

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2017**

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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FINANCIAL SECTION



PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
Commissioners' Court
Medina County, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Medina County, Texas' 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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, pension information, and the schedule of funding progress for the other post-employment benefits plan on pages 4 – 10 and 44 – 55 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 Medina County Texas' basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2018, on our consideration of Medina County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Medina County, Texas' internal control over financial reporting and compliance.

Pattillo, Brown + Hill, L.L.P.

Waco, Texas
June 5, 2018

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis

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

Financial Highlights

- The assets of Medina County exceeded its liabilities at the close of the most recent fiscal year by \$36,857,400.
- The County's total net position increased by \$2,648,506.
- Unrestricted net position of \$11,211,117 is available to meet the County's ongoing obligations to citizens and creditors.
- Restricted net position of \$2,555,457 are funds set aside for specific purposes.
- As of the close of the fiscal year ending September 30, 2017, Medina County's governmental funds reported combined ending fund balances of \$11,068,682, an increase of \$1,537,734 from the prior year.
- Unassigned fund balance for the General Fund was \$8,092,795.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements provide readers with a broad overview of Medina County's finances in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, debt payments, and earned but unused vacation leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Medina County maintains 52 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 and the Debt Service Fund, which are considered to be major funds. Data from the other 50 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Medina County adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, and the Debt Service Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds. Medina County maintains proprietary funds in the form of Internal Service Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Medina County uses an Internal Service Fund to account for its Employee Health Insurance funds and Claims Escrow. Because both of these services benefit governmental activities, they have been included within governmental activities in the government-wide financial statements.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Financial Analysis of Government-wide Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Medina County, assets exceeded liabilities by \$36,857,400 at the close of the most recent fiscal year.

MEDINA COUNTY'S NET POSITION

	Governmental Activities	
	2017	2016
Current assets	\$ 16,891,394	\$ 16,133,371
Capital assets	<u>27,473,186</u>	<u>25,408,223</u>
Total assets	<u>44,364,580</u>	<u>41,541,594</u>
Deferred outflows of resources	<u>2,190,076</u>	<u>2,484,939</u>
Current liabilities	1,280,556	2,045,922
Noncurrent liabilities	<u>8,246,806</u>	<u>7,545,191</u>
Total liabilities	<u>9,527,362</u>	<u>9,591,113</u>
Deferred inflows of resources	<u>169,894</u>	<u>226,526</u>
Net position:		
Net investment		
in capital assets	23,090,826	21,272,764
Restricted	2,555,457	2,576,161
Unrestricted	<u>11,211,117</u>	<u>10,359,969</u>
Total net position	<u>\$ 36,857,400</u>	<u>\$ 34,208,894</u>

A portion of the County's net position \$23,090,826 reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). Medina County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are shown in the chart below.

	2017	2016
Non-depreciable:		
CIP	\$ 7,377,097	\$ 7,055,433
Land	<u>1,346,616</u>	<u>1,426,616</u>
Capital assets, non-depreciable	<u>8,723,713</u>	<u>8,482,049</u>
Capital assets, net of depreciation:		
Buildings and improvements	5,483,507	5,557,223
Equipment	3,915,419	3,034,145
Infrastructure	<u>9,350,547</u>	<u>8,334,806</u>
	<u>\$ 18,749,473</u>	<u>\$ 16,926,174</u>

An additional portion of the County's net position \$2,555,457 represents resources that are subject to external restrictions on how they may be used. The unrestricted net position \$11,211,117 may be used to meet the County's ongoing obligations to citizens and creditors.

MEDINA COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2017	2016
REVENUES		
Program revenues:		
Charges for services	\$ 4,454,957	\$ 4,135,857
Operating grants and contributions	1,515,523	1,801,419
Capital grants and contributions	176,887	288,837
General revenues:		
Property taxes	16,309,580	14,618,683
Sales taxes	2,369,409	2,222,152
Other	20,562	23,102
Investment earnings	82,505	71,091
Miscellaneous	462,866	458,145
Total revenues	25,392,289	23,619,286
EXPENSES		
General government	5,215,409	5,151,714
Legal	3,631,070	3,541,188
Public safety	7,884,518	7,373,348
Public transportation	4,736,594	3,590,510
Health and welfare	1,154,657	1,356,380
Interest on long-term debt	121,535	90,750
Total expenses	22,743,783	21,103,890
CHANGE IN NET POSITION	2,648,506	2,515,396
NET POSITION, BEGINNING	34,208,894	31,736,595
PRIOR PERIOD ADJUSTMENT	-	(43,097)
NET POSITION, ENDING	\$ 36,857,400	\$ 34,208,894

Property taxes are collected to support government activity through the General Fund, special road and bridge funds, and Debt Service Fund. The county tax rate increased from the prior year. Property tax revenues increased by \$1,690,897 (12%) to \$16,309,580 for the year because of increased values and new developments added to the rolls.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, Medina County's governmental funds reported combined ending fund balances of \$11,068,682, an increase of \$1,537,734 in comparison with the prior year. Approximately 69% percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$3,390,547 is nonspendable, restricted or assigned and is not available for new spending.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was \$8,570,165. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Fund balance in the General Fund represents 56% of total General Fund expenditures. Maintaining a significant fund balance is essential for sound financial management because a great majority of the grant funding for the County is in the form of reimbursements requiring the use of County funding upfront.

Proprietary funds. Proprietary funds are made up of two Internal Service Funds, which include the Employee Health Insurance and Claims Escrow Funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for fiscal year ending September 30, 2017, can be summarized as follows:

- Actual revenue exceeded budgeted revenue by \$1,148,942.
- Actual revenues exceeded expenditures by \$2,776,063.
- Final budgeted expenditures exceeded the actual final budgeted expenditure amount by \$1,024,708.

Capital Asset and Debt Administration

Capital assets. Medina County's investment in capital assets for its governmental activities as of September 30, 2017, amounts to \$27,473,186 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, roads, highways, and bridges.

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

- Acquisition of autos for various departments;
- Acquisition of additional machinery for road maintenance;
- Continued construction on Adult and Juvenile probation facilities;

Additional information about Medina County's capital assets can be found in Note 3 of the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$375,000. The full amount is backed by the full faith and credit of the County. Medina County's bonded debt decreased by \$365,000 during the current fiscal year.

Medina County is not currently rated because there is no outstanding public bond issues.

Additional information on Medina County's long-term debt can be found in Note 3 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The County of Medina develops a budget to help effectively accomplish the highest priorities and objectives throughout the upcoming fiscal year.

Our fiscal year 2017-2018 budget had a new taxable appraised value of \$3.07 billion, an increase of \$230 million (8.09%) from the previous fiscal year 2016-2017. This increase is mainly due to new properties and an increase in property values. The total tax rate adopted by the Commissioner's County for the County of Medina of \$0.5517 per \$100 of assessed valuation, was the same as the total tax rate for prior fiscal year 2016-2017. This tax rate will provide 46.2% of our approximate total \$30.6 million of budgeted expenses and expect the remaining from other revenue sources and beginning cash. The general operating fund spending increased in fiscal year 2017-2018 budget to \$18.3 million from \$17.6 million in prior fiscal year 2016-2017 budget. This 3.87% increase in the budget was primarily due to wage increases, personnel additions and our indigent defense assistance program.

The County of Medina continues to experience an increase in population throughout the area. This rapid growth along with a rising demand for local government services has placed a strain on existing facilities, particularly our County Courthouse and County Jail. Our County Courthouse is not large enough to house all administrative employees. Therefore, we have several external offices that are currently being leased or that have been purchased by the County. Our ninety-six (96) bed County Jail is well overcrowded, forcing us to house numerous inmates at nearby counties. Due to these significant matters, the County of Medina intends to reach out to the citizens of the County in the near future and obtain their approval to construct a new County Jail and a Courthouse Annex.

Requests for Information

This financial report provides an overview of Medina County's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chris Schuchart, Medina County Judge.

**BASIC
FINANCIAL STATEMENTS**

MEDINA COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and investments	\$ 10,848,471
Receivables:	
Ad valorem taxes	1,307,147
Sales tax	341,587
Intergovernmental	274,855
Fines	3,656,384
Other	417,227
Prepaid items	45,723
Capital assets:	
Nondepreciable	8,723,713
Depreciable, net of accumulated depreciation	<u>18,749,473</u>
Total assets	<u>44,364,580</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>2,190,076</u>
Total deferred outflows of resources	<u>2,190,076</u>
LIABILITIES	
Accounts payable	894,790
Accrued liabilities	209,423
Interest payable	42,447
Unearned revenue	30,199
Other liabilities	103,697
Noncurrent liabilities:	
Due within one year	1,421,799
Due in more than one year	<u>6,825,007</u>
Total liabilities	<u>9,527,362</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>169,894</u>
Total deferred outflows of resources	<u>169,894</u>
NET POSITION	
Net investment in capital assets	23,090,826
Restricted for:	
Road and bridge	1,742,462
Debt service	27,411
Records management and technology	448,561
Law enforcement and security	146,992
Grant requirements	190,031
Unrestricted	<u>11,211,117</u>
Total net position	<u>\$ 36,857,400</u>

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

MEDINA COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position <u>Primary Government</u>
					Governmental Activities
Primary Government:					
Governmental activities:					
General administration	\$ 5,215,409	\$ 1,200,175	\$ 316,545	\$ -	\$(3,698,689)
Legal	3,631,070	274,639	461,602	-	(2,894,829)
Public safety	7,884,518	2,030,007	15,972	-	(5,838,539)
Public transportation	4,736,594	945,936	44,508	176,887	(3,569,263)
Health and welfare	1,154,657	4,200	676,896	-	(473,561)
Interest on long-term debt	121,535	-	-	-	(121,535)
Total governmental activities	\$ 22,743,783	\$ 4,454,957	\$ 1,515,523	\$ 176,887	(16,596,416)
General revenues:					
Taxes:					
Property					16,309,580
Sales					2,369,409
Other taxes					20,562
Investment earnings					82,505
Miscellaneous					462,866
Total general revenues					19,244,922
Change in net position					2,648,506
Net position, beginning					34,208,894
Net position, ending					\$ 36,857,400

