

PALO PINTO COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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FINANCIAL SECTION



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Independent Auditor's Report

To The Honorable County Judge and County Commissioners
Palo Pinto County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Palo Pinto County, Texas (County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Basis for Qualified Opinions on Governmental Activities and General Fund

As fully described in Note 13 to the financial statements, the County has not recorded the receivables from the judicial assessments at September 30, 2017 in the accompanying financial statements of the Governmental Activities and General Fund. Accounting principles generally accepted in the United States of America require that these receivables should be recorded, which would increase the assets and fund balance/net position and change the revenues in the Governmental Activities and General Fund. The amount by which this departure would affect the assets, fund balance/net position, and revenues of the Governmental Activities and General Fund has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and General Fund of the County, as of September 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, Schedule of Employer Contributions – Texas County and District Retirement System, and Palo Pinto County Retiree Health Care Plan 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 combining and individual fund financial statements (C Exhibits) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
February 9, 2018

Management's Discussion and Analysis

As management of Palo Pinto County, we offer readers of the Palo Pinto County's financial statements this narrative overview of the financial activities of Palo Pinto County for the fiscal year ended September 30, 2017.

Financial Highlights

The assets and deferred outflows of resources of Palo Pinto County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,914,053 (*net position*). Of this amount, \$8,612,123 (*unrestricted net position*) may be used to meet the County's ongoing obligations.

As of the close of the fiscal year, the Palo Pinto County's governmental funds reported combined ending fund balances of \$14,077,521. Of this total amount, \$9,821,611 (70 percent) is *available for spending* at the County's discretion (*unassigned fund balance*).

At the end of the fiscal year, unassigned fund balance for the General Fund is \$9,821,611 or 68 percent of total General Fund expenditures.

The County's total long-term obligations increased \$239,676 (8.3 percent) during the fiscal year. The increase is due to an increase in post-employment benefit obligation of \$263,746, and an increase in compensated absences of \$3,930. The County retired debt in the amount of \$28,000.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to Palo Pinto County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide a broad overview of Palo Pinto County's finances, in a manner similar to private sector business.

The *Statement of Net Position* presents information on all of Palo Pinto County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the County's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the year. All changes in net position are reported as soon as the event causing the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., uncollected taxes).

The government-wide financial statements are presented on pages 9-10 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. Palo Pinto 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 Palo Pinto County can be divided into three categories: governmental funds, internal service, 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 focus is on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Palo Pinto County maintains twenty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other twenty-seven 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 funds* elsewhere in this report.

Palo Pinto County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund.

The basic governmental financial statements can be found on pages 11 and 13-14 of this report.

Internal service. The county adopted a Health Reimbursement Arrangement (HRA) Plan and it is accounted for as an internal service fund. The internal service fund's financial statements are on pages 16-18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial 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 combined fiduciary fund *Statement of Fiduciary Assets and Liabilities* can be found on page 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the audited financial statements.

The notes can be found on pages 20-42 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Palo Pinto County, assets exceeded liabilities by \$21,914,053 at September 30, 2017.

The largest portion of the County's net position (55 percent) reflects its investment in capital assets (eg, land, buildings, machinery and equipment, and infrastructure), less any related debt

used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Palo Pinto County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

	<i>Government Activities</i>	
	2017	2016
<i>Current and Other Assets</i>	\$ 15,407,868	\$ 14,191,881
<i>Capital Assets</i>	12,416,282	12,229,003
Total Assets	\$ 27,824,150	\$ 26,420,884
 <i>Deferred Outflows of Resources</i>	 \$ 2,419,652	 \$ 2,896,073
 <i>Current Liabilities</i>	 \$ 992,251	 \$ 979,113
<i>Long-Term Liabilities</i>	6,563,570	9,454,801
Total Liabilities	\$ 7,555,821	\$ 10,433,914
 <i>Deferred Inflows of Resources</i>	 \$ 773,928	 \$ 796,559
Net Position:		
<i>Net Investment in Capital Assets</i>	\$ 11,982,282	\$ 11,767,003
<i>Restricted</i>	1,319,648	1,245,241
<i>Unrestricted</i>	8,612,123	5,074,240
Total Net Position	\$ 21,914,053	\$ 18,086,484

Restricted net position represents resources that are subject to external restrictions. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, Palo Pinto County is able to report positive balances in net position, for the government as a whole, as well as for its separate governmental activities.

Changes in Net Position

	<i>Government Activities</i>	
	2017	2016
Revenues:		
Program Revenues:		
<i>Charges for Services</i>	\$ 3,060,306	\$ 3,236,325
<i>Operating Grants and Contributions</i>	517,151	655,983
<i>Capital Grants and Contributions</i>	33,253	220,707
General Revenues:		
<i>Property Taxes</i>	10,615,560	10,351,910
<i>Other Taxes</i>	1,580,044	1,573,041
<i>Other</i>	648,715	488,898
Total Revenues	<u>\$ 16,455,029</u>	<u>\$ 16,526,864</u>
Expenses:		
<i>General Government</i>	\$ 3,658,767	\$ 4,351,102
<i>Administration of Justice</i>	1,684,697	2,170,971
<i>Public Safety</i>	2,202,261	2,966,673
<i>Corrections and Rehabilitation</i>	1,959,079	2,453,661
<i>Health and Human Services</i>	288,345	232,593
<i>Community and Economic Development</i>	313,360	319,568
<i>Infrastructure and Environmental Services</i>	2,520,951	2,989,057
Total Expenses	<u>\$ 12,627,460</u>	<u>\$ 15,483,625</u>
 <i>Change in Net Position</i>	 <u>\$ 3,827,569</u>	 <u>\$ 1,043,239</u>
 <i>Net Position - 10/1</i>	 <u>18,086,484</u>	 <u>17,221,715</u>
 <i>Prior Period Adjustment</i>	 <u>\$ 0</u>	 <u>\$ (178,470)</u>
 <i>Net Position - 9/30</i>	 <u>\$ 21,914,053</u>	 <u>\$ 18,086,484</u>

Financial Analysis of the Government's Funds

Governmental funds. The focus of Palo Pinto County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

The General Fund is the chief operating fund of Palo Pinto County. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$9,821,611 while the total fund balance reached \$12,081,630. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 68 percent of total General Fund expenditures, while total fund balance represents 84 percent of total General Fund expenditures.

The fund balance of Palo Pinto County's General Fund increased by \$868,582 during the current fiscal year. Key factors in this growth are as follows:

- The County received \$236,310 in auction proceeds from sale of assets and 1033 equipment.
- Property taxes increased by \$263,650.
- The County received \$142,182 in FEMA Grant Funds for damage due to floods.
- The County received \$44,849 surplus distribution from TAC HEBP.
- General Fund expenditures were down due to employee turnover.

The Capital Projects Funds have a total fund balance of \$679,870 all of which is committed for future capital projects. This represents an increase of \$268,757 from 2016. It is the intent of the County to use these funds for future growth and expansion needs of the County.

The Debt Service Fund has a total fund balance of \$0. The Fund is used to account for the Texas Capital Fund loan. The monthly lease payments received by the County are immediately paid toward the loan balance.

Palo Pinto County's Special Revenue Funds have a combined restricted fund balance of \$1,307,096 which represents an increase of \$76,140 primarily due to increased revenue in the Preservation of Records Funds.

General Fund Budgetary Highlights

The final amended budget showed a revenue increase of \$182,968 (1.2 percent) over the original budget primarily due to various insurance proceeds and grants.

It is the practice of the County to budget very conservatively. Actual revenues were 4.1 percent higher than budgeted. Licenses, Fee and Fines were 8.7 percent higher than budgeted due to all of the Justices of the Peace using a collection agency for delinquent fines. Ad valorem taxes were 1.3 percent higher than budgeted. Other revenues were 86 percent higher than budgeted due to Section 1033 auction proceeds. Actual operating expenditures were 9.5 percent lower than budgeted. This can be attributed primarily to lower than anticipated costs in both general operations and road and bridge operations.

Capital Asset and Debt Administration

Capital assets. Palo Pinto County's investment in capital assets for its governmental activities as of September 30, 2017 amounts to \$12,416,282 (net of depreciation). This investment in capital assets includes land, buildings and building improvements, other improvements, transportation, machinery, equipment and other assets, infrastructure and construction-in-progress.

Major capital asset events during the current fiscal year included the following:

- ◆ The purchase of a new Radio Tower for \$140,000.
- ◆ The purchase of a number of law enforcement vehicles for \$145,253.

- ♦ The purchase of several vehicles and heavy equipment for road and bridge operations totaling \$606,652.

Additional information on the County's capital assets can be found in Note 5 on page 29 of this report.

Long-term debt. At the end of the fiscal year, the County had total long-term obligations of \$6,563,570 outstanding, including net pension liability. This debt is 100% backed by the full faith and credit of the County.

Additional information on the County's long-term debt can be found in Note 7 on pages 30-31 of this report.

Economic Factors and Next Year's Budgets

At the end of the fiscal year the unassigned fund balance in the General Fund was \$9,821,611. The County appropriated \$2,008,022 of this amount for spending in the 2017-18 fiscal year budget for road and bridge operations, and to fund the purchase of new voting equipment along with several contingency line items in the General Fund for unexpected emergencies. It is intended that the use of available fund balance will lessen the need to raise taxes during the 2018 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Palo Pinto County's finances. Questions concerning information in this report should be addressed to the County Auditor, Palo Pinto County, P.O. Box 159, Palo Pinto, Texas 76484.

Reference: Gauthier, Stephen J. Governmental Accounting, Auditing, and Financial Reporting, Chicago: Government Finance Officers Association, 2001.

