3,448	3,871	5,014	4,985	5,441	5,739	5,527	5,626	6,720	8,738
Tax Office										
Auto titles issued	9,887	10,049	10,121	10,489	10,868	10,951	11,001	11,111	11,858	12,107
Auto registrations	50,724	50,681	50,746	51,390	52,074	53,269	53,479	54,198	56,540	57,881
Elections *										
Voter registration *	25,622	26,117	25,390	26,636	26,308	27,384	27,326	29,587	39,571	31,072
Administration of justice **										
District court level										
Civil cases filed	758	605	521	437	419	373	353	359	415	423
Civil case dispositions	675	575	558	400	447	444	421	400	342	389
Criminal cases filed	400	257	916	966	638	684	599	722	882	885
Criminal case dispositions	452	282	387	426	460	429	641	505	520	559
Juvenile cases filed	64	60	41	57	43	53	56	42	37	37
Juvenile cases disposed	78	59	11	35	33	42	51	47	32	47
County court level										
Civil cases filed	612	432	423	199	578	346	504	181	295	291
Civil case dispositions	530	444	307	186	582	347	550	247	207	176
Misdemeanor cases filed	1,070	835	950	1,041	1,848	2,087	1,153	1,565	1,028	1,466
Misdemeanor case dispositions	1,262	989	1,100	976	1,238	1,128	1,213	1,282	947	-
Justice of the Peace court level										
Civil cases filed	566	337	518	322	370	325	330	347	119	319
Civil case dispositions	530	281	362	324	337	357	273	340	81	291
Criminal cases filed	902	4,940	4,451	4,171	5,607	4,658	3,250	3,221	900	3,698
Criminal case dispositions	1,262	4,487	4,214	4,354	5,312	4,702	3,305	3,252	1,501	3,305

Burnet County, Texas
 Operating Indicators by Function/Program (Table 17)
 Last Ten Fiscal Years
 (unaudited)

Function/ Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Jail Facilities										
Total prisoner days	110	112	90	87	88	107	144	192	322	417
Cost per prisoner day	40	40	32	38	44	46	50	50	50	50
Law Enforcement										
Arrests	2,907	2,375	944	1,026	921	842	725	791	910	2,387
Citations filed	1,106	577	485	402	575	349	490	714	996	1,501
Culture and recreation										
County Library										
Materials circulated	285,143	292,100	298,714	271,946	232,789	243,420	241,410	239,665	224,613	201,405
Patrons	14,677	12,625	12,773	13,562	14,451	13,308	13,044	12,002	11,663	11,371
Transportation										
Road and Bridge										
Miles of new roadways	0.51	-	-	-	1.42	0.19	-	-	-	-
Miles of road surface-Major Improvements	0.25	-	-	-	-	-	-	-	-	-

Source: Various Burnet County Departments

* www.sos.state.tx.us/elections

** www.txcourts.gov/oca

Burnet County, Texas
Capital Asset Statistics by Function (Table 18)
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administrative Vehicles	14	16	16	16	15	12	27	30	28	30
Public Safety										
Sheriff patrol units	53	48	48	48	48	48	30	44	55	61
Law Enforcement units	12	16	16	18	21	30	30	33	19	24
Transportation										
Road and Bridge Vehicles	28	32	32	28	28	29	25	29	30	37
Road and Bridge Equipment	91	96	96	96	90	91	93	97	93	97
County roads (miles)	490	490	490	490	490	490	490	490	490	490
Culture and recreation										
County Parks	2	2	2	2	2	2	2	2	2	2
County Libraries	4	4	4	4	4	4	4	5	5	5

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

Burnet County, Texas
Schedule of Insurance in Force (Table 19)
September 30, 2018
(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	7/1/2018	7/1/2019	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	\$ 28,760
AUTOMOBILE PHYSICAL DAMAGE (TAC Risk Management Pool)	APD 0270 2014 07 01	7/1/2018	7/1/2019	Comprehensive Collision	2,500 / Deductible Actual cash value or cost of repair (lesser)	\$ 16,254
GENERAL LIABILITY (TAC Risk Management Pool)	GL 0270 2014 07 01	7/1/2018	7/1/2019	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	\$ 13,082
BUILDINGS/PROPERTY/CRIME (TAC Risk Management Pool)	PR 0270 2014 07 01	7/1/2018	7/1/2019	Basic Coverage: Buildings Contents Flood Flood- Deductible Earth Movement Earth Movement- Deductible	1,000 / Deductible 49,824,749 / Limit 6,670,460 / Limit 2,500,000 / Limit 25,000 / Deductible 10,000,000 / Limit 25,000 / Deductible	\$ 72,813

Burnet County, Texas
Schedule of Insurance in Force (Table 19)
September 30, 2018
(unaudited)

