

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2016**

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2016

**Page
Number**

FINANCIAL SECTION

Independent Auditors' Report.....	1 – 3
Management's Discussion and Analysis	4 – 10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities.....	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	17 – 23
Statement of Net Position – Governmental Activities – Internal Service Fund.....	24

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2016

**Page
Number**

FINANCIAL SECTION

Statement of Revenues, Expenses and Changes in Net Position – Governmental Activities – Internal Service Fund.....	25
Statement of Cash Flows – Governmental Activities – Internal Service Fund.....	26
Statement of Fiduciary Net Position – Fiduciary Funds.....	27
Notes to Financial Statements.....	28 – 52
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios	53
Schedule of Employer Contributions.....	54
Notes to Schedule of Employer Contributions	55
Schedule of Funding Progress for Other Post Employment Benefits.....	56
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	57 – 66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	67 – 76
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge No. 1 Fund.....	77

MEDINA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2016

**Page
Number**

FINANCIAL SECTION

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge No. 2 Fund.....	78
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge No. 3 Fund.....	79
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge No. 4 Fund.....	80
Agency Funds	
Combining Balance Sheet.....	81 – 82

SINGLE AUDIT SECTION

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 <i>Government Auditing Standards</i>	83 – 84
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance.....	85 – 86
Schedule of Expenditures of Federal Awards.....	87
Notes to Schedule of Expenditures of Federal Awards	88
Schedule of Findings and Questioned Costs.....	89
Summary Schedule of Prior Audit Findings.....	90

FINANCIAL SECTION



P A T T I L L O , B R O W N & H I L L , 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, 2016, 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

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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, schedule of changes in net pension liability and related ratios, schedules of contributions, and the schedule of funding progress for the other post-employment benefits plan on pages 4 – 10 and 53 – 56 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 and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), 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 and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards 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 May 4, 2017, 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
May 4, 2017

**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, 2016.

Financial Highlights

- The assets of Medina County exceeded its liabilities at the close of the most recent fiscal year by \$34,208,894.
- The County's total net position increased by \$2,472,299.
- Unrestricted net position of \$10,359,969 is available to meet the County's ongoing obligations to citizens and creditors.
- Restricted net position of \$2,576,161 are funds set aside for specific purposes.
- As of the close of the fiscal year ending September 30, 2016, Medina County's governmental funds reported combined ending fund balances of \$9,530,948, a decrease of \$2,084,826 from the prior year.
- Unassigned fund balance for the General Fund was \$7,057,556.

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 54 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 Construction in Progress Project Fund, which are considered to be a major funds. Data from the other 52 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 the General Fund 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 Internal Service Funds to account for its Employee Health Insurance Fund and Claims Escrow Fund. Because both of these services predominantly 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 \$34,208,894 at the close of the most recent fiscal year.

MEDINA COUNTY'S NET POSITION

	Governmental Activities	
	2016	2015
Current assets	\$ 16,133,371	\$ 17,821,746
Capital assets	25,408,223	22,002,366
Total assets	<u>41,541,594</u>	<u>39,824,112</u>
Deferred outflows of resources	2,484,939	843,032
Current liabilities	2,045,922	1,773,396
Noncurrent liabilities	7,545,191	7,157,153
Total liabilities	<u>9,591,113</u>	<u>8,930,549</u>
Deferred inflows of resources	226,526	-
Net position:		
Net investment		
in capital assets	21,272,764	17,557,408
Restricted	2,576,161	2,933,389
Unrestricted	<u>10,359,969</u>	<u>11,245,798</u>
Total net position	<u>\$ 34,208,894</u>	<u>\$ 31,736,595</u>

A portion of the County's net position \$21,272,764 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.