BASIC FINANCIAL STATEMENTS

PALO PINTO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Governmental Activities
Assets	
Cash	\$ 1,863,276
Investments	12,285,663
Receivables:	
Property taxes, net	251,493
Sales taxes	228,516
Occupancy taxes	51,486
Accounts	316,779
Due from fiduciary	180,750
Prepaid expenses	172,633
Inventory	57,272
Capital assets, net	12,416,282
Total assets	<u>27,824,150</u>
Deferred Outflows of Resources	
Pension plan related	<u>2,419,652</u>
Liabilities	
Accounts payable	426,654
Accrued liabilities	495,608
Due to fiduciary	32,561
Due to others	37,428
Long-term liabilities:	
Due within one year	278,109
Due in more than one year	2,846,883
Net pension liability	3,438,578
Total liabilities	<u>7,555,821</u>
Deferred Inflows of Resources	
Pension plan related	<u>773,928</u>
Net Position	
Net investment in capital assets	11,982,282
Restricted	1,319,648
Unrestricted	8,612,123
Total net position	<u>\$ 21,914,053</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
General Government	\$ 3,658,767	\$ 1,210,997	\$ -	\$ -	\$ (2,447,770)
Administration of Justice	1,684,697	730,801	162,101	-	(791,795)
Public Safety	2,202,261	140,858	70,479	-	(1,990,924)
Corrections and Rehabilitation	1,959,079	125,745	-	-	(1,833,334)
Health and Human Services	288,345	-	-	-	(288,345)
Community and Economic Development	313,360	-	-	-	(313,360)
Infrastructure and Environmental Services	2,520,951	851,905	284,571	33,253	(1,351,222)
Total governmental activities	<u>\$ 12,627,460</u>	<u>\$ 3,060,306</u>	<u>\$ 517,151</u>	<u>\$ 33,253</u>	<u>(9,016,750)</u>
General revenues and special item:					
Property taxes, levied for general purposes					10,615,560
Sales taxes					1,403,233
Hotel/motel taxes					132,286
Mixed beverage taxes					44,525
Investment earnings					148,837
Miscellaneous					431,975
Special item - gain on sale of capital assets					67,903
Total general revenues and special item					<u>12,844,319</u>
Change in net position					3,827,569
Net position - beginning					<u>18,086,484</u>
Net position - ending					<u>\$ 21,914,053</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 511,172	\$ 1,252,420	\$ 1,763,592
Investments	11,610,645	675,018	12,285,663
Receivables, net:			
Property taxes	251,493	-	251,493
Sales taxes	228,516	-	228,516
Occupancy taxes	-	51,486	51,486
Accounts	237,467	79,312	316,779
Due from other funds	134,023	18,461	152,484
Prepaid expenses	172,633	-	172,633
Inventory	55,232	2,040	57,272
Total assets	<u>\$ 13,201,181</u>	<u>\$ 2,078,737</u>	<u>\$ 15,279,918</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 334,221	\$ 79,352	\$ 413,573
Accrued liabilities	492,657	2,951	495,608
Due to other funds	3,995	300	4,295
Due to others	37,185	243	37,428
Total liabilities	<u>868,058</u>	<u>82,846</u>	<u>950,904</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>251,493</u>	<u>-</u>	<u>251,493</u>
Fund balances:			
Nonspendable	227,865	2,040	229,905
Restricted	10,512	1,307,096	1,317,608
Committed	35,455	686,755	722,210
Assigned	1,986,187	-	1,986,187
Unassigned	9,821,611	-	9,821,611
Total fund balances	<u>12,081,630</u>	<u>1,995,891</u>	<u>14,077,521</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,201,181</u>	<u>\$ 2,078,737</u>	<u>\$ 15,279,918</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds (Exhibit A-3)	\$ 14,077,521
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Amounts reported for *governmental activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 25,313,042	
Related accumulated depreciation	<u>12,896,760</u>	12,416,282

Property tax receivables are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	251,493
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Note payable	434,000	
Accrued compensated absences	250,109	
Net other post-employment benefit obligation	<u>2,440,883</u>	(3,124,992)

The County uses an internal service fund to operate a health reimbursement account (HRA) for the benefit of all eligible employees of the County. The assets and liabilities are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	86,603
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The County's net pension liability and related deferred outflows and inflows related to its participation in the Texas County & District Retirement System do not meet criteria to be reported in the governmental funds financial statements. These items consist of:

Net pension liability	(3,438,578)	
Deferred outflows - pension related items	2,419,652	
Deferred inflows - pension related items	<u>(773,928)</u>	(1,792,854)

Total net position - governmental activities (Exhibit A-1)	<u>\$ 21,914,053</u>
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The accompanying notes are an integral part of this statement.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 10,609,996	\$ -	\$ 10,609,996
Sales taxes	1,403,233	-	1,403,233
Occupancy tax	-	132,286	132,286
Mixed beverage tax	44,525	-	44,525
Licenses, fees and fines	2,521,246	241,485	2,762,731
Federal and state grants	347,263	203,141	550,404
Inmate revenue	81,546	-	81,546
Commissary revenue	-	44,199	44,199
Interest earned	136,760	11,554	148,314
Other revenue	326,222	277,583	603,805
Total revenues	<u>15,470,791</u>	<u>910,248</u>	<u>16,381,039</u>
Expenditures			
29th District Court	505,509	-	505,509
Capital projects	-	237,658	237,658
Commissary	-	41,323	41,323
Commissioner's Court	46,486	-	46,486
Constable	374,215	-	374,215
County Attorney	248,090	2,506	250,596
County Auditor	235,711	-	235,711
County Clerk	308,719	73,291	382,010
County Court	185,461	-	185,461
County Extension Service	99,770	-	99,770
County Treasurer	124,036	-	124,036
Courthouse security	-	51,101	51,101
Debt service - principal	-	28,000	28,000
District Attorney	284,252	30,917	315,169
District Clerk	219,298	-	219,298
Election Administration	140,328	13,183	153,511
Emergency Management	127,835	-	127,835
Emergency Medical & Health Services	192,000	-	192,000
General operations	3,002,237	49,868	3,052,105
Health services	10,000	-	10,000
Hotel/motel tax	-	126,348	126,348
Information Technology	126,932	-	126,932
Inmate contract	247,929	-	247,929
Jail and detention	1,897,450	-	1,897,450
Justice of the Peace	522,927	-	522,927
Narcotics Unit	143,317	-	143,317
Public Works	375,129	33,253	408,382

The accompanying notes are an integral part of this statement.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Road and Bridge:			
Precinct No. 1	639,169	14,698	653,867
Precinct No. 2	625,549	108,903	734,452
Precinct No. 3	712,936	54,384	767,320
Precinct No. 4	687,394	-	687,394
Sheriff	1,687,439	50,911	1,738,350
Tax Assessor-Collector	539,046	-	539,046
Vending Expenditures	-	3,228	3,228
Veteran's Administration	56,910	-	56,910
Total expenditures	<u>14,366,074</u>	<u>919,572</u>	<u>15,285,646</u>
Excess of revenues over (under) expenditures	<u>1,104,717</u>	<u>(9,324)</u>	<u>1,095,393</u>
Other sources and (uses):			
Proceeds from the sale of capital assets	159,580	626	160,206
Transfers in	46,882	402,597	449,479
Transfers out	<u>(442,597)</u>	<u>(46,882)</u>	<u>(489,479)</u>
Total other sources and (uses)	<u>(236,135)</u>	<u>356,341</u>	<u>120,206</u>
Net change in fund balances	868,582	347,017	1,215,599
Fund balances, beginning of year	<u>11,213,048</u>	<u>1,648,874</u>	<u>12,861,922</u>
Fund balances, end of year	<u>\$ 12,081,630</u>	<u>\$ 1,995,891</u>	<u>\$ 14,077,521</u>

The accompanying notes are an integral part of this statement.

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

Net change in fund balances - total governmental funds (Exhibit A-5) \$ 1,215,599

Amounts reported for *governmental activities* in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:

Capital outlay during the year	\$ 1,396,725	
Depreciation expense for the year	<u>1,117,143</u>	279,582

The net book value of the capital assets disposed of during the year are not recorded in the governmental funds. In the Statement of Activities, the difference between the proceeds and the book value of the capital asset is reported as a gain (loss) from sale.

The net book value of the capital assets disposed of during the year was: (92,303)

Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred inflows of resources in the governmental funds. Deferred inflows of resources increased by this amount.

5,564

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The long-term debt principal paid during the year was as follows:

Note payable		28,000
--------------	--	--------

Included in long-term debt are obligations for accrued vacation leave and the net other post-employment benefit obligation. The changes in these obligations are not included in the governmental fund financial statements, but are included in the government-wide financial statements. The change in these long-term obligations was:

(267,676)

The County participates in an agent multiple-employer defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. The actuarial expense exceeded the plan contributions in the current year.

2,677,117

The County uses an internal service fund to operate a health reimbursement account (HRA) for the benefit of all eligible employees of the County. The change in net position of the internal service fund is reported with the governmental activities. The net effect of this consolidation is a decrease in net position.

(18,314)

Change in net position of governmental activities (Exhibit A-2)

\$ 3,827,569

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
SEPTEMBER 30, 2017

	Health Reimbursement Arrangement
Assets	
Cash	\$ 99,684
Total assets	<u>99,684</u>
Liabilities	
Accounts payable	<u>13,081</u>
Total liabilities	<u>13,081</u>
Net Position	
Unrestricted	<u>86,603</u>
Total net position	<u><u>\$ 86,603</u></u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Health Reimbursement Arrangement
Operating revenues	
Charges for services	\$ -
Operating expenses:	
Reimbursements	51,266
Administrative fees	7,571
Total operating expenses	58,837
Loss from operations	(58,837)
Non-operating income:	
Interest income	523
Transfers in	40,000
Change in net position	(18,314)
Total net position - beginning	104,917
Total net position - ending	\$ 86,603

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Health Reimbursement Arrangement
Cash flows from operating activities	
Cash paid to employees for health reimbursements	\$ (49,625)
Cash paid to third party administrator	(7,571)
Net cash used by operating activities	<u>(57,196)</u>
Cash flows from investing activities	
Transfers in from other funds	40,000
Interest earnings	523
Net cash provided by investing activities	<u>40,523</u>
Net decrease in cash and cash equivalents	(16,673)
Cash and cash equivalents at beginning of the year	116,357
Cash and cash equivalents at end of the year	<u><u>\$ 99,684</u></u>
Reconciliation of loss from operations to net cash used by operating activities:	
Operating loss	\$ (58,837)
Effect of change in current assets and liabilities:	
Increase in accounts payable	1,641
Net cash used by operating activities	<u><u>\$ (57,196)</u></u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS
SEPTEMBER 30, 2017