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

MEDINA COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 7,782,700	\$ 29,941	\$ 3,003,337	\$ 10,815,978
Receivables:				
Ad valorem taxes	1,020,815	85,188	201,144	1,307,147
Sales tax	341,587	-	-	341,587
Intergovernmental	34,266	-	240,589	274,855
Other	129,991	-	282,979	412,970
Prepaid items	1,739	-	42,379	44,118
Due from other funds	<u>718,759</u>	<u>-</u>	<u>-</u>	<u>718,759</u>
Total assets	<u>10,029,857</u>	<u>115,129</u>	<u>3,770,428</u>	<u>13,915,414</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	281,930	-	313,396	595,326
Payroll liabilities	150,179	-	59,244	209,423
Other liabilities	81,464	-	22,233	103,697
Due to other funds	-	314,933	403,826	718,759
Unearned revenue	<u>-</u>	<u>-</u>	<u>30,199</u>	<u>30,199</u>
Total liabilities	<u>513,573</u>	<u>314,933</u>	<u>828,898</u>	<u>1,657,404</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>946,119</u>	<u>62,132</u>	<u>181,077</u>	<u>1,189,328</u>
Total deferred inflows of resources	<u>946,119</u>	<u>62,132</u>	<u>181,077</u>	<u>1,189,328</u>
Fund balances:				
Nonspendable - prepaid items	1,739	-	42,379	44,118
Restricted for:				
Road and bridge	-	-	1,566,224	1,566,224
Debt service	-	-	2,887	2,887
Records management and technology	-	-	448,561	448,561
Law enforcement and security	-	-	146,992	146,992
Grant requirements	-	-	190,031	190,031
Capital Projects	-	-	516,103	516,103
Assigned for:				
Utilization of fund balance in subsequent year's budget	475,631	-	-	475,631
Unassigned	<u>8,092,795</u>	<u>(261,936)</u>	<u>(152,724)</u>	<u>7,678,135</u>
Total fund balances	<u>8,570,165</u>	<u>(261,936)</u>	<u>2,760,453</u>	<u>11,068,682</u>
Total liabilities and fund balances	<u>\$ 10,029,857</u>	<u>\$ 115,129</u>	<u>\$ 3,770,428</u>	<u>\$ 13,915,414</u>

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

MEDINA COUNTY, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2017

Total fund balances - governmental funds balance sheet \$ 11,068,682

Amounts reported for governmental activities in the Statement of Net Position are

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 27,473,186

Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized in the statement of net position.

Accrued interest	\$(42,447)	
General Obligation Bonds Payable	(375,000)	
Tax Notes	(2,810,000)	
Capital leases payable	(1,397,262)	
Time Warrants	(316,201)	
Compensated absences	(182,063)	
Deferred outflow related to pensions		2,190,076	
Deferred inflow related to pensions	(169,894)	
Net pension liability	(1,743,601)	
Net OPEB obligation	(<u>1,422,679</u>)	
Total long-term liabilities			(6,269,071)

The assets and liabilities of the Internal Service Fund are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. (261,109)

Long-term assets are not available to pay for current period expenditures and,

Fines and court costs		3,656,384	
Property taxes		<u>1,189,328</u>	
Total long-term assets			<u>4,845,712</u>

Net position of governmental activities \$ 36,857,400

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

	General	Debt Service	Other Governmental	Total Governmental Funds
REVENUES				
Property taxes	\$ 12,834,326	\$ 488,877	\$ 3,107,153	\$ 16,430,356
Sales tax	2,369,409	-	-	2,369,409
Other taxes	20,562	-	44,508	65,070
Licenses and permits	-	-	844,004	844,004
Intergovernmental	240,482	-	1,341,367	1,581,849
Charges for services	1,390,741	-	50,907	1,441,648
Fines and forfeitures	976,974	-	936,569	1,913,543
Interest	65,472	329	15,849	81,650
Miscellaneous	240,102	-	310,747	550,849
Total revenues	18,138,068	489,206	6,651,104	25,278,378
EXPENDITURES				
Current:				
General administration	4,666,772	-	319,900	4,986,672
Legal	2,948,241	-	486,244	3,434,485
Public safety	6,468,168	-	691,760	7,159,928
Public transportation	-	-	4,528,355	4,528,355
Health and welfare	340,513	-	688,045	1,028,558
Capital outlay	571,049	-	2,108,659	2,679,708
Debt service:				
Principal	325,466	715,000	106,691	1,147,157
Interest and other charges	41,796	35,952	39,047	116,795
Total expenditures	15,362,005	750,952	8,968,701	25,081,658
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,776,063	(261,746)	(2,317,597)	196,720
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	-	-	1,588,238	1,588,238
Sale of capital assets	335,506	-	27,270	362,776
Transfers in	-	1,309	1,506,620	1,507,929
Transfers out	(1,939,733)	-	(178,196)	(2,117,929)
Total other financing sources and uses	(1,604,227)	1,309	2,943,932	1,341,014
NET CHANGE IN FUND BALANCES	1,171,836	(260,437)	626,335	1,537,734
FUND BALANCES, BEGINNING	7,398,329	(1,499)	2,134,118	9,530,948
FUND BALANCES, ENDING	\$ 8,570,165	\$(261,936)	\$ 2,760,453	\$ 11,068,682

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

MEDINA 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

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds		\$ 1,537,734
Governmental funds report capital outlays as expenditures. However, in the		
Capital outlay	\$ 3,267,714	
Retirement of capital assets	1,501	
Depreciation expense	<u>(1,204,252)</u>	
Net adjustment		2,064,963

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments:		
General Obligation Bonds	365,000	
Tax Notes	350,000	
Time Warrants	80,234	
Capital leases	<u>351,922</u>	
Net adjustment		1,147,156

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

Accounts receivable:		
Fines and court costs	233,832	
Property taxes	<u>(120,776)</u>	
Net adjustment		113,056

An Internal Service Fund is used by management to charge the costs of certain activities, such as health insurance premiums, to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with governmental activities.

(122,661)

The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

(1,588,238)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable, available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized as an expenditure under the modified accrual basis of accounting until due, rather than as it accrues.

Interest on long-term debt	(4,740)	
Compensated absences	(13,157)	
OPEB cost	(155,714)	
Pension cost	<u>(329,893)</u>	
Net adjustment		<u>(503,504)</u>

Change in net position of governmental activities
The accompanying notes are an integral
part of these financial statements.

\$ 2,648,506

MEDINA COUNTY, TEXAS

STATEMENT OF NET POSITION

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

SEPTEMBER 30, 2017

ASSETS

Cash and investments	\$	32,493
Prepaid Expenses		1,605
Other receivables		<u>4,257</u>
Total assets	\$	<u>38,355</u>

LIABILITIES

Accounts payable	\$	<u>299,464</u>
Total liabilities	\$	<u>299,464</u>

NET POSITION

Unrestricted	\$	<u>(261,109)</u>
Total net position	\$	<u>(261,109)</u>

MEDINA COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

OPERATING REVENUES	
Charges for services	\$ 2,569,655
Miscellaneous revenue	<u>16,931</u>
Total operating revenues	<u>2,586,586</u>
OPERATING EXPENSES	
Claims	2,481,250
Premiums and administrative	<u>838,852</u>
Total operating expenses	<u>3,320,102</u>
OPERATING INCOME	<u>(733,516)</u>
NONOPERATING REVENUES	
Interest and investment earnings	<u>855</u>
Income before transfers	<u>(732,661)</u>
TRANSFERS	
Transfer In	<u>610,000</u>
CHANGE IN NET POSITION	<u>(122,661)</u>
TOTAL NET POSITION, BEGINNING	<u>(138,448)</u>
TOTAL NET POSITION, ENDING	<u>\$(261,109)</u>

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

MEDINA COUNTY, TEXAS
STATEMENT OF CASH FLOWS
GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 2,586,586
Cash paid to suppliers for services	(3,641,278)
Net cash used by operating activities	<u>(1,054,692)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds	<u>610,000</u>
Net cash provided by operating activities	<u>610,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment earnings	855
Purchase of investments	(1,605)
Net cash provided by investing activities	<u>(750)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(445,442)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>477,935</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 32,493</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$(733,516)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	(1,567)
Increase (decrease) in accounts payable	<u>(319,609)</u>
Net cash used by operating activities	<u>\$(1,054,692)</u>

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

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

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>3,220,779</u>
Total assets	\$ <u><u>3,220,779</u></u>
LIABILITIES	
Due to others	\$ <u>3,220,779</u>
Total liabilities	\$ <u><u>3,220,779</u></u>

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

MEDINA COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Medina County, Texas, was organized in 1848. The County operates under a County Judge-Commissioners' Court type of government and provides the following services throughout the County: public safety (law enforcement), public transportation (highways and roads), health and welfare, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services. A summary of the significant accounting policies consistently applied in the preparation of financial statements follows:

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Medina County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented component units, related organizations, joint ventures, or jointly governed organizations, and the financial disclosure is treated accordingly.

Based upon the foregoing criteria, there are no component units for Medina County.

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 of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

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

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*, as are the proprietary fund and fiduciary fund financial statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if 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 and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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 **Debt Service Fund** is used to account for the accumulation of resources for and the payment of long-term debt principal and interest. The primary source of revenue for Debt Service Funds is ad valorem taxes. The use of Debt Service Funds to service debt is not required unless legally mandated or if resources are accumulated for payments maturing in future years.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the county or from Commissioners' Court.

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

The Internal Service Fund accounts for health insurance services provided to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Agency Funds account for assets held by the County in a trustee capacity or as an agent for others.

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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities and Net Position or Equity

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand and demand deposits.

Operating cash is administered using a "pool" concept which combines the monies of most County funds into a single interest-bearing bank account for control purposes. Each fund's portion of this pool is accounted for in the applicable fund. Interest earnings on these deposits are apportioned to each fund based on their end of month balance in the pool. Investments for the County are reported at fair value, except for the position in investment pools.

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).

Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review, and judicial review. Property taxes are levied by October 1 of the year in which assessed or as soon thereafter as practicable. The Medina County Tax Assessor-Collector bills and collects the ad valorem property taxes (including penalty and interest and delinquent tax attorney fees, if any) for the County. Property taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty.

Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent collections.

The County's taxes on Medina property are a lien against such property until paid. The County may foreclose on Medina property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older. Although the County does collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected, are generally paid when there is a sale or a transfer of the title to the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike Medina property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

The County distributes all tax collections to the General Fund, Road and Bridge, and Debt Service Funds.

The 2016 Tax Rate for the fiscal year ended September 30, 2017, was \$0.5517 per \$100 valuation.

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a County-wide appraisal district and an appraisal review board in each County in the State. The Medina County Tax Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of property for all taxing units in the County.

The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, Medina County property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action. Under the Code, the Commissioners' Court will continue to set County tax rates on property.