	2016	2015
Non-depreciable:		
CIP	\$ 7,055,433	\$ 4,574,411
Land	<u>1,426,616</u>	<u>1,391,299</u>
Capital assets, non-depreciable	<u>8,482,049</u>	<u>5,965,710</u>
Capital assets, net of depreciation:		
Buildings and improvements	5,557,223	5,664,982
Equipment	3,034,145	2,966,111
Infrastructure	<u>8,334,806</u>	<u>7,405,563</u>
	<u>\$ 16,926,174</u>	<u>\$ 16,036,656</u>

An additional portion of the County's net position \$2,576,161 represents resources that are subject to external restrictions on how they may be used. The unrestricted net position \$10,359,969 may be used to meet the County's ongoing obligations to citizens and creditors.

MEDINA COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2016	2015
REVENUES		
Program revenues:		
Charges for services	\$ 4,135,857	\$ 4,304,779
Operating grants and contributions	1,801,419	1,792,481
Capital grants and contributions	288,837	158,407
General revenues:		
Property taxes	14,618,683	13,532,970
Sales taxes	2,222,152	2,185,211
Other	23,102	17,070
Investment earnings	71,091	54,677
Miscellaneous	458,145	714,277
Total revenues	23,619,286	22,759,872
EXPENSES		
General government	5,151,714	4,978,312
Legal	3,541,188	2,928,583
Public safety	7,373,348	6,648,822
Public transportation	3,590,510	5,411,913
Health and welfare	1,356,380	2,252,624
Interest on long-term debt	90,750	86,047
Total expenses	21,103,890	22,306,301
CHANGE IN NET POSITION	2,515,396	453,571
NET POSITION, BEGINNING	31,736,595	30,845,148
PRIOR PERIOD ADJUSTMENT	(43,097)	437,876
NET POSITION, ENDING	\$ 34,208,894	\$ 31,736,595

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 \$1,085,713(8%) to \$14,618,683 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 \$9,530,948, a decrease of \$2,084,826 in comparison with the prior year. Approximately 68% percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$3,011,256 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 \$7,398,329. 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 48% 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, 2016, can be summarized as follows:

- Actual revenue exceeded budgeted revenue by \$189,098.
- Actual revenues exceeded expenditures by \$1,054,134.
- Final budgeted expenditures exceeded the actual final budgeted expenditure amount by (\$568,993).

Capital Asset and Debt Administration

Capital assets. Medina County's investment in capital assets for its governmental activities as of September 30, 2016, amounts to \$25,408,223 (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 (road);
- Continued construction on Adult and Juvenile probation facilities;

Additional information about Medina County's capital assets can be found in Note 4 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 \$740,000. The full amount is backed by the full faith and credit of the County. Medina County's bonded debt decreased by \$350,000 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 4 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Educated budget management for the past six years contributed to the significantly improved financial results;
- Residential development within the County has pressured an increase of property values; although recently the rate of increase which had slowed due to general economic conditions appears to be rebounding.
- Overall expansion of economic development in neighboring metro-Bexar County continues its spillover effect throughout the County.
- Healthy local economies and growth are bringing increasing expectations of expanded and new government services;
- Enhancement of technology infrastructure continues as a priority in order to meet growth expectations and improve efficiency.

Because of the evolving nature of state and federally funded projects from up-front grants to post expenditure reimbursements, the increasing demands for services, and the continuing stream of unfunded mandates from the state, it is imperative for the County to maintain and improve its unassigned fund balances. In addition, a healthy fund balance enables the County to make modest capital expenditures in the form of facilities investments without adding to its outstanding debt.

Maintaining a current level of health care benefits for employees will be a challenge because of medical claims experience and increasing medical care and administrative costs. The current uncertainty in the healthcare industry and the direction of federal regulation will add to the challenge of maintaining an acceptable healthcare benefit level.

The continuing increase in population in the County coupled with a growing demand for government services has placed a strain on existing facilities, especially the Courthouse and County Jail. Both are overcrowded and a number of jail inmates are being housed in nearby counties. The County has several large capital projects in progress which will likely spill over into the upcoming 2016-2017 budget cycle: 1) the completion of the Castroville Annex building in Precinct 2 which will include the parking lot, and 2) the construction and installation of a new Motorola radio system and towers for the sheriff and other law enforcement agencies. In addition, the next budget will include maintenance and improvement projects for the courthouse, tax office and other buildings owned by the county that are in need of repairs and the purchase of a new election system to replace the current 12 year old system. The County has been approved to have County Wide Polling which allows the citizens of any precinct to vote at any voting location.