	Agency Funds
Assets	
Cash	\$ 1,581,000
Investments	853,120
Other receivables	11,078
Due from other funds	32,561
Total assets	<u>\$ 2,477,759</u>
Liabilities	
Due to other funds	\$ 180,750
Due to others	2,297,009
Total liabilities	<u>\$ 2,477,759</u>

The accompanying notes are an integral part of this statement.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Palo Pinto, Texas (County) was created by the Act of Legislature on August 27, 1856, and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk, District Clerk, County Tax Assessor-Collector and County Treasurer. The County Auditor is appointed for a term of two years and serves at the will of the District Judge, whose court is located in Palo Pinto County. The 2010 census population for the County was 28,111 and the area covered is approximately 949 square miles. The unincorporated community of Palo Pinto is the County Seat. The County provides the following public services: Public Safety – Sheriff's Department and Jail Detention, Tax Assessing and Collecting, Sanitation, Fire, Emergency Medical Services, Public Records, Criminal and Civil Prosecution, Road and Bridge Maintenance and General Operations.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below:

A. Reporting Entity

In evaluating the County for financial reporting purposes, management has considered all potential component units. The evaluation was made by applying the criteria set forth in generally accepted accounting principles for inclusion of component units with a reporting entity. The major criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility over the unit. The most significant manifestation of this ability to exercise oversight responsibility includes, but is not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no potential component units included in the reporting entity as defined by GASB 14, "The Reporting Entity", as amended by GASB 39 and 61.

There are no component units which satisfy requirements for blending or discrete presentation within the County's financial statements. Accordingly, the basic financial statements present the County only.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the County. For the most part, the effects of interfund activity have been removed from these statements.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

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

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

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

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental fund:

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

The County reports the following nonmajor governmental funds reported as 'Other Governmental Funds':

The *Special Revenue Funds* account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Project Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The *Debt Service Funds* are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt.

The County reports the following internal service fund:

The *Health Reimbursement Arrangement (HRA) Plan* was established under Internal Revenue Code Section 106 for reimbursing eligible County employees for the cost of certain eligible medical expenses incurred by them, their spouses and eligible dependents.

Additionally, the County reports the following Agency Funds:

Agency Funds are used to report cash and investments 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. The assets are held in a trustee or agent capacity and are not available to support County programs; therefore, these funds are not included in the government-wide financial statements.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

The preparation of the financial statements in conformity with generally accepted accounting principles require the use of estimates by management that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. Financial Statement Amounts

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and investment pools.

Investments for the County are reported at fair value. The authorized investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables, including those for the County, are shown net of an allowance for uncollectibles.

Property taxes are levied by October 1. 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.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

3. Uncollected Taxes Receivable

The office of the Tax Assessor-Collector is under contract to eighteen (18) different taxing entities. It is the responsibility of the Tax Assessor-Collector to collect the taxes for the various taxing districts and then to remit the tax, including any penalty and interest, less a 1% fee of current taxes and 7% of delinquent taxes, to the tax district, except for the Palo Pinto County Education District, in which the Tax Assessor-Collector receives all penalties collected. The amount recorded as investment in uncollected taxes represents the total taxes receivable for the eighteen districts and the Palo Pinto County Education District.

4. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 amounts reported by the County in this category related to the County's participation in the Texas County and District Retirement System (TCDRS).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 two items that qualify for reporting in this category. The amounts reported by the County in this category related to the County's participation in TCERS. Property taxes receivable are unavailable and therefore cannot be recognized as revenue in the governmental funds until they are received.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs on fixed assets are not capitalized. Interest is charged to the Debt Service Fund for assets acquired with tax notes. For assets purchased under capital lease agreements, interest is expensed in the fund responsible for making the lease payments.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Furniture & Fixtures	7 years
Vehicles	3 - 15 years
Equipment	5 - 7 years
Heavy Equipment	8 - 30 years
Buildings and Improvements	5 - 40 years
Other Improvements	10 - 20 years
Public Domain Infrastructure	15 - 30 years

7. Compensated Absences

It is the County's policy to permit employees to accumulate a limited amount of earned but unused vacation and compensated absences, which will be paid to employees upon separation from the County's service. In governmental funds, the cost of vacation and compensated absences is recognized when payments are made to employees. A long-term liability of \$250,109 of accrued vacation and compensated absences at September 30, 2017 has been recorded in the government-wide statements, representing the County's commitment to fund such costs from future operations. The department for which the employee works is charged when payments for vacation or compensated absences are paid. The County's sick leave policy provides for a maximum carry over of 480 hours, with the exception of a few grandfathered employees. The County has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Issuance costs associated with long-term debt are reported as deferred charges and amortized over the term of the related debt.

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

9. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the County's Commissioners' Court. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

10. Transactions Between Funds

Outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or non-routine transfers of equity between funds are accounted for as transfers.

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Pensions

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

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

2. COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions are reported below, along with actions taken to address such violations:

For the year ended September 30, 2017, the County had no violations of finance-related legal or contractual provisions.

B. Deficit Fund Balance or Net Position of Individual Funds

As of September 30, 2017, there were no funds with a deficit fund balance or net position.

3. DEPOSITS AND INVESTMENTS

A. Deposits

Deposits, except for those held in trust by the County Clerk, District Clerk, and others were held with the contracted depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage and by pledged government securities in the name of the depository banks. At September 30, 2017, the carrying amount of the County's deposits was \$14,148,939 and the balance per the bank was \$14,379,974. Included in the carrying amount and bank balance are certificates of deposit (recorded as investments) totaling \$12,285,663.

The County Clerk, District Clerk, and others hold deposit accounts and investments as trustees under court orders in various banks. The accounts are styled for the benefit of the individual beneficiaries and do not actually belong to the County. The investments consist of interest bearing demand deposits and certificates of deposit whose carrying value and market value are the same. The carrying amounts of agency funds held by the County at September 30, 2017 were \$2,434,120 and the balance per the bank was \$2,434,120. All deposits and investments were secured by FDIC coverage.

B. Investments

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (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, 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 Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports, and 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.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

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

<u>Investments</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
Certificates of Deposit	7.51	<u>\$12,285,663</u>

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County values its certificates of deposit using Level 2 inputs.

C. 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 and if so, the reporting of certain related disclosures:

1. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

2. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

3. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

4. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

5. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the prior year. Taxes are levied on October 1 and do not begin to accrue interest until February 1. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes (exclusive of those amounts levied to service long-term debt) up to \$.80 per \$100 of assessed valuation for general services, permanent improvements, road and bridge and jury fund purposes. The combined tax rate to finance general government (exclusive of long-term debt service and Special Road & Bridge) for the year ended September 30, 2017, was \$0.377225 per \$100 valuation.

No taxes were levied for the payment of principal and interest related to long-term debt as the bonded debt was paid in full in a prior year.

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

At September 30, 2017, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$580,437
Allowance for uncollectible taxes	(328,944)
Net property taxes receivable	<u>\$251,493</u>

Of the \$580,437 of property taxes receivable at September 30, 2017, the County expects to collect approximately \$150,000 within a year. This is similar to the amount of delinquent taxes received in previous years.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

5. CAPITAL ASSETS

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

Governmental Activities:	Balance 10/1/16	Additions	Retirements	Transfers	Balance 9/30/17
Capital assets not being depreciated:					
Land	\$ 284,723	\$ -	\$ 13,125	\$ -	\$ 271,598
Construction in progress	<u>301,456</u>	<u>9,037</u>	<u>-</u>	<u>(262,171)</u>	<u>48,322</u>
Total capital assets not being depreciated	<u>586,179</u>	<u>9,037</u>	<u>13,125</u>	<u>(262,171)</u>	<u>319,920</u>
Capital assets being depreciated:					
Buildings and improvements	9,196,231	-	11,700	-	9,184,531
Equipment	3,442,144	723,879	416,337	-	3,749,686
Vehicles	3,100,653	309,427	210,776	-	3,199,304
Infrastructure	<u>8,243,048</u>	<u>354,382</u>	<u>-</u>	<u>262,171</u>	<u>8,859,601</u>
Total capital assets being depreciated	<u>23,982,076</u>	<u>1,387,688</u>	<u>638,813</u>	<u>262,171</u>	<u>24,993,122</u>
Less accumulated depreciation for:					
Buildings and improvements	5,662,518	264,454	11,700	-	5,915,272
Equipment	2,162,591	173,353	338,268	-	1,997,676
Vehicles	2,158,468	269,119	209,667	-	2,217,920
Infrastructure	<u>2,355,675</u>	<u>410,217</u>	<u>-</u>	<u>-</u>	<u>2,765,892</u>
Total accumulated depreciation	<u>12,339,252</u>	<u>1,117,143</u>	<u>559,635</u>	<u>-</u>	<u>12,896,760</u>
Total capital assets being depreciated, net	<u>11,642,824</u>	<u>270,545</u>	<u>79,178</u>	<u>262,171</u>	<u>12,096,362</u>
Governmental activities capital assets, net	<u>\$12,229,003</u>	<u>\$ 279,582</u>	<u>\$ 92,303</u>	<u>\$ -</u>	<u>\$12,416,282</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 131,184
Administration of Justice	19,918
Public Safety	156,121
Corrections and Rehabilitation	126,290
Health and Human Services	662
Community and Economic Development	32,582
Infrastructure and Environmental Services	<u>650,386</u>
Total governmental depreciation	<u>\$1,117,143</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

6. INTERFUND BALANCES AND ACTIVITIES

A. Balances due to and from other funds at September 30, 2017 were as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Fiduciary Funds	\$134,023	Short-term loan
Other Governmental Funds	Fiduciary Funds	18,461	Short-term loan
Fiduciary Funds	General Fund	3,995	Short-term loan
Fiduciary Funds	Other Governmental Funds	300	Short-term loan
Fiduciary Funds	Fiduciary Funds	<u>28,266</u>	Short-term loan
	Total	<u>\$185,045</u>	

All of the above amounts are expected to be repaid within one year.