Inventories

Inventories of supplies on hand have not been recorded, as such supplies are of an expendable nature and are expensed when purchased. As these amounts do not seem to fluctuate a great deal from year to year, it is felt that the exclusion of inventories does not materially affect either the financial position or results of operations of these funds.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental 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 acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	20-50
Improvements	5-50
Equipment	5-20

Compensatory Time (Comp Time)

Medina County employees may be required by their department heads to work hours in excess of forty (40) hours per week. Due to our restricted revenues, only law enforcement departments are budgeted for overtime pay. Therefore, all non-exempt employees that work in excess of 40 hours per week for an unbudgeted department, Medina County uses compensatory time off (Comp Time) to compensate for overtime hours worked. Comp time accrues only when an employee actually works over 40 hours per week. An employee may accrue a maximum of 40 hours of Comp time, any additional overtime hours worked will be paid at the one-and-one-half (1 ½) times the employee's regular hourly pay rate. Overtime for law enforcement employees shall be handled in accordance with the policy for overtime compensation established by the Sheriff's Department and approved by the Commissioner's Court. Employees are not entitled to payment for unused Comp Time upon termination.

Personnel Time Off (PTO) & Vacation Leave

All full-time regular employees of Medina County are eligible for Personnel Time Off (PTO) and vacation benefits. Accrual of PTO and vacation benefits shall begin on the employee's first day of work in a full-time position. However, an employee must work for a minimum of ninety (90) days in said position before he/she is eligible to use PTO or vacation time. Employees shall not be allowed to borrow PTO or vacation time against future accruals nor should employees be allowed to receive pay in lieu of taking time off. PTO and vacation time accrues at a rate of 3.08 hour per pay-period. An employee may carry over a maximum of 240 hours to PTO and a maximum of 160 hours vacation leave. Once an employee reaches the maximum accrual balance, he/she will stop accruing time until the balance is below the maximum allowed. An employee may carry over a maximum of 240 hours of PTO and a maximum of 40 hours of vacation leave from one calendar year to the next. Any accrued time over the carry-over maximum allowed will be removed from payroll records at the end of the calendar year and the employee will lose that time with no payment received. If a holiday falls during PTO or vacation leave, the holiday shall be charged in accordance with the policy on holidays and shall not be charged against the employee's PTO nor vacation balance. Unused PTO leave is cancelled upon leaving Medina County employment without compensation to the employee. Employees cannot use PTO in lieu of giving their two-week's notice. Unlike PTO, at the time of an employee's termination from Medina County employment, accrued vacation leave will be paid out at the employee's current rate of pay, not to exceed 160 hours.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on refunding of bond issues 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 are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance Classification

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court or County Judge.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes 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.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

- Difference in expected and actual pension experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in that period that the amounts become available. The County has inflows related to the pension, and is only presented in the government-wide financial statement of net position. The inflow related to the pensions is the difference in expected and actual pension experience and is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The following funds had a deficit fund equity:

- Health Unit \$(32,117)
- Sheriff Short-term Grants \$(3,393)
- Purchase of Youth Services \$(514)
- Court Reporter \$(7,767)
- Records Management \$(586)
- Project Safe Neighborhoods \$(1,106)
- JAG – District Attorney \$(892)
- Debt Service \$(269,241)
- Capital Project \$(105,399)
- Community Justice Assistance \$(11,130)
- Internal Service Fund \$(580,518)

The County anticipates revenues in future periods will eliminate these deficit fund balances or the County will transfer funds from the General Fund to eliminate these deficits.

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2017, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 121,000	40
	<u>\$ 121,000</u>	

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the weighted average maturity of the investment portfolios to a maximum of 90 days.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2017, the County's deposit balance was collateralized with securities held by the pledging financial institution and FDIC insurance.

Credit Risk. It is the County's policy, as defined by the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County's investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAAm	Standard & Poor's

TexPool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Receivables

Receivables as of year-end for the County's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Receivables:				
Property taxes	\$ 1,020,815	\$ 286,332	\$ -	\$ 1,307,147
Sales tax	341,587	-	-	341,587
Intergovernmental	34,266	240,589	-	274,855
Other	129,991	282,979	4,257	417,227
Total receivables	<u>\$ 1,526,659</u>	<u>\$ 809,900</u>	<u>\$ 4,257</u>	<u>\$ 2,340,816</u>

Capital Assets

Primary Government

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

	Beginning Balance	Increases	Decreases	Transfers / Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,426,616	\$ -	\$(80,000)	\$ -	\$ 1,346,616
Construction in progress	7,055,433	280,428	-	41,236	7,377,097
Total capital assets not being depreciated	<u>8,482,049</u>	<u>280,428</u>	<u>(80,000)</u>	<u>41,236</u>	<u>8,723,713</u>
Capital assets, being depreciated:					
Buildings and improvements	10,496,428	247,692	-	59,587	10,803,707
Equipment	10,182,598	1,524,667	(146,247)	(170,327)	11,390,691
Infrastructure	17,846,538	1,214,927	-	-	19,061,465
Total capital assets being depreciated	<u>38,525,564</u>	<u>2,987,286</u>	<u>(146,247)</u>	<u>(110,740)</u>	<u>41,255,863</u>
Less accumulated depreciation:					
Buildings and improvements	4,939,205	377,475	-	3,520	5,320,200
Equipment	7,148,453	627,591	(133,107)	(167,665)	7,475,272
Infrastructure	9,511,732	199,186	-	-	9,710,918
Total accumulated depreciation	<u>21,599,390</u>	<u>1,204,252</u>	<u>(133,107)</u>	<u>(164,145)</u>	<u>22,506,390</u>
Total capital assets, being depreciated, net	<u>16,926,174</u>	<u>1,783,034</u>	<u>(13,140)</u>	<u>53,405</u>	<u>18,749,473</u>
Governmental activities capital assets, net	<u>\$ 25,408,223</u>	<u>\$ 2,063,462</u>	<u>\$(93,140)</u>	<u>\$ 94,641</u>	<u>\$ 27,473,186</u>

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

Governmental activities:	
General government	\$ 314,536
Legal	6,849
Public safety	294,216
Public transportation	528,994
Health and welfare	<u>59,657</u>
Total depreciation expense - governmental activities	<u>\$ 1,204,252</u>

Interfund Receivables, Payables and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Debt Service Fund	\$ 314,933
General fund	Nonmajor governmental	<u>403,826</u>
Total		<u>\$ 718,759</u>

All balances of the due to/due from resulted from short-term loans that are to be reimbursed within the next year.

Interfund Transfers:

	<u>Transfers In</u>			<u>Total</u>
	<u>Debt Service Fund</u>	<u>Nonmajor Governmental</u>	<u>Internal Service Fund</u>	
<u>Transfers Out:</u>				
General	\$ -	\$ 1,329,733	\$ 610,000	\$ 1,939,733
Nonmajor Governmental	<u>1,309</u>	<u>176,887</u>	<u>-</u>	<u>178,196</u>
Total Transfers Out	<u>\$ 1,309</u>	<u>\$ 1,506,620</u>	<u>\$ 610,000</u>	<u>\$ 2,117,929</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Long-term Debt

General Obligation Bonds

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.1%	\$ 375,000

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ <u>375,000</u>	\$ <u>3,938</u>
Total	\$ <u>375,000</u>	\$ <u>3,938</u>

Tax Note

In November 2016, the County received a tax note in the amount of \$1,000,000 with interest rates ranging from .85 to 1.4%. The proceeds from the sale of the notes will be used for (i) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving County facilities, (ii) purchasing voting equipment, and (iii) payment of professional services relating to the aforementioned projects. Currently, the County has two outstanding tax notes.

<u>Interest Rates</u>	<u>Amount</u>
.35% - 1.55%	\$ 2,810,000

Annual debt service requirements to maturity for the tax note are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 490,000	\$ 37,748
2019	500,000	27,088
2020	500,000	23,618
2021	510,000	17,549
2022	515,000	7,832
2023	145,000	3,079
2024	<u>150,000</u>	<u>1,050</u>
Total	\$ <u>2,810,000</u>	\$ <u>117,964</u>

Time Warrants

The County has 8 time warrants for the purchase of various machinery and equipment. The interest rates on the warrants are 3.00% to 5.00%. Annual debt service requirements to maturity for time warrants are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2017	\$ 130,742	\$ 9,751
2018	67,474	5,656
2019	67,474	3,607
2020	<u>50,511</u>	<u>1,543</u>
Total	<u>\$ 316,201</u>	<u>\$ 20,557</u>

Capital Leases

The government has acquired certain fixed assets for governmental activities through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Asset</u>
Governmental activities	
Assets:	
Motorola Communications Upgrade	\$ 1,729,664
Accumulated depreciation	<u>(172,966)</u>
Total	<u>\$ 1,556,698</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

Year Ending September 30,	Governmental Activities
2018	\$ 432,182
2019	432,182
2020	432,182
2021	<u>192,627</u>
Total minimum lease payments	1,489,173
Less: amount representing interest	<u>(91,911)</u>
Present value of minimum lease payments	<u>\$ 1,397,262</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Government activities					
General obligation bonds	\$ 740,000	\$ -	\$ 365,000	\$ 375,000	\$ 375,000
Tax note	2,160,000	1,000,000	350,000	2,810,000	490,000
Time warrants	194,403	202,032	80,234	316,201	130,742
Capital leases	1,362,978	386,206	351,922	1,397,262	389,644
Net pension liability	1,651,939	804,289	712,627	1,743,601	-
Net OPEB obligation	1,266,965	295,193	139,479	1,422,679	-
Compensated absences	168,906	370,265	357,108	182,063	36,413
Governmental activity long-term liabilities	<u>\$ 7,545,191</u>	<u>\$ 3,057,985</u>	<u>\$ 2,356,370</u>	<u>\$ 8,246,806</u>	<u>\$ 1,421,799</u>

Other Information

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County has not had any significant reductions in insurance coverage in the prior year. The County also provides medical insurance for County employees.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported in the Internal Service Fund. An excess coverage policy covers \$35,000 per participant annually and \$1,000,000 lifetime maximum benefit. Changes in the balances of claims liabilities during the past two years are as follows:

	Years Ended	
	9/30/2017	9/30/2016
Unpaid claims at beginning of year	\$ 498,873	\$ 141,606
Incurred claims (including IBNRs)	2,161,841	2,837,338
Claim payments	(2,481,250)	(2,480,071)
Unpaid claims at end of year	<u>\$ 179,464</u>	<u>\$ 498,873</u>

Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

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	113
Inactive employees entitled to but not yet receiving benefits	169
Active employees	<u>235</u>
	<u>517</u>

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the County were 8.0% in calendar years 2016 and 2017. The County’s contributions to TCDRS for the year ended September 30, 2017, were \$754,355, and were equal to the required contributions.

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

Actuarial Assumptions

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

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

The County/District has no automatic cost-of-living adjustments (“COLA”) and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the County/District may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 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.
Service retirees, beneficiaries and non-depositing members	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.
Disabled retirees	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 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 for mortality assumptions. Mortality assumptions were updated for the 2016 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2017 information for a 7 to 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at 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 return for each major assets class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed Markets	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging Markets	MSCI World Ex USA (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays Capital 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/LTSA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate 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 2016 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.