Type of Coverage and Name of Company	Policy Number	Policy From	Policy To	Details of Coverage	Liability Limits	Annual Premium
				Valuable Papers	1,000,000 / Limit	
				Electronic Data Equip	1,000,000 / Limit	
				Mobile Equipment	2,227,417 / Limit	
				Equipment Breakdown	50,000,000 / Limit	
				Fine Arts	20,000 / Limit	
				Site Improvement	306,953 / Limit	
				Law Enforcement Animals	30,000 / Limit per animal	
PUBLIC OFFICIALS LIABILITY (TAC Risk Management Pool)	PO 0270 2014 07 01	7/1/2018	7/1/2019	Public Officials Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 44,890
LAW ENFORCEMENT LIABILITY (TAC Risk Management Pool)	LE 0270 2014 04 01	4/1/2017	4/1/2018	Law Enforcement Liability	5,000 / Deductible 2,000,000 / Loss 2,000,000 / Aggregate	\$ 55,688
WORK RELEASE VOLUNTEER PROGRAM (The CIMA Companies, Inc.)	TX BURN 4	7/1/2018	7/1/2019	Volunteer Ins. Service	2,500 / Accidental Death 25,000 / Medical	\$ 1,890
WORKERS' COMPENSATION & EMPLOYERS' LIABILITY	WC 0270 2014 01 01	1/1/2017	1/1/2018	Death by Accident Death by Disease	1,000,000 / Accident 1,000,000 / Claimant 2,000,000 / Aggregate	\$ 224,817
UNEMPLOYMENT (Participation Agreement-TAC Unemployment Compensation Group Account Fund)	99-991884-D	10/1/2017	9/30/2018	Unemployment Compensation Group Account Fund	Texas Workforce Commission/ Texas Labor Code Requirements	\$ 26,729

Burnet County, Texas
Schedule of Salaries, Supplements and Surety Bonds of Principal Officers (Table 20)
Year Ended September 30, 2018
(unaudited)

Name of Official	Title	Annual Salary	Amount of Surety Bond
James Oakley	County Judge	\$ 107,063	\$ 5,000
Jim Luther, Jr.	Commissioner, Precinct 1	68,598	10,000
Russell Graeter	Commissioner, Precinct 2	68,598	3,000
Billy Wall	Commissioner, Precinct 3	68,598	10,000
Joe Don Dockery	Commissioner, Precinct 4	68,598	10,000
Linda Bayless	County Court-at-Law Judge	139,000	5,000
Eduardo Arredondo	County Attorney	113,214	5,000
Janet Parker	County Clerk	72,613	95,000
Casie Walker	District Clerk	72,613	60,000
Karen Hardin	County Auditor	81,619	5,000
Karrie Crownover	County Treasurer	72,613	70,000
Sheri Frazier	Tax Assessor-Collector	72,613	100,000
Calvin Boyd	County Sheriff	80,434	10,000
Roxanne Nelson	J.P., Precinct 1	70,580	10,000
Lisa Whitehead	J.P., Precinct 2	70,580	10,000
Peggy Simon	J.P., Precinct 3	69,580	5,000
Debbie Bindseil	J.P., Precinct 4	68,580	10,000
Leslie Ray	Constable, Precinct 1	50,544	10,000
Garry Adams	Constable, Precinct 2	50,544	1,500
Robert Ballard	Constable, Precinct 3	50,544	1,500
Missy Bindseil	Constable, Precinct 4	50,544	10,000



Compliance Section
September 30, 2018

Burnet County, Texas



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*

The Honorable Judge and Members of the Commissioners’ Court
Burnet County, Texas
Burnet, 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, as of and for the year ended September 30, 2018, 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 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Burnet County, Texas'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Burnet County, Texas’s internal control. Accordingly, we do not express an opinion on the effectiveness of Burnet County, Texas’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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency. Finding 2018-001.

Compliance and Other Matters

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

Burnet County, Texas's Response to Findings

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

Purpose of this Report

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

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

Abilene, Texas
March 20, 2019

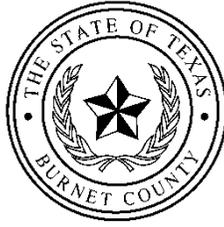
Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Section II – Financial Statement Findings

Finding 2018-001:	Financial Reporting
Type of Finding:	Significant Deficiency
Criteria or Specific Requirement:	Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement in a timely manner.
Statement of Condition:	As a result of audit procedures, we identified a potential adjustment related to the Indigent Defense Formula Grant in the amount of \$26,413. The amount of the potential adjustment is the result of the fourth quarter payment for fiscal year 2017 being recorded in fiscal year 2018. The amount was not material to the overall financial statements but it was significant to the Grants Fund.
Cause:	The County’s internal control system failed to detect the potential adjustment to the Grants Fund in a timely manner as the quarterly payment was recorded in the period under audit instead of the prior period.
Effect:	The amount recorded in the incorrect period may result in the financial statements for the Grants Fund and related information not being available for management purposes in a timely manner.
Recommendations:	Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Members of the Commissioners’ Court review on a routine basis. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
View of Responsible Officials:	Management agrees with the finding. Refer to Corrective Action Plan.



THE COUNTY OF BURNET
BURNET, TEXAS 78611

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
September 30, 2018

Prepared by Management of
Burnet County, Texas

Summary Schedule of Prior Audit Findings

GASB (Yellow Book)

Finding 2017-A:

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: Eide Bailly LLP prepared our draft financial statements and accompanying notes to the financial statements. They also proposed material audit adjustments that might not would have been identified as a result of our existing controls and, therefore, could have resulted in a material misstatement of our financial statements.

Status: Ongoing. Due to cost considerations.

GASB (Yellow Book)

Finding 2018-001

Finding Summary:

Eide Bailly LLP identified a potential adjustment related to the Indigent Defense Formula Grant in the amount of \$26,413 that was the result of the failure to record grant revenue in the prior fiscal year. The misstatement was not material to the overall financial statements but was considered significant to the Grants Fund.

Responsible Individuals:

County Auditor

Corrective Action Plan:

The adjusting entry has been made.

Anticipated Completion Date:

The entry was made in fiscal year 2018.