B. Transfers in and out during the year ended September 30, 2017 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$402,597	Supplement other funds
General Fund	Internal Service Fund	40,000	Supplement other funds
Other Governmental Funds	General Fund	<u>46,882</u>	Supplement other funds
	Total	<u>\$489,479</u>	

7. LONG-TERM OBLIGATIONS

The County issued a note payable to provide funds for the acquisition and construction of major capital facilities. These issues are direct obligations and pledge the full faith and credit of the County.

Changes in long-term liabilities for the year ended September 30, 2017 was as follows:

	<u>Balance</u> <u>10/01/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>09/30/17</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Note payable	\$ 462,000	\$ -	\$ 28,000	\$ 434,000	\$ 28,000
Compensated absences	246,179	285,367	281,437	250,109	250,109
Net other post-employment benefit obligation	<u>2,177,137</u>	<u>386,384</u>	<u>122,638</u>	<u>2,440,883</u>	<u>-</u>
Total long-term liabilities – governmental activities	<u>\$2,885,316</u>	<u>\$671,751</u>	<u>\$432,075</u>	<u>\$3,124,992</u>	<u>\$278,109</u>

For the governmental activities, compensated absences and other post-employment benefit obligations are generally liquidated by the General Fund.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Total debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 28,000	\$ -	\$ 28,000
2019	28,000	-	28,000
2020	28,000	-	28,000
2021	28,000	-	28,000
2022	28,000	-	28,000
2023-27	140,000	-	140,000
2028-32	140,000	-	140,000
2033	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Totals	<u>\$434,000</u>	<u>\$ -</u>	<u>\$434,000</u>

Note Payable

The note payable to the Texas Department of Rural Community Affairs is part of the Texas Department of Agriculture's Community Development Block Grant (CDBG) known as the Texas Capital Fund. The County borrowed \$560,000 interest-free to purchase a facility which was leased to a business. The lease proceeds will be used to repay the loan. The monthly lease is for \$2,333 which began in June 2012, but has been deferred from August 1, 2014 to July 31, 2015.

<u>Purpose</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/17</u>
Purchase and lease facility as part of the CDBG Texas Capital Fund program	\$560,000	05/23/11	03/01/33	0.00%	<u>\$434,000</u>

8. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature. The County participates in the Texas Association of Counties Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the County's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the County's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

9. CONTINGENT LIABILITIES AND COMMITMENTS

Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Litigation

In the normal course of providing services to the public, the County from time-to-time is subjected to litigation claims. The County defends itself against such claims based on internal assessment of liability and risk. Litigation expenses are recorded as expenditures in the period when litigation services are rendered and damages are accrued as expenditures when determined to be probable and when amounts can reasonably be estimated. No liabilities have been accrued in the financial statements relative to litigation at September 30, 2017.

Texas Department of Transportation Contract

On December 21, 2006, the County entered into a contract with the Texas Department of Transportation (TXDOT) for the replacement of six bridges in Palo Pinto County. Three bridges have been completed and one was terminated. The total cost of the remaining two bridges is estimated at \$1,552,018 with the County contributing a 10% match of \$155,202. The County's match may be made in cash or in-kind. The County's match is required to be made no more than three years from the date TXDOT lets contracts for the construction project. As of September 30, 2017, the County's remaining commitment for the two remaining bridges was \$50,883.

Post-employment Benefits

A. Health and Supplemental Insurance

Effective October 1, 2002, the County began offering post-employment benefits, subject to appropriations, for monthly healthcare premiums for qualified retirees under 65 years of age. In addition, the County pays a portion of the cost of a Medicare supplement for retirees over 65 years of age. Effective January 1, 2006, the County's contribution amount is 35% of the supplement premium. At year end there were twelve participants receiving healthcare benefits and six participants receiving Medicare supplemental benefits. The cost to the County for retiree healthcare benefits was \$75,410 and the cost for retiree Medicare supplemental benefits was \$4,494 and is funded on a pay-as-you-go basis.

B. Life Insurance Benefit

The County participates in a cost-sharing multiple-employer defined benefit group term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a post-employment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

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

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County's contributions to the GTLF, attributable to retired employees, for the years ended September 30, 2017, 2016 and 2015 were \$9,334, \$10,220 and \$10,057, respectively, which equaled the contractually required contributions each year.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Operating Leases

In March 2017, the County entered into an operating lease for a track loader. The operating lease had a start date of March 2017 and ends March 2018 and includes a payment of \$8,578 with the execution of the lease and a payment of \$50,789 in March 2018. The County also entered into three separate operating leases for motor graders in June 2017. The operating leases had a start date of June 2017 and end June 2019. The operating leases each require annual payments of \$15,839 beginning June 2017. The track loader and motor grader leases each include a purchase option. The total operating lease expenditures for the County for the year ended September 30, 2017 was \$55,491. The future minimum payments under the non-cancelable operating leases at September 30, 2017 are \$97,702 for the year ended September 30, 2018 and \$46,914 for the year ended September 30, 2019.

10. DEFINED BENEFIT PENSION PLAN

A. 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 statewide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 738 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis that is publicly available at www.tcdrs.org.

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 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

B. Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the County-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	94
Inactive employees entitled to but not yet receiving benefits	103
Active employees	159

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

C. Contributions

The County has elected the annually determined contribution rate (ADCR) 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 employer is actuarially determined annually. The County contributed using the actuarially determined rate of 11.86% for the months of the accounting year in 2016, and 11.42% for the months of the accounting year in 2017.

The contribution rate payable by the employee members for calendar year 2017 is the rate of 7% as adopted by the Commissioners' Court of the County. The employee contribution rate and the County contribution rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

D. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation.

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68.

Real rate of return	5.0% per year
Inflation	3.0% per year
Long-term investment return	8.0% per year, net of pension plan investments expenses
Growth in membership	0.0% per year
Payroll growth	2.5% per year

Salary increases were based on a service-related table. The mortality rates for active members were based on the RP2000 Active Employee Mortality Table for males with a two-year set-forward and the RP2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. The mortality rate for service retirees, beneficiaries, and non-depositing members was based on the RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females. The mortality rates for disabled retirees were based on the RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

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 based on January 2016 information for a 7-10 year time horizon.

The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾</u>
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities – Developed	50% MSCI World Ex USA (net) + 50% MSCI World Ex USA 100% Hedged to USD (net) Index	10.00%	4.70%
International Equities – Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

⁽¹⁾ Target asset allocation adopted at the April 2017 TCDRS Board Meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 2.0%, per Cliffwater's 2017 capital market assumptions

⁽³⁾ Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Discount Rate

The projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be sufficient to pay projected benefit payments in all future years. Therefore, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments (8.10%).

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2015	\$32,652,842	\$26,083,357	\$6,569,485
Changes for the year:			
Service cost	1,207,726	-	1,207,726
Interest on total pension liability	2,503,133	-	2,503,133
Effect of plan changes	(3,403,227)	-	(3,403,227)
Effect of economic/demographic gains or losses	(336,008)	-	(336,008)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(92,338)	(92,338)	-
Benefit payments	(1,281,591)	(1,281,591)	-
Administrative expense	-	(20,966)	20,966
Member contributions	-	512,318	(512,318)
Net investment income	-	1,923,170	(1,923,170)
Employer contributions	-	868,018	(868,018)
Other changes	-	(180,009)	180,009
Balances as of December 31, 2016	<u>\$31,250,537</u>	<u>\$27,811,959</u>	<u>\$3,438,578</u>

Sensitivity Analysis

The following presents the net pension liability 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 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Net pension liability	<u>\$7,277,750</u>	<u>\$3,438,578</u>	<u>\$219,529</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Pension Expense/(Income)

	<u>January 1, 2016 to December 31, 2016</u>
Service cost	\$1,207,726
Interest on total pension liability ⁽¹⁾	2,503,133
Effect of plan changes	(3,403,227)
Administrative expenses	20,966
Member contributions	(512,318)
Expected investment return net of investment expenses	(2,105,025)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(358,640)
Recognition of assumption changes or inputs	103,935
Recognition of investment gains or losses	544,244
Other ⁽²⁾	<u>180,009</u>
Pension income	<u>(\$1,819,197)</u>

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

⁽²⁾ Relates to allocation of system-wide items.

Deferred Outflows / Inflows of Resources

As of September 30, 2017, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$773,928
Change in assumptions	207,871	-
Net difference between projected and actual earnings	1,600,305	-
Contributions made subsequent to measurement date	<u>611,476</u>	<u>-</u>
Total	<u>\$2,419,652</u>	<u>\$773,928</u>

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

<u>Year Ended December 31:</u>	
2017	\$289,540
2018	316,894
2019	391,443
2020	36,371

For the year ended December 31, 2016, there were no changes to the Plan relative to assumptions and benefit terms.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The County administers the Palo Pinto County Retiree Health Care Plan for retired employees.

A. Plan Description

Pre-65 Plan – Any employee who meets the retirement eligibility requirements of the TCDRS, and who leaves the employ of the County may, upon retirement, elect to remain on the County's group medical until the retiree reaches age 65 or qualifies for Medicare. The County pays 100% of the total monthly premium prescribed in the current health plan for retired participants who continue coverage. The retired employee may continue coverage for dependents, if he or she pays the entire premium for the dependent. Premiums are determined annually by estimating the amount needed to cover projected claims. The benefit is subject to annual appropriations by the Commissioners' Court.

Post-65 Plan – Retirees may purchase a Medicare supplement policy without prescription drug coverage for a reduced premium. Retirees have the option to purchase prescription drug coverage to which the County does not contribute. Spouses may receive the same plan at retiree's expense. Premiums and benefits are subject to change each year. Percent of premium paid by County is subject to change with the intent of leaving the dollar amount of benefit the same. The benefit is subject to annual appropriations by the Commissioners' Court.

B. Normal Retirement Benefits

Retirement benefits are a defined benefit plan under TCDRS (see note 10). Members are eligible to retire under TCDRS at age 60 or more with 8 years of vested service, at any time with a minimum of 30 years of vested service, or any age plus years of service equaling 75.

C. Early Retirement Benefits

Members retiring under early retirement conditions (non-vested) are not eligible for retiree healthcare benefits.

D. Deferred Retirement Benefits

Members who may be vested and terminate employment, but do not apply for retirement benefits, are not eligible for retiree health care benefits.