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	\$ 22,958,828	\$ 21,306,889	\$ 1,651,939
Changes for the year:			
Service cost	1,047,627	-	1,047,627
Interest on total pension liability ⁽¹⁾	1,860,738	-	1,860,738
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	46,951	-	46,951
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(72,694)	(72,694)	-
Benefit payments	(947,919)	(947,919)	-
Administrative expenses	-	(17,127)	17,127
Member contributions	-	533,753	(533,753)
Net investment income	-	1,570,996	(1,570,996)
Employer contributions	-	711,667	(711,667)
Other ⁽³⁾	-	64,365	(64,365)
Balance at 12/31/2016	<u>\$ 24,893,531</u>	<u>\$ 23,149,930</u>	<u>\$ 1,743,601</u>

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

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

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

Sensitivity Analysis

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

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 28,273,376	\$ 24,893,531	\$ 22,100,159
Fiduciary net position	<u>23,149,931</u>	<u>23,149,930</u>	<u>23,149,931</u>
Net pension liability/(asset)	<u>\$ 5,123,445</u>	<u>\$ 1,743,601</u>	<u>\$ (1,049,772)</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2017, the County recognized pension expense of \$1,083,288. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 169,894	\$ 74,416
Changes in actuarial assumptions	-	165,229
Difference between projected and actual investment earnings	-	1,365,156
Contributions subsequent to the measurement date	-	585,275
Total	<u>\$ 169,894</u>	<u>\$ 2,190,076</u>

\$585,275 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>For The Year Ended September 30,</u>	
2018	\$ 492,576
2019	492,576
2020	416,622
2021	33,133

Other Post-retirement Health Care Benefits

The County provides certain health care and dental benefits, under county policy, for employees upon retirement that meet one of the following requirements: age 60 with 8 or more years of service, at least 30 years of service at any age, or a combined age plus service of at least 75. Employees hired on October 1, 2012 or after will no longer be eligible for such retiree coverage.

Except for employees hired on or after October 1, 2012, a Medina County employee who retires and chooses a monthly pension through Texas County and District Retirement System is covered on Medina County's health and dental insurance plan through the month he or she turns 65. Retirees who take a lump sum payment of retirement savings are only eligible to remain on Medina County's health and dental insurance plan as provided for by COBRA guidelines. The qualified retiree may continue any dependent coverage up to the retiree's age of 65 at the same rate afforded to current employees. When the retiree turns 65 and becomes Medicare eligible, he or she is removed from coverage on Medina County's health and dental insurance plan. The retiree may continue dependent coverage according to COBRA guidelines. Furthermore, the retiree aged 65 or older is eligible to enroll in Texas Association of County Choice Silver Medicare supplement coverage. If he or she so chooses, the County provides a \$50 monthly stipend to the qualified retiree. Spouses are not eligible for the stipend unless they are also qualified County retirees. The continuance of the stipend is subject to approval by Commissioners' Court on an annual basis. The stipend has been offered to qualified retirees since 2002.

Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, post-retirement health care benefits paid by the County were \$139,479.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The County's annual OPEB cost for the current year and the related information is listed below:

Annual Required Contribution (ARC)	\$ 312,277
Interest on Net OPEB Obligation	63,348
Adjustment to the ARC	<u>(80,432)</u>
Annual OPEB Cost	295,193
Employer Contributions with Interest	<u>(139,479)</u>
Increase (Decrease) in Net OPEB Obligation	155,714
Net OPEB Obligation, beginning of year	<u>1,266,965</u>
Net OPEB Obligation, end of year	<u>\$ 1,422,679</u>

Expenses for post-retirement health care benefits are funded on a pay-as-you-go basis.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year (5.0% discount rate, and level percent of pay amortization).

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2015	\$ 267,948	\$ 81,678	30%	\$ 1,102,591
9/30/2016	284,331	119,957	42%	1,266,965
9/30/2017	295,193	139,479	47%	1,422,679

Funding Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (AAL) (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2014	\$ -	\$ 2,067,446	\$ 2,067,446	- %	\$ 8,090,426	25.55%
10/1/2015	-	2,332,383	2,332,383	- %	8,720,550	26.75%
10/1/2016	-	2,496,233	2,496,233	- %	9,044,013	27.60%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

The projection of future payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial methods and significant assumptions used are as follows:

Actuarial Valuation Date	9/30/2015	9/30/2016	9/30/2017
Actuarial Cost Method	Projected Unit Credit	Projected Unit Cost Method	Projected Unit Cost Method
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining Amortization Period	30 years	30 years	30 years
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment Rate of Return	2%	2%	2%
Payroll Growth Rate	3%	3%	3%
Projected Salary Increases	4%	4%	4%
General Inflation Rate	3%	3%	3%
Healthcare cost trend rate	6.5%	5.0%	5.0%
The number of active members is assumed to remain constant in the future			

Commitments and Contingencies

Various claims and lawsuits are pending against the County. The evaluation of County management is that any liability to the County relating to such claims and lawsuits will not have a material impact on the County's financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.

In addition, the County also participates in several federally assisted grant programs, all of which are subject to federal regulations and guidelines. Should any of the grant program expenditures be disallowed by any of the respective grantor agencies or should any other contingency become a Medina liability, funds would have to be appropriated in future County budgets for settlements.

**REQUIRED
SUPPLEMENTARY INFORMATION**

MEDINA COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad valorem	\$ 12,566,076	\$ 12,566,076	\$ 12,834,326	\$ 268,250
Sales	2,100,000	2,100,000	2,369,409	269,409
Beer and wine	17,700	17,700	20,562	2,862
Total taxes	<u>14,683,776</u>	<u>14,683,776</u>	<u>15,224,297</u>	<u>540,521</u>
Intergovernmental				
State allocation - HB66	80,000	80,000	84,000	4,000
State allocation - grants	55,200	55,200	156,482	101,282
Total intergovernmental	<u>135,200</u>	<u>135,200</u>	<u>240,482</u>	<u>105,282</u>
Charges for services				
County clerk	275,000	275,000	326,157	51,157
District clerk	65,000	65,000	80,528	15,528
Tax assessor-collector	130,000	130,000	230,689	100,689
Sheriff	105,000	105,000	142,957	37,957
County attorney	120,000	120,000	122,207	2,207
County treasurer	200,000	200,000	201,809	1,809
Constable fees	34,500	34,500	44,735	10,235
County Judge	2,000	2,000	1,734	(266)
Other taxing entities	140,000	140,000	130,934	(9,066)
Other fees	89,700	89,700	108,991	19,291
Total charges for services	<u>1,161,200</u>	<u>1,161,200</u>	<u>1,390,741</u>	<u>229,541</u>
Fines and forfeitures				
Justice of the peace	806,000	806,000	976,974	170,974
Total fines and forfeitures	<u>806,000</u>	<u>806,000</u>	<u>976,974</u>	<u>170,974</u>
Interest	40,000	40,000	65,472	25,472

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Other	\$ 162,950	\$ 162,950	\$ 240,102	\$ 77,152
Total miscellaneous	<u>162,950</u>	<u>162,950</u>	<u>240,102</u>	<u>77,152</u>
Total revenues	<u>16,989,126</u>	<u>16,989,126</u>	<u>18,138,068</u>	<u>1,148,942</u>
EXPENDITURES				
General administration				
Commissioners' court				
Personnel services	188,789	188,789	199,283	(10,494)
Supplies	1,500	1,500	1,532	(32)
Other services and charges	<u>18,050</u>	<u>18,050</u>	<u>21,708</u>	<u>(3,658)</u>
Total commissioners' court	<u>208,339</u>	<u>208,339</u>	<u>222,523</u>	<u>(14,184)</u>
Loss control				
Personnel services	11,546	11,546	10,370	1,176
Supplies	200	200	-	200
Other services and charges	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>
Total loss control	<u>12,046</u>	<u>12,046</u>	<u>10,370</u>	<u>1,676</u>
County clerk				
Personnel services	427,921	427,921	422,322	5,599
Supplies	10,000	10,000	11,321	(1,321)
Other services and charges	<u>41,850</u>	<u>41,850</u>	<u>49,934</u>	<u>(8,084)</u>
Total County clerk	<u>479,771</u>	<u>479,771</u>	<u>483,577</u>	<u>(3,806)</u>
Veteran service officer				
Personnel services	32,099	32,099	51,658	(19,559)
Supplies	1,000	1,000	1,959	(959)
Other services and charges	<u>4,800</u>	<u>4,800</u>	<u>5,273</u>	<u>(473)</u>
Total veteran service officer	<u>37,899</u>	<u>37,899</u>	<u>58,890</u>	<u>(20,991)</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2017

EXPENDITURES	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
General administration				
Elections				
Personnel services	\$ 206,369	\$ 206,369	\$ 220,780	\$(14,411)
Supplies	20,000	20,000	12,129	7,871
Other services and charges	<u>114,100</u>	<u>114,100</u>	<u>22,768</u>	<u>91,332</u>
Total elections	<u>340,469</u>	<u>340,469</u>	<u>255,677</u>	<u>84,792</u>
County auditor				
Personnel services	338,323	338,323	305,962	32,361
Supplies	4,000	4,000	3,968	32
Other services and charges	<u>21,480</u>	<u>21,480</u>	<u>22,439</u>	<u>(959)</u>
Total County auditor	<u>363,803</u>	<u>363,803</u>	<u>332,369</u>	<u>31,434</u>
County treasurer				
Personnel services	262,278	262,278	263,325	(1,047)
Supplies	4,500	4,500	3,406	1,094
Other services and charges	<u>24,925</u>	<u>24,925</u>	<u>15,129</u>	<u>9,796</u>
Total County treasurer	<u>291,703</u>	<u>291,703</u>	<u>281,860</u>	<u>9,843</u>
Human resources/grants				
Personnel services	165,051	165,051	191,329	(26,278)
Supplies	6,000	6,000	7,231	(1,231)
Other services and charges	<u>12,300</u>	<u>12,300</u>	<u>16,482</u>	<u>(4,182)</u>
Total human resources/grants	<u>183,351</u>	<u>183,351</u>	<u>215,042</u>	<u>(31,691)</u>
Tax assessor-collector				
Personnel services	797,485	797,485	736,805	60,680
Supplies	25,000	25,000	12,504	12,496
Other services and charges	<u>78,600</u>	<u>78,600</u>	<u>65,975</u>	<u>12,625</u>
Total tax assessor-collector	<u>901,085</u>	<u>901,085</u>	<u>815,284</u>	<u>85,801</u>
Nondepartmental				
Personnel services	305,464	305,464	187,014	118,450
Other services and charges	<u>1,573,725</u>	<u>1,573,725</u>	<u>958,741</u>	<u>614,984</u>
Total nondepartmental	<u>1,879,189</u>	<u>1,879,189</u>	<u>1,145,755</u>	<u>733,434</u>
County agent				
Personnel services	137,740	137,740	115,118	22,622
Supplies	3,250	3,250	2,648	602
Other services and charges	<u>34,150</u>	<u>34,150</u>	<u>34,252</u>	<u>(102)</u>
Total County agent	<u>175,140</u>	<u>175,140</u>	<u>152,018</u>	<u>23,122</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
General administration				
Courthouse and buildings				
Personnel services	\$ 216,417	\$ 216,417	\$ 195,008	\$ 21,409
Supplies	47,000	47,000	60,524	(13,524)
Other services and charges	<u>506,950</u>	<u>506,950</u>	<u>415,030</u>	<u>91,920</u>
Total courthouse and buildings	<u>770,367</u>	<u>770,367</u>	<u>670,562</u>	<u>99,805</u>
Subdivision administration department				
Personnel services	7,780	7,780	6,417	1,363
Supplies	200	200	-	200
Other services and charges	<u>35,000</u>	<u>35,000</u>	<u>16,428</u>	<u>18,572</u>
Total subdivision administration department	<u>42,980</u>	<u>42,980</u>	<u>22,845</u>	<u>20,135</u>
Total general administration	<u>5,686,142</u>	<u>5,686,142</u>	<u>4,666,772</u>	<u>1,019,370</u>
Legal				
District and County court				
Personnel services	286,966	286,966	277,249	9,717
Supplies	4,500	4,500	4,007	493
Other services and charges	<u>638,400</u>	<u>638,400</u>	<u>636,030</u>	<u>2,370</u>
Total district and County court	<u>929,866</u>	<u>929,866</u>	<u>917,286</u>	<u>12,580</u>
District clerk				
Personnel services	387,839	387,839	385,105	2,734
Supplies	7,500	7,500	4,661	2,839
Other services and charges	<u>39,250</u>	<u>39,250</u>	<u>35,105</u>	<u>4,145</u>
Total district clerk	<u>434,589</u>	<u>434,589</u>	<u>424,871</u>	<u>9,718</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Legal				
Justices of the peace				
Personnel services	\$ 682,061	\$ 682,061	\$ 667,908	\$ 14,153
Supplies	9,300	9,300	6,235	3,065
Other services and charges	<u>52,060</u>	<u>52,060</u>	<u>44,330</u>	<u>7,730</u>
Total justices of the peace	<u>743,421</u>	<u>743,421</u>	<u>718,473</u>	<u>24,948</u>
County attorney				
Personnel services	316,738	316,738	312,513	4,225
Supplies	4,500	4,500	4,296	204
Other services and charges	<u>32,550</u>	<u>32,550</u>	<u>15,738</u>	<u>16,812</u>
Total County attorney	<u>353,788</u>	<u>353,788</u>	<u>332,547</u>	<u>21,241</u>
District attorney				
Personnel services	5,081	5,081	4,714	367
Other services and charges	<u>551,546</u>	<u>551,546</u>	<u>550,350</u>	<u>1,196</u>
Total district attorney	<u>556,627</u>	<u>556,627</u>	<u>555,064</u>	<u>1,563</u>
Total legal	<u>3,018,291</u>	<u>3,018,291</u>	<u>2,948,241</u>	<u>70,050</u>
Public safety				
County jail				
Personnel services	1,397,671	1,397,671	1,389,039	8,632
Supplies	226,000	226,000	216,840	9,160
Other services and charges	<u>617,900</u>	<u>617,900</u>	<u>1,048,139</u>	<u>(430,239)</u>
Total County jail	<u>2,241,571</u>	<u>2,241,571</u>	<u>2,654,018</u>	<u>(412,447)</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Public safety				
Constables				
Personnel services	\$ 176,170	\$ 176,170	\$ 178,018	\$(1,848)
Supplies	7,700	7,700	3,608	4,092
Other services and charges	80,818	80,818	80,704	114
Total constables	<u>264,688</u>	<u>264,688</u>	<u>262,330</u>	<u>2,358</u>
Sheriff				
Personnel services	2,949,151	2,949,151	2,885,238	63,913
Supplies	222,450	222,450	172,736	49,714
Other services and charges	224,050	224,050	232,075	(8,025)
Total sheriff	<u>3,395,651</u>	<u>3,395,651</u>	<u>3,290,049</u>	<u>105,602</u>
Juvenile board				
Personnel services	14,126	14,126	12,747	1,379
Total juvenile board	<u>14,126</u>	<u>14,126</u>	<u>12,747</u>	<u>1,379</u>
DPS/license and weight				
Personnel services	72,862	72,862	70,320	2,542
Supplies	2,400	2,400	2,256	144
Other services and charges	11,600	11,600	10,007	1,593
Total DPS/license and weight	<u>86,862</u>	<u>86,862</u>	<u>82,583</u>	<u>4,279</u>
Highway patrol				
Personnel services	72,887	72,887	68,497	4,390
Supplies	2,000	2,000	2,024	(24)
Other services and charges	6,050	6,050	7,431	(1,381)
Total highway patrol	<u>80,937</u>	<u>80,937</u>	<u>77,952</u>	<u>2,985</u>
Emergency management				
Personnel services	65,158	65,158	65,786	(628)
Supplies	12,350	12,350	6,625	5,725
Other services and charges	23,620	23,620	16,078	7,542
Total emergency management	<u>101,128</u>	<u>101,128</u>	<u>88,489</u>	<u>12,639</u>
Total public safety	<u>6,184,963</u>	<u>6,184,963</u>	<u>6,468,168</u>	<u>(283,205)</u>

MEDINA COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Health and welfare				
Sanitation inspection				
Personnel services	\$ 153,440	\$ 153,440	\$ 157,525	\$(4,085)
Supplies	9,300	9,300	8,685	615
Other services and charges	24,925	24,925	20,924	4,001
Total sanitation inspection	187,665	187,665	187,134	531
Social services and indigent services				
Personnel services	600	600	367	233
Other services and charges	180,404	180,404	153,012	27,392
Total social services and indigent services	181,004	181,004	153,379	27,625
Total health and welfare	368,669	368,669	340,513	28,156
Capital outlay	761,385	761,385	571,049	190,336
Debt Service				
Principal	325,466	325,466	325,466	-
Interest	41,797	41,797	41,796	1
Total Debt Service	367,263	367,263	367,262	1
Total expenditures	16,386,713	16,386,713	15,362,005	1,024,708
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	602,413	602,413	2,776,063	2,173,650
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	300,000	300,000	335,506	35,506
Transfers out	(1,253,186)	(1,253,186)	(1,939,733)	(686,547)
Total other financing sources (uses)	(953,186)	(953,186)	(1,604,227)	(651,041)
NET CHANGE IN FUND BALANCE	(350,773)	(350,773)	1,171,836	1,522,609
FUND BALANCE, BEGINNING	7,398,329	7,398,329	7,398,329	-
FUND BALANCE, ENDING	\$ 7,047,556	\$ 7,047,556	\$ 8,570,165	\$ 1,522,609

MEDINA COUNTY, TEXAS

NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2017

A. Budgetary Information

The Commissioners' Court may levy taxes only in accordance with the budget. After final approval of the budget, the Commissioners' Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonable diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court must file a copy of its order amending the budget with the County Clerk and the Clerk shall attach the copy to the original budget. Only the Commissioners' Court may amend the budget and shift funds from one budget account to another.

The original budget is adopted by the Commissioners' Court and filed with the County Clerk. Amendments are made during the year and approved by the Commissioners' Court. The budget should not be exceeded in any expenditures category under state law. The budget was amended to reflect as closely as possible revenue and expenditures for the 12-month period. Certain categories exceeded the budget estimates. These variances were due to the fluctuations in revenue and expenditures as opposed to the prorated budget estimates.

The County Judge is, by statute, the Budget Officer of the County. He usually requests and relies on the assistance of the County Auditor to prepare the annual budget. After being furnished budget guidelines by the Commissioners' Court, the County Judge, with the help of the County Auditor, prepares an estimate of revenue and a compilation of requested departmental expenditures and submits this data to the Commissioners' Court.

The Commissioners' Court invites various department heads to appear for a hearing concerning the department's budget request. 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 revenue and available resources. Also, amendments can be made within the above guidelines.

When 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 the members of the Commissioners' Court advised of the condition of the various funds and accounts. Appropriations lapse at year-end.

The level of control is the department. By state law, expenditures can exceed appropriations as long as the amounts do not exceed the available revenue and cash balances. The County prepares its budget on a GAAP basis. Since revenue and expenditures are carefully monitored, it is felt that with the GAAP basis, the County will be in compliance with state law.

MEDINA COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Plan Year Ended December 31	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 1,047,627	\$ 965,430	\$ 904,251
Interest on total pension liability	1,860,738	1,739,114	1,599,983
Effect of plan changes	-	(215,866)	-
Effect of economic/demographic (gains) or losses	46,951	(283,157)	98,008
Effect of assumption changes or inputs	-	275,381	
Benefit payments/refunds of contributions	<u>(1,020,613)</u>	<u>(961,512)</u>	<u>(926,667)</u>
Net change in total pension liability	1,934,703	1,519,390	1,675,575
Total pension liability - beginning	<u>22,958,828</u>	<u>21,439,438</u>	<u>19,763,863</u>
Total pension liability - ending (a)	<u>\$ 24,893,531</u>	<u>\$ 22,958,828</u>	<u>\$ 21,439,438</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 711,667	\$ 670,857	\$ 639,941
Member contributions	533,753	503,059	479,959
Investment income net of investment expenses	1,570,996	(125,071)	1,335,589
Benefit payments refunds of contributions	(1,020,613)	(961,512)	(926,667)
Administrative expenses	(17,127)	(15,282)	(15,735)
Other	<u>64,365</u>	<u>40,468</u>	<u>(9,303)</u>
Net change in plan fiduciary net position	1,843,041	112,519	1,503,784
Plan fiduciary net position - beginning	<u>21,306,889</u>	<u>21,194,370</u>	<u>19,690,586</u>
Plan fiduciary net position - ending (b)	<u>\$ 23,149,930</u>	<u>\$ 21,306,889</u>	<u>\$ 21,194,370</u>
Net pension liability - ending (a) - (b)	<u>\$ 1,743,601</u>	<u>\$ 1,651,939</u>	<u>\$ 245,068</u>
Fiduciary net position as a percentage of total pension liability	93.00%	92.80%	98.86%
Pensionable covered payroll	\$ 8,895,879	\$ 8,384,324	\$ 7,999,314
Net pension liability as a percentage of covered payroll	19.60%	19.70%	3.06%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

MEDINA COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 615,394	\$ 615,394	\$ -	\$ 7,817,468	7.9%
2015	666,600	666,600	-	8,332,498	8.0%
2016	725,661	725,661	-	9,070,767	8.0%
2017	754,355	754,355	-	9,429,443	8.0%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

MEDINA COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Valuation Timing

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.7 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions. 2016: No changes in plan provisions.