E. Benefits for Spouses / Children of Retired Employees

Currently, the spouse of a retiree is eligible to continue health care benefits until Medicare eligible. Children of retirees are eligible to continue to receive health care benefits until age 26, meeting the qualifications of dependent children described in the County's healthcare plan.

F. Disability Retirement Benefits

If a member has 8 years or more of service and becomes disabled, the employee may be eligible for disability retirement. If a member has less than 8 years of service and the disability is work-related, the member may be eligible for disability retirement.

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

G. Funding Policy and Annual OPEB Cost

The County's annual other post-employment benefits (OPEB) cost is based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The County had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2008 as required by GASB and another valuation completed for the year ended September 30, 2017. The estimated County's OPEB cost for the year ended September 30, 2017 was as follows:

Annual Required Contribution	\$ 379,190
Interest on prior year net OPEB obligation	97,971
Amortization of prior year net OPEB obligation	(90,777)
Annual OPEB cost (expense) end of year	386,384
Net estimated employer contributions	(122,638)
Increase (decrease) in net OPEB obligation	263,746
Net OPEB obligation – beginning of year	<u>2,177,137</u>
Net OPEB obligation – end of year	<u>\$2,440,883</u>

H. Schedule of Actuarial Liabilities and Funding Status

Actuarial Valuation Date	10/1/16
Actuarial Value of Assets	\$ -
Actuarial Accrued Liabilities	\$3,578,537
Unfunded Actuarial Accrued Liability (UAAL)	\$3,578,537
Funded Ratio	0.00%
Annual Covered Payroll	\$6,725,819
UAAL as a Percentage of Annual Covered Payroll	53.21%

I. Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between Palo Pinto County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Inflation Rate	3.0% per annum
Investment Rate of Return	4.5%, net of expenses
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level as a percentage of salary
Amortization Period	Open 30 year period
Salary Growth	3.0% per annum
Medical Trend	Initial rate of 9.0% declining to an ultimate rate of 4.5% after 9 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the profitability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

12. DEFERRED COMPENSATION PLAN

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code 457. The plans, available to all County employees on a voluntary basis, permit them to defer a portion of their salaries until future years. The County does not make any contributions to the plans.

Deferred compensation is available to employees' beneficiaries in case of death. One plan is through the National Association of Counties and its assets are administered by Nationwide Retirement Solutions, an independent third party administrator. The second plan's assets are managed by ITT Hartford, an independent administrator. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts and all income attributed to those amounts, property or rights are solely the property and rights of the participants.

13. JUDICIAL ASSESSMENT RECEIVABLES

At September 30, 2017, the County has not recorded the receivables from judicial assessments in the accompanying financial statements; nor have they been recorded in the prior year. Though these amounts are significant, the County has not determined the allowances for uncollectible amounts for recording them at year end. Consequently, the effects on the financial statements of not including the judicial assessment receivables are not reasonably determinable.

14. NET POSITION/FUND BALANCES

The Governmental Activities' net position consisted of the following at September 30, 2017:

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

Net investment in capital assets \$11,982,282

Restricted:

General Government	710,312
Administration of Justice	244,151
Public Safety	209,678
Corrections and Rehabilitation	45,340
Community and Economic Development	110,167
Total restricted	<u>1,319,648</u>

Unrestricted 8,612,123

Total net position \$21,914,053

The Governmental Funds' fund balances consisted of the following at September 30, 2017:

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepays	\$ 172,633	\$ -	\$ 172,633
Inventories	<u>55,232</u>	<u>2,040</u>	<u>57,272</u>
Total nonspendable	<u>227,865</u>	<u>2,040</u>	<u>229,905</u>
Restricted:			
General Government	-	710,312	710,312
Administration of Justice	-	244,151	244,151
Public Safety	10,512	199,166	209,678
Corrections and Rehabilitation	-	43,300	43,300
Community and Economic Development	-	110,167	110,167
Total restricted	<u>10,512</u>	<u>1,307,096</u>	<u>1,317,608</u>
Committed:			
General Government	13,620	-	13,620
Health and Human Services	-	6,985	6,985
Infrastructure and Environmental Services	<u>21,835</u>	<u>679,770</u>	<u>701,605</u>
Total committed	<u>35,455</u>	<u>686,755</u>	<u>722,210</u>
Assigned:			
2017-18 budget deficit	<u>1,986,187</u>	-	<u>1,986,187</u>
Total assigned	<u>1,986,187</u>	-	<u>1,986,187</u>
Unassigned	<u>9,821,611</u>	-	<u>9,821,611</u>
Total fund balances	<u>\$12,081,630</u>	<u>\$1,995,891</u>	<u>\$14,077,521</u>

PALO PINTO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
SEPTEMBER 30, 2017

15. SUBSEQUENT EVENTS

On October 11, 2017, the County entered into a capital lease for the acquisition of a 544K Loader 4WD. The lease term begins October 16, 2017 and ends October 16, 2022 and is at an annual interest rate of 3.5%. The lease requires five annual payments of \$23,103 beginning October 16, 2017 with a \$1 bargain purchase payment of \$1 on October 16, 2022. On December 21, 2017, the County entered into a capital lease for the acquisition of a second 544K Loader 4WD. The lease term begins December 21, 2017 and ends December 21, 2021 and is at an annual interest rate of 5%. The lease requires four annual payments of \$29,873 beginning December 21, 2017 with a \$1 bargain purchase payment of \$1 on December 21, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

PALO PINTO COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 10,476,064	\$ 10,476,064	\$ 10,609,996	\$ 133,932
Sales taxes	1,351,000	1,351,000	1,403,233	52,233
Mixed beverage tax	43,000	43,000	44,525	1,525
Licenses, fees and fines	2,318,867	2,318,867	2,521,246	202,379
Federal and state grants	186,000	337,750	347,263	9,513
Inmate revenue	64,000	64,000	81,546	17,546
Interest earned	101,600	101,600	136,760	35,160
Other revenue	144,000	175,218	326,222	151,004
Total revenues	14,684,531	14,867,499	15,470,791	603,292
Expenditures				
29th District Court	470,653	510,653	505,509	5,144
Commissioners' Court	49,044	49,044	46,486	2,558
Constable	381,120	386,290	374,215	12,075
County Attorney	254,299	254,299	248,090	6,209
County Auditor	256,153	256,461	235,711	20,750
County Clerk	316,205	316,205	308,719	7,486
County Court	197,515	197,515	185,461	12,054
County Extension Service	105,873	105,873	99,770	6,103
County Treasurer	127,014	127,014	124,036	2,978
District Attorney	348,243	351,031	284,252	66,779
District Clerk	226,853	226,853	219,298	7,555
Election Administration	170,540	170,540	140,328	30,212
Emergency Management	135,969	139,324	127,835	11,489
Emergency Medical & Health Services	402,000	402,000	192,000	210,000
General Operations	3,204,167	3,272,839	3,002,237	270,602
Health Services	10,000	10,000	10,000	-
Information Technology	129,556	129,556	126,932	2,624
Inmate Contract	253,580	254,000	247,929	6,071
Jail and Detention	1,815,762	1,923,692	1,897,450	26,242
Justice of the Peace	534,771	534,703	522,927	11,776
Narcotics Unit	175,464	156,964	143,317	13,647
Public Works	415,246	429,938	375,129	54,809
Road and Bridge:				
Precinct No. 1	631,118	699,367	639,169	60,198
Precinct No. 2	946,420	953,952	625,549	328,403
Precinct No. 3	734,662	807,497	712,936	94,561
Precinct No. 4	687,880	797,967	687,394	110,573
Sheriff	1,828,704	1,784,722	1,687,439	97,283
Tax Assessor-Collector	568,184	568,184	539,046	29,138
Veterans' Administration	58,853	58,853	56,910	1,943
Total expenditures	15,435,848	15,875,336	14,366,074	1,509,262
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	(751,317)	(1,007,837)	1,104,717	2,112,554

PALO PINTO COUNTY, TEXAS
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Other sources and (uses):				
Proceeds from the sale of capital assets	12,500	86,701	159,580	72,879
Transfers in	-	32,714	46,882	14,168
Transfers out	-	(468,900)	(442,597)	26,303
Total other sources and (uses)	12,500	(349,485)	(236,135)	113,350
Net change in fund balances	(738,817)	(1,357,322)	868,582	2,225,904
Fund balances, beginning of year	11,213,048	11,213,048	11,213,048	-
Fund balances, end of year	\$ 10,474,231	\$ 9,855,726	\$ 12,081,630	\$ 2,225,904

PALO PINTO COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	\$ 1,207,726	\$ 1,046,808	\$ 1,018,218	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,503,133	2,523,339	2,357,748	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	(3,403,227)	(192,524)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes or inputs	-	415,741	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(336,008)	(989,135)	(109,415)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,373,929)	(1,336,135)	(1,354,829)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	(1,402,305)	1,468,094	1,911,722	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	32,652,842	31,184,748	29,273,026	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$ 31,250,537</u>	<u>\$ 32,652,842</u>	<u>\$ 31,184,748</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position										
Employer contributions	\$ 868,018	\$ 887,413	\$ 836,369	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	512,318	517,657	483,850	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	1,923,170	(48,568)	1,684,170	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(1,373,929)	(1,336,135)	(1,354,829)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(20,966)	(18,878)	(19,747)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	(180,009)	(322,305)	(93,265)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	1,728,602	(320,816)	1,536,548	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	26,083,357	26,404,173	24,867,625	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$ 27,811,959</u>	<u>\$ 26,083,357</u>	<u>\$ 26,404,173</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 3,438,578</u>	<u>\$ 6,569,485</u>	<u>\$ 4,780,575</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability	<u>89.00%</u>	<u>79.88%</u>	<u>84.67%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Pensionable covered payroll	<u>\$ 7,318,831</u>	<u>\$ 7,395,103</u>	<u>\$ 6,912,147</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability as a % of covered payroll	<u>46.98%</u>	<u>88.84%</u>	<u>69.16%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

PALO PINTO COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

<u>Year Ending December 31,</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 % of Covered Payroll</u>
2007	\$ 455,384	\$ 455,384	\$ -	\$ 5,110,930	8.9%
2008	506,713	706,713	(200,000)	5,824,287	12.1%
2009	681,427	881,427	(200,000)	6,211,733	14.2%
2010	666,829	866,829	(200,000)	6,232,046	13.9%
2011	657,457	657,457	-	6,121,549	10.7%
2012	692,767	692,767	-	6,338,220	10.9%
2013	769,860	769,860	-	6,694,417	11.5%
2014	836,369	836,369	-	6,912,147	12.1%
2015	887,413	887,413	-	7,395,103	12.0%
2016	868,018	868,018	-	7,318,831	11.9%

(1) Payroll is calculated based on contributions as reported to TCDRS.