MEDINA COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll
10/1/2013	\$ -	2,067,446	- %	\$ 2,067,446	8,090,426	25.55%
10/1/2014	-	2,332,383	- %	2,332,383	8,720,550	26.75%
10/1/2015	-	2,496,233	- %	2,496,233	9,044,013	27.60%

**COMBINING
FUND STATEMENTS**

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

	Special Revenue			
	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
ASSETS				
Cash and investments	\$ 463,640	\$ 163,475	\$ 479,659	\$ 498,144
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	68,881	44,552	42,495	36,777
Other	56,991	35,140	35,160	36,733
Prepays	-	-	56	-
Total assets	<u>589,512</u>	<u>243,167</u>	<u>557,370</u>	<u>571,654</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	29,044	82,781	22,951	19,280
Payroll liabilities	10,526	10,186	8,055	7,055
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	26,694	2,613	-	-
Total liabilities	<u>66,264</u>	<u>95,580</u>	<u>31,006</u>	<u>26,335</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	68,733	42,297	37,891	27,317
Total deferred inflows of resources	<u>68,733</u>	<u>42,297</u>	<u>37,891</u>	<u>27,317</u>
Fund balances:				
Nonspendable	-	-	56	-
Restricted	454,515	105,290	488,417	518,002
Unassigned	-	-	-	-
Total fund balances	<u>454,515</u>	<u>105,290</u>	<u>488,473</u>	<u>518,002</u>
Total liabilities and fund balances	<u>\$ 589,512</u>	<u>\$ 243,167</u>	<u>\$ 557,370</u>	<u>\$ 571,654</u>

Special Revenue

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Community Justice Assistance	WIC	Health Unit
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	48,541	58,729	77,837
-	-	-	-	-	-	-
-	-	-	-	14,440	-	3,886
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,981</u>	<u>58,729</u>	<u>81,723</u>
-	-	-	-	-	-	-
-	-	-	-	1,267	4,421	1,411
-	-	-	-	8,184	5,243	4,091
-	-	-	-	-	-	-
-	-	-	-	64,660	26,915	108,338
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,111</u>	<u>36,579</u>	<u>113,840</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	22,150	-
-	-	-	-	(11,130)	-	(32,117)
-	-	-	-	(11,130)	22,150	(32,117)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,981</u>	<u>58,729</u>	<u>81,723</u>

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

	Special Revenue		
	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants
ASSETS			
Cash and investments	\$ -	\$ 83	\$ -
Receivables:			
Intergovernmental	90	-	8,608
Ad valorem taxes	-	-	-
Other	100,609	-	-
Prepays	-	-	-
Total assets	100,699	83	8,608
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	37,823	-	1,133
Payroll liabilities	679	-	-
Other liabilities	-	-	-
Due to other funds	58,332	-	10,868
Unearned revenue	-	-	-
Total liabilities	96,834	-	12,001
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable	-	-	-
Restricted	-	83	-
Unassigned	3,865	-	(3,393)
Total fund balances	3,865	83	(3,393)
 Total liabilities and fund balances	 \$ 100,699	 \$ 83	 \$ 8,608

Special Revenue

Purchase of Youth Services	Texas Capital Fund Grant	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General
\$ -	\$ -	\$ 8,619	\$ 41,789	\$ -	\$ 15,085
-	-	-	-	-	-
-	-	-	20	-	-
-	-	-	-	3,551	-
<u>-</u>	<u>-</u>	<u>8,619</u>	<u>41,809</u>	<u>3,551</u>	<u>15,085</u>
-	-	1	4,336	-	720
-	-	-	-	-	-
-	-	-	-	11,318	-
514	-	-	-	-	-
<u>514</u>	<u>-</u>	<u>1</u>	<u>4,336</u>	<u>11,318</u>	<u>720</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	3,551	-
-	-	8,618	37,473	-	14,365
(514)	-	-	-	(11,318)	-
<u>(514)</u>	<u>-</u>	<u>8,618</u>	<u>37,473</u>	<u>(7,767)</u>	<u>14,365</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,619</u>	<u>\$ 41,809</u>	<u>\$ 3,551</u>	<u>\$ 15,085</u>

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

	Special Revenue			
	Forfeiture - Constable No. 1	Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management
ASSETS				
Cash and investments	\$ 136	\$ 340	\$ 393	\$ 110,167
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
Prepays	-	-	-	-
Total assets	<u>136</u>	<u>340</u>	<u>393</u>	<u>110,167</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	52
Payroll liabilities	-	-	-	536
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>588</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	136	340	393	109,579
Unassigned	-	-	-	-
Total fund balances	<u>136</u>	<u>340</u>	<u>393</u>	<u>109,579</u>
Total liabilities and fund balances	<u>\$ 136</u>	<u>\$ 340</u>	<u>\$ 393</u>	<u>\$ 110,167</u>

Special Revenue

Records Management	Courthouse Security	LEOSE Chapter 415	Graffiti Eradication	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk
\$ -	\$ 48,816	\$ 23,157	\$ -	\$ 68,348	\$ 22,537	\$ 252,187
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	30,000	-	8,772
<u>-</u>	<u>48,816</u>	<u>23,157</u>	<u>-</u>	<u>98,348</u>	<u>22,537</u>	<u>260,959</u>
-	74	-	-	874	-	-
-	2,255	-	-	-	-	-
-	-	-	-	-	22,233	-
586	-	-	-	-	-	-
<u>586</u>	<u>2,329</u>	<u>-</u>	<u>-</u>	<u>874</u>	<u>22,233</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	30,000	-	8,772
(586)	46,487	23,157	-	67,474	304	252,187
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(586)</u>	<u>46,487</u>	<u>23,157</u>	<u>-</u>	<u>97,474</u>	<u>304</u>	<u>260,959</u>
<u>\$ -</u>	<u>\$ 48,816</u>	<u>\$ 23,157</u>	<u>\$ -</u>	<u>\$ 98,348</u>	<u>\$ 22,537</u>	<u>\$ 260,959</u>

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

	Special Revenue			
	Records Management Archival District Clerk	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney
ASSETS				
Cash and investments	\$ 18,408	\$ -	\$ 8,876	\$ -
Receivables:				
Intergovernmental	-	368	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
Prepays	-	-	-	-
Total assets	<u>18,408</u>	<u>368</u>	<u>8,876</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	1,474	-	-
Unearned revenue	-	-	-	892
Total liabilities	<u>-</u>	<u>1,474</u>	<u>-</u>	<u>892</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	18,408	-	8,876	-
Unassigned	-	(1,106)	-	(892)
Total fund balances	<u>18,408</u>	<u>(1,106)</u>	<u>8,876</u>	<u>(892)</u>
Total liabilities and fund balances	<u>\$ 18,408</u>	<u>\$ 368</u>	<u>\$ 8,876</u>	<u>\$ -</u>

Special Revenue

Justice Court Security	HAVA (Help America Vote Act)	Environmental Health Food Permit	County Public Health	Texas Feeding Texans	DA VAWA Grant
\$ 61,354	\$ 58,968	\$ 25,258	\$ 1,015	\$ 5	\$ -
-	-	-	-	-	21,408
-	-	-	-	-	-
-	-	-	-	-	-
<u>61,354</u>	<u>58,968</u>	<u>25,258</u>	<u>1,015</u>	<u>5</u>	<u>21,408</u>
-	22,110	-	-	-	32
-	-	-	-	-	2,434
-	-	-	-	-	-
-	-	-	-	-	15,422
-	-	-	-	-	-
<u>-</u>	<u>22,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,888</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
61,354	36,858	25,258	1,015	5	3,520
-	-	-	-	-	-
<u>61,354</u>	<u>36,858</u>	<u>25,258</u>	<u>1,015</u>	<u>5</u>	<u>3,520</u>
<u>\$ 61,354</u>	<u>\$ 58,968</u>	<u>\$ 25,258</u>	<u>\$ 1,015</u>	<u>\$ 5</u>	<u>\$ 21,408</u>

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

	Special Revenue			
	Forfeiture - Constable No. 3	COPS Technology Grant	Household Hazardous Waste Grant	District Clerk Technology
ASSETS				
Cash and investments	\$ 760	\$ 3	\$ 637	\$ 1,499
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
Prepays	-	-	-	-
Total assets	760	3	637	1,499
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	760	3	637	1,499
Unassigned	-	-	-	-
Total fund balances	760	3	637	1,499
 Total liabilities and fund balances	 \$ 760	 \$ 3	 \$ 637	 \$ 1,499

Special Revenue		Debt Service	Capital Projects				Total
CETRZ Grant	Tax Increment Zone	Debt Sinking-Sheriff Auto	Construction In Progress Project Fund	Tax Anticipation Note Capital Improvements	Capital Project	East Medina River Line Extension	Nonmajor Governmental
\$ 69,358	\$ 115,780	\$ 92	\$ 8,259	\$ 436,490	\$ -	\$ -	\$ 3,003,337
-	-	-	-	-	-	25,008	240,589
-	805	7,634	-	-	-	-	201,144
-	-	-	-	-	-	-	282,979
-	-	-	-	-	-	-	42,379
<u>69,358</u>	<u>116,585</u>	<u>7,726</u>	<u>8,259</u>	<u>436,490</u>	<u>-</u>	<u>25,008</u>	<u>3,770,428</u>
69,358	-	-	-	-	-	15,728	313,396
-	-	-	-	-	-	-	59,244
-	-	-	-	-	-	-	22,233
-	-	-	-	-	105,399	-	403,826
-	-	-	-	-	-	-	30,199
<u>69,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,399</u>	<u>15,728</u>	<u>828,898</u>
-	-	4,839	-	-	-	-	181,077
-	-	<u>4,839</u>	-	-	-	-	<u>181,077</u>
-	-	-	-	-	-	-	42,379
-	116,585	2,887	8,259	436,490	-	-	2,870,798
-	-	-	-	-	(105,399)	9,280	(152,724)
-	<u>116,585</u>	<u>2,887</u>	<u>8,259</u>	<u>436,490</u>	<u>(105,399)</u>	<u>9,280</u>	<u>2,760,453</u>
\$ <u>69,358</u>	\$ <u>116,585</u>	\$ <u>7,726</u>	\$ <u>8,259</u>	\$ <u>436,490</u>	\$ <u>-</u>	\$ <u>25,008</u>	\$ <u>3,770,428</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue			
	Road and Bridge No. 1	Road and Bridge No. 2	Road and Bridge No. 3	Road and Bridge No. 4
REVENUES				
Property taxes	\$ 1,014,827	\$ 1,039,376	\$ 568,120	\$ 406,993
Other taxes	-	-	-	-
Licenses and permits	209,951	209,951	209,951	209,951
Intergovernmental	-	-	-	-
Fines and forfeitures	159,528	159,528	159,528	159,528
Charges for services	-	-	-	-
Interest	3,270	1,604	2,949	2,773
Miscellaneous	114,687	25,754	25,629	25,629
Total revenues	<u>1,502,263</u>	<u>1,436,213</u>	<u>966,177</u>	<u>804,874</u>
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	1,552,026	1,360,010	898,449	673,362
Health and welfare	-	-	-	-
Capital outlay	241,850	471,431	192,590	56,530
Debt service:				
Principal retirement	-	84,911	-	21,780
Interest and fiscal charges	3,643	10,715	-	1,439
Total expenditures	<u>1,797,519</u>	<u>1,927,067</u>	<u>1,091,039</u>	<u>753,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(295,256)</u>	<u>(490,854)</u>	<u>(124,862)</u>	<u>51,763</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	202,032	-	-	-
Proceeds from capital leases	-	386,206	-	-
Proceeds from sale of assets	-	-	26,595	-
Transfers in	109,697	50,661	1,190	15,339
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>311,729</u>	<u>436,867</u>	<u>27,785</u>	<u>15,339</u>
NET CHANGE IN FUND BALANCES	16,473	(53,987)	(97,077)	67,102
FUND BALANCES, BEGINNING	<u>438,042</u>	<u>159,277</u>	<u>585,550</u>	<u>450,900</u>
FUND BALANCES, ENDING	<u>\$ 454,515</u>	<u>\$ 105,290</u>	<u>\$ 488,473</u>	<u>\$ 518,002</u>

Special Revenue

Lateral Road No. 1	Lateral Road No. 2	Lateral Road No. 3	Lateral Road No. 4	Community Justice Assistance	WIC	Health Unit
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,358	10,682	9,569	6,899	-	-	-
-	-	-	-	-	-	-
-	-	-	-	345,733	363,892	291,191
-	-	-	-	-	-	-
-	-	-	-	277	-	-
-	-	-	-	250	188	10,507
<u>17,358</u>	<u>10,682</u>	<u>9,569</u>	<u>6,899</u>	<u>346,260</u>	<u>364,080</u>	<u>301,698</u>
-	-	-	-	-	-	-
-	-	-	-	370,943	-	-
-	-	-	-	-	-	-
17,358	10,682	9,569	6,899	-	-	-
-	-	-	-	-	364,264	311,413
-	-	-	-	-	599	400
-	-	-	-	-	-	-
<u>17,358</u>	<u>10,682</u>	<u>9,569</u>	<u>6,899</u>	<u>370,943</u>	<u>364,863</u>	<u>311,813</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,683)</u>	<u>(783)</u>	<u>(10,115)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	15,842
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,842</u>
-	-	-	-	-	-	-
-	-	-	-	(24,683)	(783)	5,727
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,553</u>	<u>22,933</u>	<u>(37,844)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,130)</u>	<u>\$ 22,150</u>	<u>\$ (32,117)</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue		
	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	8,608
Fines and forfeitures	-	-	-
Charges for services	863	-	-
Interest	-	-	-
Miscellaneous	339	-	320
Total revenues	1,202	-	8,928
EXPENDITURES			
Current:			
General administration	-	-	-
Legal	-	-	-
Public safety	470,478	-	8,997
Public transportation	-	-	-
Health and welfare	-	-	-
Capital outlay	2,086	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	472,564	-	8,997
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(471,362)	-	(69)
OTHER FINANCING SOURCES (USES)			
Proceeds from time warrants	-	-	-
Proceeds from capital leases	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	476,348	-	-
Transfers out	-	-	-
Total other financing sources (uses)	476,348	-	-
NET CHANGE IN FUND BALANCES	4,986	-	(69)
FUND BALANCES, BEGINNING	(1,121)	83	(3,324)
FUND BALANCES, ENDING	\$ 3,865	\$ 83	\$(3,393)

Special Revenue

Purchase of Youth Services	Texas Capital Fund Grant	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	3,500	-	-	-	-
-	-	-	20,230	-	24,550
-	-	-	-	5,935	-
-	-	-	-	-	18
-	-	2,221	212	-	31,425
<u>-</u>	<u>3,500</u>	<u>2,221</u>	<u>20,442</u>	<u>5,935</u>	<u>55,993</u>
-	-	-	-	-	-
-	-	-	-	41,181	-
-	-	-	50,677	-	18,396
-	-	-	-	-	-
-	3,500	-	-	-	-
-	-	-	-	-	27,068
-	-	-	-	-	-
<u>-</u>	<u>3,500</u>	<u>-</u>	<u>50,677</u>	<u>41,181</u>	<u>45,464</u>
-	-	2,221	(30,235)	(35,246)	10,529
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	59,529	42,983	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>59,529</u>	<u>42,983</u>	<u>-</u>
-	-	2,221	29,294	7,737	10,529
(514)	-	6,397	8,179	(15,504)	3,836
<u>\$(514)</u>	<u>\$ -</u>	<u>\$ 8,618</u>	<u>\$ 37,473</u>	<u>\$(7,767)</u>	<u>\$ 14,365</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue			
	Forfeiture - Constable No. 1	Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	97,246
Charges for services	-	-	-	-
Interest	-	-	1	280
Miscellaneous	-	-	-	-
Total revenues	-	-	1	97,526
EXPENDITURES				
Current:				
General administration	-	-	-	81,646
Legal	-	-	250	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	32,271
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	250	113,917
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(249)	(16,391)
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from capital leases	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	(249)	(16,391)
FUND BALANCES, BEGINNING	136	340	642	125,970
FUND BALANCES, ENDING	\$ 136	\$ 340	\$ 393	\$ 109,579

Special Revenue

Records Management	Courthouse Security	LEOSE Chapter 415	Graffiti Eradication	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,335	14,003	7,364	-	34,339	-	96,700
-	27,492	-	-	-	-	-
-	-	-	-	-	45	495
-	63	-	-	-	-	-
<u>6,335</u>	<u>41,558</u>	<u>7,364</u>	<u>-</u>	<u>34,339</u>	<u>45</u>	<u>97,195</u>
15,450	-	-	-	-	-	7,504
-	-	-	-	73,870	-	-
-	135,419	3,946	5	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	6,967
-	-	-	-	-	-	-
<u>15,450</u>	<u>135,419</u>	<u>3,946</u>	<u>5</u>	<u>73,870</u>	<u>-</u>	<u>14,471</u>
(9,115)	(93,861)	3,418	(5)	(39,531)	45	82,724
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	91,693	-	-	-	-	-
<u>-</u>	<u>91,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(9,115)	(2,168)	3,418	(5)	(39,531)	45	82,724
<u>8,529</u>	<u>48,655</u>	<u>19,739</u>	<u>5</u>	<u>137,005</u>	<u>259</u>	<u>178,235</u>
<u>\$ (586)</u>	<u>\$ 46,487</u>	<u>\$ 23,157</u>	<u>\$ -</u>	<u>\$ 97,474</u>	<u>\$ 304</u>	<u>\$ 260,959</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue			
	Records Management Archival District Clerk	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	4,725	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>4,725</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General administration	6,719	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	9,037	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>15,756</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,031)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from capital leases	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(11,031)</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>29,439</u>	<u>(1,106)</u>	<u>8,876</u>	<u>(892)</u>
FUND BALANCES, ENDING	<u>\$ 18,408</u>	<u>\$(1,106)</u>	<u>\$ 8,876</u>	<u>\$(892)</u>

Special Revenue

Justice Court Security	HAVA (Help America Vote Act)	Environmental Health Food Permit	County Public Health	Texas Feeding Texans	DA VAWA Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	4,200	-	-	77,929
-	-	-	-	-	-
7,122	9,495	-	-	-	-
-	-	-	-	5	-
-	-	-	-	-	67,220
<u>7,122</u>	<u>9,495</u>	<u>4,200</u>	<u>-</u>	<u>5</u>	<u>145,149</u>
-	-	-	-	-	144,981
-	-	-	-	-	-
-	-	-	3,842	-	-
-	-	-	-	-	-
-	22,110	-	498	-	-
-	-	-	-	-	-
<u>-</u>	<u>22,110</u>	<u>-</u>	<u>4,340</u>	<u>-</u>	<u>144,981</u>
<u>7,122</u>	<u>(12,615)</u>	<u>4,200</u>	<u>(4,340)</u>	<u>5</u>	<u>168</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,122</u>	<u>(12,615)</u>	<u>4,200</u>	<u>(4,340)</u>	<u>5</u>	<u>168</u>
<u>54,232</u>	<u>49,473</u>	<u>21,058</u>	<u>5,355</u>	<u>-</u>	<u>3,352</u>
<u>\$ 61,354</u>	<u>\$ 36,858</u>	<u>\$ 25,258</u>	<u>\$ 1,015</u>	<u>\$ 5</u>	<u>\$ 3,520</u>

MEDINA COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue			
	Forfeiture Constable #3	COPS Technology Grant	Household Hazardous Waste Grant	District Clerk Technology
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	19,480	-
Fines and forfeitures	-	-	-	329
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>19,480</u>	<u>329</u>
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	8,868	-
Capital outlay	-	-	9,975	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>18,843</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>637</u>	<u>329</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	-	-
Proceeds from capital leases	-	-	-	-
Proceeds from sale of assets	675	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>675</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	675	-	637	329
FUND BALANCES, BEGINNING	<u>85</u>	<u>3</u>	<u>-</u>	<u>1,170</u>
FUND BALANCES, ENDING	<u>\$ 760</u>	<u>\$ 3</u>	<u>\$ 637</u>	<u>\$ 1,499</u>