PALO PINTO COUNTY, TEXAS
SCHEDULE OF FUNDING PROGRESS -
PALO PINTO COUNTY RETIREE HEALTH CARE PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
3/31/2011	\$ -	\$ 3,323,771	\$3,323,771	0.00%	N/A	N/A
10/1/2013	-	3,792,108	3,792,108	0.00%	\$5,852,930	64.79%
10/1/2016	-	3,578,537	3,578,537	0.00%	\$6,725,819	53.21%

Note: Valuations are performed every third year.

PALO PINTO COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2017

Budget

Annual budgets are adopted on the GAAP basis of accounting for all governmental funds except capital project funds. All annual appropriations lapse at fiscal year-end.

The County Judge is, by statute, the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, each department submits a budget request to the County Judge. The County Judge reviews budget requests and holds informal hearings when needed. Before October 1, a proposed budget is presented to the Commissioners' Court. A public hearing is then held and the Commissioners' Court takes action on the proposed budget. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts requested by the various departments. Amounts finally budgeted may not exceed the estimate of revenues and available fund balance.

Once the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping members of the Commissioners' Court advised of the conditions of the various funds and accounts.

The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. No amendments may be made without Commissioners' Court approval to the total budget for each department within a fund. Thus, the legal level of budgetary control is at the department level. No supplemental appropriations were required during the year.

Texas County and District Retirement System

There were no changes to benefit terms or assumptions during the year, except employer contributions reflect a 40% CPI COLA adopted for 2015.

Palo Pinto County Retiree Health Care Plan

There were no changes to benefit terms or assumptions during the year.

***COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AS SUPPLEMENTARY INFORMATION***

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET - GENERAL FUND
SEPTEMBER 30, 2017

	10	11/12/13/14	
	General	Road	
	Fund	and Bridge	Total
	Fund	Fund	
ASSETS			
Cash	\$ 347,195	\$ 163,977	\$ 511,172
Investments	9,000,000	2,610,645	11,610,645
Receivables, net:			
Property taxes	212,335	39,158	251,493
Sales tax	228,516	-	228,516
Accounts	210,294	27,173	237,467
Due from other funds	105,291	28,732	134,023
Prepaid expenses	172,633	-	172,633
Inventory	2,510	52,722	55,232
Total assets	<u>\$ 10,278,774</u>	<u>\$ 2,922,407</u>	<u>\$ 13,201,181</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES,			
AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 276,750	\$ 57,471	\$ 334,221
Accrued liabilities	462,862	29,795	492,657
Due to other funds	3,995	-	3,995
Due to others	37,185	-	37,185
Total liabilities	<u>780,792</u>	<u>87,266</u>	<u>868,058</u>
Deferred inflows of resources:			
Unavailable property taxes	<u>212,335</u>	<u>39,158</u>	<u>251,493</u>
Fund balances:			
Nonspendable	175,143	52,722	227,865
Restricted	10,512	-	10,512
Committed	35,455	-	35,455
Assigned	1,326,810	659,377	1,986,187
Unassigned	7,737,727	2,083,884	9,821,611
Total fund balances	<u>9,285,647</u>	<u>2,795,983</u>	<u>12,081,630</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,278,774</u>	<u>\$ 2,922,407</u>	<u>\$ 13,201,181</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	10	11/12/13/14	
	General	Road	Total
	Fund	and Bridge	
	Fund	Fund	
Revenues			
Property taxes	\$ 8,978,962	\$ 1,631,034	\$ 10,609,996
Sales taxes	1,403,233	-	1,403,233
Mixed beverage tax	44,525	-	44,525
Licenses, fees and fines	1,847,402	673,844	2,521,246
Federal and state grants	205,080	142,183	347,263
Inmate revenue	81,546	-	81,546
Interest earned	105,799	30,961	136,760
Other revenue	324,780	1,442	326,222
Total revenues	12,991,327	2,479,464	15,470,791
Expenditures			
29th District Court	505,509	-	505,509
Commissioners' Court	46,486	-	46,486
Constable	374,215	-	374,215
County Attorney	248,090	-	248,090
County Auditor	235,711	-	235,711
County Clerk	308,719	-	308,719
County Court	185,461	-	185,461
County Extension Service	99,770	-	99,770
County Treasurer	124,036	-	124,036
District Attorney	284,252	-	284,252
District Clerk	219,298	-	219,298
Election Administration	140,328	-	140,328
Emergency Management	127,835	-	127,835
Emergency Medical & Health Services	192,000	-	192,000
General operations	3,002,237	-	3,002,237
Health services	10,000	-	10,000
Information Technology	126,932	-	126,932
Inmate contract	247,929	-	247,929
Jail and detention	1,897,450	-	1,897,450
Justice of the Peace	522,927	-	522,927
Narcotics Unit	143,317	-	143,317
Public Works	375,129	-	375,129
Road and Bridge:			
Precinct No. 1	-	639,169	639,169
Precinct No. 2	-	625,549	625,549
Precinct No. 3	-	712,936	712,936
Precinct No. 4	-	687,394	687,394
Sheriff	1,687,439	-	1,687,439
Tax Assessor-Collector	539,046	-	539,046
Veteran's Administration	56,910	-	56,910
Total expenditures	11,701,026	2,665,048	14,366,074
Excess of revenues over(under) expenditures before other sources and (uses)	1,290,301	(185,584)	1,104,717
Other sources and (uses):			
Proceeds from the sale of capital assets	52,551	107,029	159,580
Transfers in	-	46,882	46,882
Transfers out	(407,000)	(35,597)	(442,597)
Total other sources and (uses)	(354,449)	118,314	(236,135)
Net change in fund balances	935,852	(67,270)	868,582
Fund balances, beginning of year	8,349,795	2,863,253	11,213,048
Fund balances, end of year	\$ 9,285,647	\$ 2,795,983	\$ 12,081,630

PALO PINTO COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General (10)		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 8,865,632	\$ 8,978,962	\$ 113,330
Sales taxes	1,351,000	1,403,233	52,233
Mixed beverage tax	43,000	44,525	1,525
Licenses, fees and fines	1,660,410	1,847,402	186,992
Federal and state grants	195,567	205,080	9,513
Inmate revenue	64,000	81,546	17,546
Interest earned	80,000	105,799	25,799
Other revenue	174,218	324,780	150,562
Total revenues	<u>12,433,827</u>	<u>12,991,327</u>	<u>557,500</u>
Expenditures			
29th District Court	510,653	505,509	5,144
Commissioners' Court	49,044	46,486	2,558
Constable	386,290	374,215	12,075
County Attorney	254,299	248,090	6,209
County Auditor	256,461	235,711	20,750
County Clerk	316,205	308,719	7,486
County Court	197,515	185,461	12,054
County Extension Service	105,873	99,770	6,103
County Treasurer	127,014	124,036	2,978
District Attorney	351,031	284,252	66,779
District Clerk	226,853	219,298	7,555
Election Administration	170,540	140,328	30,212
Emergency Management	139,324	127,835	11,489
Emergency Medical & Health Services	402,000	192,000	210,000
General operations	3,272,839	3,002,237	270,602
Health services	10,000	10,000	-
Information Technology	129,556	126,932	2,624
Inmate contract	254,000	247,929	6,071
Jail and detention	1,923,692	1,897,450	26,242
Justice of the Peace	534,703	522,927	11,776
Narcotics Unit	156,964	143,317	13,647
Public Works	429,938	375,129	54,809
Road and Bridge:			
Precinct No. 1	-	-	-
Precinct No. 2	-	-	-
Precinct No. 3	-	-	-
Precinct No. 4	-	-	-
Sheriff	1,784,722	1,687,439	97,283
Tax Assessor-Collector	568,184	539,046	29,138
Veteran's Administration	58,853	56,910	1,943
Total expenditures	<u>12,616,553</u>	<u>11,701,026</u>	<u>915,527</u>
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	<u>(182,726)</u>	<u>1,290,301</u>	<u>1,473,027</u>
Other sources and (uses):			
Proceeds from the sale of capital assets	-	52,551	52,551
Transfers in	-	-	-
Transfers out	(407,000)	(407,000)	-
Total other sources and (uses):	<u>(407,000)</u>	<u>(354,449)</u>	<u>52,551</u>
Net change in fund balances	(589,726)	935,852	1,525,578
Fund balances, beginning of year	8,349,795	8,349,795	-
Fund balances, end of year	<u>\$ 7,760,069</u>	<u>\$ 9,285,647</u>	<u>\$ 1,525,578</u>