Special Revenue		Debt Service		Capital Projects			Total Nonmajor Governmental
CETRZ Grant	Tax Increment Zone	Debt Sinking-Sheriff Auto	Construction In Progress Project Fund	Tax Anticipation Note Capital Improvements	Capital Project	East Medina River Line Extension	
\$ -	\$ 76,528	\$ 1,309	\$ -	\$ -	\$ -	\$ -	\$ 3,107,153
-	-	-	-	-	-	-	44,508
-	-	-	-	-	-	-	844,004
176,887	-	-	-	-	-	46,783	1,341,367
-	-	-	-	-	-	-	936,569
-	-	-	-	-	-	-	50,907
-	56	-	21	4,055	-	-	15,849
-	-	-	6,303	-	-	-	310,747
<u>176,887</u>	<u>76,584</u>	<u>1,309</u>	<u>6,324</u>	<u>4,055</u>	<u>-</u>	<u>46,783</u>	<u>6,651,104</u>
-	30,277	-	-	-	-	33,323	319,900
-	-	-	-	-	-	-	486,244
-	-	-	-	-	-	-	691,760
-	-	-	-	-	-	-	4,528,355
-	-	-	-	-	-	-	688,045
-	-	-	200,464	830,603	-	4,180	2,108,659
-	-	-	-	-	-	-	106,691
-	-	-	-	23,250	-	-	39,047
<u>-</u>	<u>30,277</u>	<u>-</u>	<u>200,464</u>	<u>853,853</u>	<u>-</u>	<u>37,503</u>	<u>8,968,701</u>
<u>176,887</u>	<u>46,307</u>	<u>1,309</u>	<u>(194,140)</u>	<u>(849,798)</u>	<u>-</u>	<u>9,280</u>	<u>(2,317,597)</u>
-	-	-	-	1,000,000	-	-	1,202,032
-	-	-	-	-	-	-	386,206
-	-	-	-	-	-	-	27,270
-	216,810	-	426,528	-	-	-	1,506,620
<u>(176,887)</u>	<u>-</u>	<u>(1,309)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(178,196)</u>
<u>(176,887)</u>	<u>216,810</u>	<u>(1,309)</u>	<u>426,528</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>2,943,932</u>
-	263,117	-	232,388	150,202	-	9,280	626,335
<u>-</u>	<u>(146,532)</u>	<u>2,887</u>	<u>(224,129)</u>	<u>286,288</u>	<u>(105,399)</u>	<u>-</u>	<u>2,134,118</u>
<u>\$ -</u>	<u>\$ 116,585</u>	<u>\$ 2,887</u>	<u>\$ 8,259</u>	<u>\$ 436,490</u>	<u>\$ (105,399)</u>	<u>\$ 9,280</u>	<u>\$ 2,760,453</u>

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 1

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,001,861	\$ 1,001,861	\$ 1,014,827	\$ 12,966
Licenses and permits	216,255	216,255	209,951	(6,304)
Fines and forfeitures	153,421	153,421	159,528	6,107
Interest	1,000	1,000	3,270	2,270
Miscellaneous	-	-	114,687	114,687
Total revenues	1,372,537	1,372,537	1,502,263	129,726
EXPENDITURES				
Public transportation	1,597,148	1,597,148	1,552,026	45,122
Capital outlay	100,000	100,000	241,850	(141,850)
Debt service				
Interest	-	-	3,643	(3,643)
Total expenditures	1,697,148	1,697,148	1,797,519	(100,371)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(324,611)	(324,611)	(295,256)	29,355
OTHER FINANCING SOURCES (USES)				
Proceeds from time warrants	-	-	202,032	202,032
Transfers in	-	-	109,697	109,697
Total other financing sources (uses)	-	-	311,729	311,729
NET CHANGE IN FUND BALANCE	(324,611)	(324,611)	16,473	341,084
FUND BALANCE, BEGINNING	438,042	438,042	438,042	-
FUND BALANCE, ENDING	\$ 113,431	\$ 113,431	\$ 454,515	\$ 341,084

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 2

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,041,565	\$ 1,041,565	\$ 1,039,376	\$(2,189)
Licenses and permits	216,255	216,255	209,951	(6,304)
Fines and forfeitures	153,421	153,421	159,528	6,107
Interest	700	700	1,604	904
Miscellaneous	-	-	25,754	25,754
Total revenues	1,411,941	1,411,941	1,436,213	24,272
EXPENDITURES				
Public transportation	1,557,707	1,557,707	1,360,010	197,697
Capital outlay	100,000	100,000	471,431	(371,431)
Debt service				
Principal	90,954	90,954	84,911	6,043
Interest	6,922	6,922	10,715	(3,793)
Total expenditures	1,755,583	1,755,583	1,927,067	(171,484)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(343,642)	(343,642)	(490,854)	(147,212)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of capital leases	-	-	386,206	386,206
Transfers in	100,000	100,000	50,661	(49,339)
Total other financing sources (uses)	100,000	100,000	436,867	336,867
NET CHANGE IN FUND BALANCE	(243,642)	(243,642)	(53,987)	189,655
FUND BALANCE, BEGINNING	159,277	159,277	159,277	-
FUND BALANCE, ENDING	\$(84,365)	\$(84,365)	\$ 105,290	\$ 189,655

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 3

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 553,282	\$ 553,282	\$ 568,120	\$ 14,838
Licenses and permits	216,255	216,255	209,951	(6,304)
Fines and forfeitures	153,421	153,421	159,528	6,107
Interest	3,100	3,100	2,949	(151)
Miscellaneous	-	-	25,629	25,629
Total revenues	926,058	926,058	966,177	40,119
EXPENDITURES				
Public transportation	1,006,320	1,006,320	898,449	107,871
Capital outlay	50,000	50,000	192,590	(142,590)
Total expenditures	1,056,320	1,056,320	1,091,039	(34,719)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(130,262)	(130,262)	(124,862)	5,400
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	26,595	26,595
Transfers in	-	-	1,190	1,190
Total other financing sources (uses)	-	-	27,785	27,785
NET CHANGE IN FUND BALANCE	(130,262)	(130,262)	(97,077)	33,185
FUND BALANCE, BEGINNING	585,550	585,550	585,550	-
FUND BALANCE, ENDING	\$ 455,288	\$ 455,288	\$ 488,473	\$ 33,185

MEDINA COUNTY, TEXAS

ROAD AND BRIDGE NO. 4

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 399,227	\$ 399,227	\$ 406,993	\$ 7,766
Licenses and permits	216,255	216,255	209,951	(6,304)
Fines and forfeitures	153,421	153,421	159,528	6,107
Interest	2,000	2,000	2,773	773
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>25,629</u>	<u>24,129</u>
Total revenues	<u>772,403</u>	<u>772,403</u>	<u>804,874</u>	<u>32,471</u>
EXPENDITURES				
Public transportation	795,783	795,783	673,362	122,421
Capital outlay	50,000	50,000	56,530	(6,530)
Debt service				
Principal	54,280	54,280	21,780	32,500
Interest	<u>3,050</u>	<u>3,050</u>	<u>1,439</u>	<u>1,611</u>
Total expenditures	<u>903,113</u>	<u>903,113</u>	<u>753,111</u>	<u>150,002</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(130,710)</u>	<u>(130,710)</u>	<u>51,763</u>	<u>182,473</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	15,339	15,339
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>15,339</u>	<u>115,339</u>
NET CHANGE IN FUND BALANCE	<u>(230,710)</u>	<u>(230,710)</u>	<u>67,102</u>	<u>297,812</u>
FUND BALANCE, BEGINNING	<u>450,900</u>	<u>450,900</u>	<u>450,900</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 220,190</u>	<u>\$ 220,190</u>	<u>\$ 518,002</u>	<u>\$ 297,812</u>

MEDINA COUNTY, TEXAS

DEBT SERVICE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 447,853	\$ 447,853	\$ 488,877	\$ 41,024
Interest	-	-	329	329
Total revenues	<u>447,853</u>	<u>447,853</u>	<u>489,206</u>	<u>41,353</u>
EXPENDITURES				
Debt Service				
Principal	715,000	715,000	715,000	-
Interest	40,853	40,853	35,952	4,901
Total expenditures	<u>755,853</u>	<u>755,853</u>	<u>750,952</u>	<u>4,901</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(308,000)</u>	<u>(308,000)</u>	<u>(261,746)</u>	<u>36,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,309	1,309
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,309</u>	<u>1,309</u>
NET CHANGE IN FUND BALANCE	<u>(308,000)</u>	<u>(308,000)</u>	<u>(260,437)</u>	<u>47,563</u>
FUND BALANCE, BEGINNING	<u>(1,499)</u>	<u>(1,499)</u>	<u>(1,499)</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$(309,499)</u>	<u>\$(309,499)</u>	<u>\$(261,936)</u>	<u>\$ 47,563</u>

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

AGENCY FUNDS

SEPTEMBER 30, 2017

	Agency					
	<u>State Taxes</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Unclaimed Money</u>	<u>Justices of the Peace</u>	<u>Tax Office</u>
ASSETS						
Cash and investments	\$ <u>281,237</u>	\$ <u>278,646</u>	\$ <u>254,461</u>	\$ <u>14,526</u>	\$ <u>11,002</u>	\$ <u>1,577,509</u>
Total assets	\$ <u>281,237</u>	\$ <u>278,646</u>	\$ <u>254,461</u>	\$ <u>14,526</u>	\$ <u>11,002</u>	\$ <u>1,577,509</u>
LIABILITIES						
Liabilities:						
Due to others	\$ <u>281,237</u>	\$ <u>278,646</u>	\$ <u>254,461</u>	\$ <u>14,526</u>	\$ <u>11,002</u>	\$ <u>1,577,509</u>
Total liabilities	\$ <u>281,237</u>	\$ <u>278,646</u>	\$ <u>254,461</u>	\$ <u>14,526</u>	\$ <u>11,002</u>	\$ <u>1,577,509</u>

Agency						
<u>County Sheriff</u>	<u>Employee Trust Claims</u>	<u>Cafeteria Plan</u>	<u>Adult Probations</u>	<u>4th Court of Appeals</u>	<u>Medina County Elected Official Escrow</u>	<u>Totals</u>
\$ <u>120,939</u>	\$ <u>804</u>	\$ <u>15,685</u>	\$ <u>441</u>	\$ <u>280</u>	\$ <u>665,249</u>	\$ <u>3,220,779</u>
\$ <u>120,939</u>	\$ <u>804</u>	\$ <u>15,685</u>	\$ <u>441</u>	\$ <u>280</u>	\$ <u>665,249</u>	\$ <u>3,220,779</u>
\$ <u>120,939</u>	\$ <u>804</u>	\$ <u>15,685</u>	\$ <u>441</u>	\$ <u>280</u>	\$ <u>665,249</u>	\$ <u>3,220,779</u>
\$ <u>120,939</u>	\$ <u>804</u>	\$ <u>15,685</u>	\$ <u>441</u>	\$ <u>280</u>	\$ <u>665,249</u>	\$ <u>3,220,779</u>

**INTERNAL CONTROL AND
COMPLIANCE SECTION**



PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable County Judge and
Commissioners' Court
Medina County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Medina County, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Medina County, Texas' basic financial statements, and have issued our report thereon dated June 5, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown + Hill, L.L.P.

Waco, Texas
June 5, 2018

MEDINA COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

None