EXHIBIT C-3

Road and Bridge (11/12/13/14)			Total		
Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,610,432	\$ 1,631,034	\$ 20,602	\$ 10,476,064	\$ 10,609,996	\$ 133,932
-	-	-	1,351,000	1,403,233	52,233
-	-	-	43,000	44,525	1,525
658,457	673,844	15,387	2,318,867	2,521,246	202,379
142,183	142,183	-	337,750	347,263	9,513
-	-	-	64,000	81,546	17,546
21,600	30,961	9,361	101,600	136,760	35,160
1,000	1,442	442	175,218	326,222	151,004
<u>2,433,672</u>	<u>2,479,464</u>	<u>45,792</u>	<u>14,867,499</u>	<u>15,470,791</u>	<u>603,292</u>
-	-	-	510,653	505,509	5,144
-	-	-	49,044	46,486	2,558
-	-	-	386,290	374,215	12,075
-	-	-	254,299	248,090	6,209
-	-	-	256,461	235,711	20,750
-	-	-	316,205	308,719	7,486
-	-	-	197,515	185,461	12,054
-	-	-	105,873	99,770	6,103
-	-	-	127,014	124,036	2,978
-	-	-	351,031	284,252	66,779
-	-	-	226,853	219,298	7,555
-	-	-	170,540	140,328	30,212
-	-	-	139,324	127,835	11,489
-	-	-	402,000	192,000	210,000
-	-	-	3,272,839	3,002,237	270,602
-	-	-	10,000	10,000	-
-	-	-	129,556	126,932	2,624
-	-	-	254,000	247,929	6,071
-	-	-	1,923,692	1,897,450	26,242
-	-	-	534,703	522,927	11,776
-	-	-	156,964	143,317	13,647
-	-	-	429,938	375,129	54,809
699,367	639,169	60,198	699,367	639,169	60,198
953,952	625,549	328,403	953,952	625,549	328,403
807,497	712,936	94,561	807,497	712,936	94,561
797,967	687,394	110,573	797,967	687,394	110,573
-	-	-	1,784,722	1,687,439	97,283
-	-	-	568,184	539,046	29,138
-	-	-	58,853	56,910	1,943
<u>3,258,783</u>	<u>2,665,048</u>	<u>593,735</u>	<u>15,875,336</u>	<u>14,366,074</u>	<u>1,509,262</u>
<u>(825,111)</u>	<u>(185,584)</u>	<u>639,527</u>	<u>(1,007,837)</u>	<u>1,104,717</u>	<u>2,112,554</u>
86,701	107,029	20,328	86,701	159,580	72,879
32,714	46,882	14,168	32,714	46,882	14,168
(61,900)	(35,597)	26,303	(468,900)	(442,597)	26,303
<u>57,515</u>	<u>118,314</u>	<u>60,799</u>	<u>(349,485)</u>	<u>(236,135)</u>	<u>113,350</u>
(767,596)	(67,270)	700,326	(1,357,322)	868,582	2,225,904
<u>2,863,253</u>	<u>2,863,253</u>	<u>-</u>	<u>11,213,048</u>	<u>11,213,048</u>	<u>-</u>
<u>\$ 2,095,657</u>	<u>\$ 2,795,983</u>	<u>\$ 700,326</u>	<u>\$ 9,855,726</u>	<u>\$ 12,081,630</u>	<u>\$ 2,225,904</u>

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Special Revenue Funds					
	15	20	24	25	30	32
	CETRZ	Commissary	Marlow Cemetery Trust	County Attorney	District Attorney Fees	Tax Assessor-Collector
ASSETS						
Cash	\$ (57,782)	\$ 43,832	\$ 1,298	\$ 567	\$ 1,532	\$ 4,737
Investments	-	-	-	-	-	-
Receivables, net:						
Occupancy taxes	-	-	-	-	-	-
Accounts	57,782	11	-	-	-	-
Due from other funds	-	-	-	210	-	60
Inventory	-	2,040	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 45,883</u>	<u>\$ 1,298</u>	<u>\$ 777</u>	<u>\$ 1,532</u>	<u>\$ 4,797</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	300	-	-	-	-
Due to others	-	243	-	-	-	-
Total liabilities	<u>-</u>	<u>543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable	-	2,040	-	-	-	-
Restricted	-	43,300	-	777	1,532	4,797
Committed	-	-	1,298	-	-	-
Total fund balances	<u>-</u>	<u>45,340</u>	<u>1,298</u>	<u>777</u>	<u>1,532</u>	<u>4,797</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 45,883</u>	<u>\$ 1,298</u>	<u>\$ 777</u>	<u>\$ 1,532</u>	<u>\$ 4,797</u>

Special Revenue Funds								
35 Hotel/ Motel Fund	42 District Attorney Forfeited	43 Constable Forfeited	45 Sheriff Forfeited	48 District Attorney State	49 Election Services Fund	50 County Clerk PRF	51 District Clerk PRF	52 Preservation of Records
\$ 58,681	\$ 88,899	\$ 495	\$ 165,093	\$ 19,138	\$ 27,558	\$ 76,153 400,011	\$ 50,731	\$ 65,986
-	-	-	-	-	-	-	-	-
51,486	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	11,474	971	869
-	-	-	-	-	-	-	-	-
<u>\$ 110,167</u>	<u>\$ 88,899</u>	<u>\$ 495</u>	<u>\$ 165,093</u>	<u>\$ 19,138</u>	<u>\$ 27,558</u>	<u>\$ 487,638</u>	<u>\$ 51,702</u>	<u>\$ 66,855</u>
\$ -	\$ -	\$ -	\$ 47,096	\$ -	\$ -	\$ 4,000	\$ -	\$ -
-	-	-	-	794	-	576	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	47,096	794	-	4,576	-	-
-	-	-	-	-	-	-	-	-
110,167	88,899	495	117,997	18,344	27,558	483,062	51,702	66,855
-	-	-	-	-	-	-	-	-
<u>110,167</u>	<u>88,899</u>	<u>495</u>	<u>117,997</u>	<u>18,344</u>	<u>27,558</u>	<u>483,062</u>	<u>51,702</u>	<u>66,855</u>
<u>\$ 110,167</u>	<u>\$ 88,899</u>	<u>\$ 495</u>	<u>\$ 165,093</u>	<u>\$ 19,138</u>	<u>\$ 27,558</u>	<u>\$ 487,638</u>	<u>\$ 51,702</u>	<u>\$ 66,855</u>

PALO PINTO COUNTY, TEXAS
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Special Revenue Funds					
	53	54	55	56	57	58
	Juvenile Case Management	Law Library Fund	Courthouse Security Fund	Justice Technology Fund	Justice Court Security Fee	Employee Fund
ASSETS						
Cash	\$ 31,280	\$ 76,699	\$ 6,227	\$ 84,448	\$ 18,280	\$ 5,732
Investments	-	-	75,002	-	-	-
Receivables, net:						
Occupancy taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Due from other funds	805	1,470	1,521	876	205	-
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 32,085</u>	<u>\$ 78,169</u>	<u>\$ 82,750</u>	<u>\$ 85,324</u>	<u>\$ 18,485</u>	<u>\$ 5,732</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 1,931	\$ -	\$ 1,790	\$ -	\$ 45
Accrued liabilities	-	-	1,581	-	-	-
Due to other funds	-	-	-	-	-	-
Due to others	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,931</u>	<u>1,581</u>	<u>1,790</u>	<u>-</u>	<u>45</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	32,085	76,238	81,169	83,534	18,485	-
Committed	-	-	-	-	-	5,687
Total fund balances	<u>32,085</u>	<u>76,238</u>	<u>81,169</u>	<u>83,534</u>	<u>18,485</u>	<u>5,687</u>
Total liabilities and fund balances	<u>\$ 32,085</u>	<u>\$ 78,169</u>	<u>\$ 82,750</u>	<u>\$ 85,324</u>	<u>\$ 18,485</u>	<u>\$ 5,732</u>

Debt Service Fund	Capital Projects Funds						Total Other Governmental Funds
62 Texas Capital Fund	70 Texas Capital Fund	72 Dempsey Facility	73 HAVA Fund	74 Capital Improvement Fund	77 Sewer Grant Fund	78 Sewer Grant Fund	
\$ -	\$ 100	\$ 83,741 200,005	\$ 2,971	\$ 396,024	\$ -	\$ -	\$ 1,252,420 675,018
-	-	-	-	-	-	-	51,486
-	-	-	-	-	-	21,519	79,312
-	-	-	-	-	-	-	18,461
-	-	-	-	-	-	-	2,040
<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 283,746</u>	<u>\$ 2,971</u>	<u>\$ 396,024</u>	<u>\$ -</u>	<u>\$ 21,519</u>	<u>\$ 2,078,737</u>
\$ -	\$ -	\$ -	\$ 2,971	\$ -	\$ -	\$ 21,519	\$ 79,352
-	-	-	-	-	-	-	2,951
-	-	-	-	-	-	-	300
-	-	-	-	-	-	-	243
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,971</u>	<u>-</u>	<u>-</u>	<u>21,519</u>	<u>82,846</u>
-	-	-	-	-	-	-	2,040
-	100	-	-	-	-	-	1,307,096
-	-	283,746	-	396,024	-	-	686,755
<u>-</u>	<u>100</u>	<u>283,746</u>	<u>-</u>	<u>396,024</u>	<u>-</u>	<u>-</u>	<u>1,995,891</u>
<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 283,746</u>	<u>\$ 2,971</u>	<u>\$ 396,024</u>	<u>\$ -</u>	<u>\$ 21,519</u>	<u>\$ 2,078,737</u>

PALO PINTO COUNTY, TEXAS

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

	Special Revenue Funds					
	15	20	24	25	30	32
	CETRZ	Commissary	Marlow Cemetery Trust	County Attorney	District Attorney Fees	Tax Assessor- Collector
Revenues						
Occupancy tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and fines	-	-	-	2,855	8	686
Federal and state grants	142,388	-	-	-	-	-
Commissary revenue	-	44,199	-	-	-	-
Interest earned	-	-	8	-	-	24
Other revenue	-	-	-	-	-	-
Total revenues	142,388	44,199	8	2,855	8	710
Expenditures						
Capital projects	-	-	-	-	-	-
Commissary	-	41,323	-	-	-	-
County Attorney	-	-	-	2,506	-	-
County Clerk	-	-	-	-	-	-
Courthouse security	-	-	-	-	-	-
Debt Service - principal	-	-	-	-	-	-
District Attorney	-	-	-	-	-	-
Elections Administration	-	-	-	-	-	-
General operations	-	-	200	-	-	-
Hotel/motel tax	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Road and Bridge:						
Precinct No. 1	14,698	-	-	-	-	-
Precinct No. 2	108,903	-	-	-	-	-
Precinct No. 3	54,384	-	-	-	-	-
Sheriff	-	-	-	-	-	-
Vending expenditures	-	-	-	-	-	-
Total expenditures	177,985	41,323	200	2,506	-	-
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	(35,597)	2,876	(192)	349	8	710
Other sources and (uses):						
Proceeds from the sale of capital assets	-	-	-	-	-	-
Transfers in	35,597	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other sources and (uses)	35,597	-	-	-	-	-
Net change in fund balances	-	2,876	(192)	349	8	710
Fund balances, beginning of year	-	42,464	1,490	428	1,524	4,087
Fund balances, end of year	\$ -	\$ 45,340	\$ 1,298	\$ 777	\$ 1,532	\$ 4,797

Special Revenue Funds								
35 Hotel/ Motel Fund	42 District Attorney Forfeited	43 Constable Forfeited	45 Sheriff Forfeited	48 District Attorney State	49 Election Services Fund	50 County Clerk PRF	51 District Clerk PRF	52 Preservation of Records
\$ 132,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,536	137,512	10,499	9,856
-	-	-	-	27,500	-	-	-	-
383	447	-	864	19	127	3,913	265	339
-	29,451	495	9,377	-	3,850	-	-	-
132,669	29,898	495	10,241	27,519	5,513	141,425	10,764	10,195
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	73,291	-	-
-	-	-	-	-	-	-	-	-
-	8,112	-	-	22,805	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,130	-	4,163	6,346
126,348	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	50,911	-	-	-	-	-
126,348	8,112	-	50,911	22,805	3,130	73,291	4,163	6,346
6,321	21,786	495	(40,670)	4,714	2,383	68,134	6,601	3,849
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
6,321	21,786	495	(40,670)	4,714	2,383	68,134	6,601	3,849
103,846	67,113	-	158,667	13,630	25,175	414,928	45,101	63,006
\$ 110,167	\$ 88,899	\$ 495	\$ 117,997	\$ 18,344	\$ 27,558	\$ 483,062	\$ 51,702	\$ 66,855

PALO PINTO COUNTY, TEXAS

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

	Special Revenue Funds					
	53	54	55	56	57	58
	Juvenile Case Management	Law Library Fund	Courthouse Security Fund	Justice Technology Fund	Justice Court Security Fee	Employee Fund
Revenues						
Occupancy tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and fines	18,549	19,075	21,887	15,350	3,672	-
Federal and state grants	-	-	-	-	-	-
Commissary revenue	-	-	-	-	-	-
Interest earned	174	388	890	441	88	28
Other revenue	-	-	-	-	-	3,712
Total revenues	<u>18,723</u>	<u>19,463</u>	<u>22,777</u>	<u>15,791</u>	<u>3,760</u>	<u>3,740</u>
Expenditures						
Capital projects	-	-	-	-	-	-
Commissary	-	-	-	-	-	-
County Attorney	-	-	-	-	-	-
County Clerk	-	-	-	-	-	-
Courthouse security	-	-	51,101	-	-	-
Debt Service - principal	-	-	-	-	-	-
District Attorney	-	-	-	-	-	-
Elections Administration	-	-	-	-	-	-
General operations	14,000	11,128	-	10,901	-	-
Hotel/motel tax	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Road and Bridge:						
Precinct No. 1	-	-	-	-	-	-
Precinct No. 2	-	-	-	-	-	-
Precinct No. 3	-	-	-	-	-	-
Sheriff	-	-	-	-	-	-
Vending expenditures	-	-	-	-	-	3,228
Total expenditures	<u>14,000</u>	<u>11,128</u>	<u>51,101</u>	<u>10,901</u>	<u>-</u>	<u>3,228</u>
Excess (deficiency) of revenues over (under) expenditures before other sources and (uses)	<u>4,723</u>	<u>8,335</u>	<u>(28,324)</u>	<u>4,890</u>	<u>3,760</u>	<u>512</u>
Other sources and (uses):						
Proceeds from the sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	7,000	-	-	-
Transfers out	-	-	-	-	-	-
Total other sources and (uses)	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>4,723</u>	<u>8,335</u>	<u>(21,324)</u>	<u>4,890</u>	<u>3,760</u>	<u>512</u>
Fund balances, beginning of year	<u>27,362</u>	<u>67,903</u>	<u>102,493</u>	<u>78,644</u>	<u>14,725</u>	<u>5,175</u>
Fund balances, end of year	<u>\$ 32,085</u>	<u>\$ 76,238</u>	<u>\$ 81,169</u>	<u>\$ 83,534</u>	<u>\$ 18,485</u>	<u>\$ 5,687</u>

EXHIBIT C-5

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Debt Service Fund	Capital Projects						Total Other Governmental Funds
62 Texas Capital Fund	70 Texas Capital Fund	72 Dempsey Facility	73 HAVA Fund	74 Capital Improvement Fund	77 Sewer Grant Fund	78 Sewer Grant Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,286
-	-	-	-	-	-	-	241,485
-	-	-	-	-	11,734	21,519	203,141
-	-	-	-	-	-	-	44,199
-	-	2,245	56	855	-	-	11,554
28,000	-	202,698	-	-	-	-	277,583
28,000	-	204,943	56	855	11,734	21,519	910,248
-	-	84,556	-	153,102	-	-	237,658
-	-	-	-	-	-	-	41,323
-	-	-	-	-	-	-	2,506
-	-	-	-	-	-	-	73,291
-	-	-	-	-	-	-	51,101
28,000	-	-	-	-	-	-	28,000
-	-	-	-	-	-	-	30,917
-	-	-	13,183	-	-	-	13,183
-	-	-	-	-	-	-	49,868
-	-	-	-	-	-	-	126,348
-	-	-	-	-	11,734	21,519	33,253
-	-	-	-	-	-	-	14,698
-	-	-	-	-	-	-	108,903
-	-	-	-	-	-	-	54,384
-	-	-	-	-	-	-	50,911
-	-	-	-	-	-	-	3,228
28,000	-	84,556	13,183	153,102	11,734	21,519	919,572
-	-	120,387	(13,127)	(152,247)	-	-	(9,324)
-	-	626	-	-	-	-	626
-	-	-	-	360,000	-	-	402,597
-	-	(46,882)	-	-	-	-	(46,882)
-	-	(46,256)	-	360,000	-	-	356,341
-	-	74,131	(13,127)	207,753	-	-	347,017
-	100	209,615	13,127	188,271	-	-	1,648,874
\$ -	\$ 100	\$ 283,746	\$ -	\$ 396,024	\$ -	\$ -	\$ 1,995,891

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF ASSETS AND LIABILITIES -
FIDUCIARY FUNDS
SEPTEMBER 30, 2017

	40 District Attorney Seized Funds	79 Sheriff's Department Civil Process	80 Tax Collection	81 Auto Registration	82 Justice of the Peace Precinct #2
Assets					
Cash	\$ 74,180	\$ 3,401	\$ 331,494	\$ 395,144	\$ 1,547
Investments	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 74,180</u>	<u>\$ 3,401</u>	<u>\$ 331,494</u>	<u>\$ 395,144</u>	<u>\$ 1,547</u>
Liabilities					
Due to other funds	\$ -	\$ 1,701	\$ 20,353	\$ 37,765	\$ 1,547
Due to others	<u>74,180</u>	<u>1,700</u>	<u>311,141</u>	<u>357,379</u>	<u>-</u>
Total liabilities	<u>\$ 74,180</u>	<u>\$ 3,401</u>	<u>\$ 331,494</u>	<u>\$ 395,144</u>	<u>\$ 1,547</u>

83	84	85	87	88	89	90
Justice of the Peace Precinct #3	Justice of the Peace Precinct #4	Justice of the Peace Precinct #5	County Treasurer (Special)	County Clerk	Juvenile Rest	District Clerk
\$ 9,880	\$ 2,829	\$ 14,023	\$ 84,143	\$ 33,091	\$ 245	\$ 25,524
-	-	-	-	-	-	-
3,410	-	861	225	734	-	2,071
-	-	-	32,561	-	-	-
<u>\$ 13,290</u>	<u>\$ 2,829</u>	<u>\$ 14,884</u>	<u>\$ 116,929</u>	<u>\$ 33,825</u>	<u>\$ 245</u>	<u>\$ 27,595</u>
\$ 13,190	\$ 2,829	\$ 14,884	\$ 53	\$ 33,761	\$ 200	\$ 26,288
100	-	-	116,876	64	45	1,307
<u>\$ 13,290</u>	<u>\$ 2,829</u>	<u>\$ 14,884</u>	<u>\$ 116,929</u>	<u>\$ 33,825</u>	<u>\$ 245</u>	<u>\$ 27,595</u>

PALO PINTO COUNTY, TEXAS
COMBINING STATEMENT OF ASSETS AND LIABILITIES -
FIDUCIARY FUNDS
SEPTEMBER 30, 2017

	91	92	93	94
	Health Savings Account	Justice of the Peace Precinct #1	County Clerk	County Attorney
Assets				
Cash	\$ 6,200	\$ 21,301	\$ 94,035	\$ 4,982
Investments	-	-	-	-
Other receivables	-	3,777	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 6,200</u>	<u>\$ 25,078</u>	<u>\$ 94,035</u>	<u>\$ 4,982</u>
Liabilities				
Due to other funds	\$ -	\$ 17,277	\$ 7,195	\$ 211
Due to others	<u>6,200</u>	<u>7,801</u>	<u>86,840</u>	<u>4,771</u>
Total liabilities	<u>\$ 6,200</u>	<u>\$ 25,078</u>	<u>\$ 94,035</u>	<u>\$ 4,982</u>

95	96	97	98	110	
District Clerk	District Attorney	Public Works	Inmate Trust	Deferred Compensation	Totals
\$ 460,282	\$ 6,505	\$ 3,000	\$ 9,194	\$ -	\$ 1,581,000
40,286	-	-	-	812,834	853,120
-	-	-	-	-	11,078
-	-	-	-	-	32,561
<u>\$ 500,568</u>	<u>\$ 6,505</u>	<u>\$ 3,000</u>	<u>\$ 9,194</u>	<u>\$ 812,834</u>	<u>\$ 2,477,759</u>
\$ -	\$ -	\$ 2,900	\$ 596	\$ -	\$ 180,750
500,568	6,505	100	8,598	812,834	2,297,009
<u>\$ 500,568</u>	<u>\$ 6,505</u>	<u>\$ 3,000</u>	<u>\$ 9,194</u>	<u>\$ 812,834</u>	<u>\$ 2,477,759</u>