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, 2016

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and investments	\$ 10,488,252
Receivables:	
Ad valorem taxes	1,000,494
Sales tax	309,690
Intergovernmental	281,363
Fines	3,422,552
Other	631,020
Capital assets:	
Nondepreciable	8,482,049
Depreciable, net of accumulated depreciation	<u>16,926,174</u>
Total assets	<u>41,541,594</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>2,484,939</u>
Total deferred outflows of resources	<u>2,484,939</u>
LIABILITIES	
Accounts payable	1,688,904
Accrued liabilities	191,709
Interest payable	37,707
Unearned revenue	97,927
Other liabilities	29,675
Noncurrent liabilities:	
Due within one year	1,154,481
Due in more than one year	<u>6,390,710</u>
Total liabilities	<u>9,591,113</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>226,526</u>
Total deferred outflows of resources	<u>226,526</u>
NET POSITION	
Net investment in capital assets	21,272,764
Restricted for:	
Road and bridge	1,828,986
Debt service	35,270
Records management and technology	480,348
Law enforcement and security	127,665
Grant requirements	103,892
Unrestricted	<u>10,359,969</u>
Total net position	<u>\$ 34,208,894</u>

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

MEDINA COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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>
					<u>Governmental Activities</u>
Primary Government:					
Governmental activities:					
General administration	\$ 5,151,714	\$ 1,106,239	\$ 204,560	\$ -	\$(3,840,915)
Legal	3,541,188	278,711	480,662	-	(2,781,815)
Public safety	7,373,348	1,746,139	6,756	-	(5,620,453)
Public transportation	3,590,510	1,000,928	44,508	288,837	(2,256,237)
Health and welfare	1,356,380	3,840	1,064,933	-	(287,607)
Interest on long-term debt	90,750	-	-	-	(90,750)
Total governmental activities	\$ 21,103,890	\$ 4,135,857	\$ 1,801,419	\$ 288,837	(14,877,777)
General revenues:					
Taxes:					
Property					14,618,683
Sales					2,222,152
Other taxes					23,102
Investment earnings					71,091
Miscellaneous					458,145
Total general revenues					17,393,173
Change in net position					2,515,396
Net position, beginning					31,736,595
Prior period adjustment					(43,097)
Net position, ending					\$ 34,208,894

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

MEDINA COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	General	Construction In Progress Project Fund	Other Governmental	Total Governmental Funds
ASSETS				
Cash and investments	\$ 7,071,724	\$ 40,567	\$ 2,898,026	\$ 10,010,317
Receivables:				
Ad valorem taxes	788,637	-	211,857	1,000,494
Sales tax	309,690	-	-	309,690
Intergovernmental	24,905	-	256,458	281,363
Other	445,166	-	183,164	628,330
Due from other funds	473,203	-	-	473,203
Total assets	<u>9,113,325</u>	<u>40,567</u>	<u>3,549,505</u>	<u>12,703,397</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	525,338	264,696	279,797	1,069,831
Payroll liabilities	141,017	-	50,692	191,709
Other liabilities	3,844	-	25,831	29,675
Due to other funds	-	-	473,203	473,203
Unearned revenue	-	-	97,927	97,927
Total liabilities	<u>670,199</u>	<u>264,696</u>	<u>927,450</u>	<u>1,862,345</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,044,797	-	265,307	1,310,104
Total deferred inflows of resources	<u>1,044,797</u>	<u>-</u>	<u>265,307</u>	<u>1,310,104</u>
Fund balances:				
Restricted for:				
Road and bridge	-	-	1,633,769	1,633,769
Debt service	-	-	2,887	2,887
Records management and technology	-	-	480,348	480,348
Law enforcement and security	-	-	127,665	127,665
Grant requirements	-	-	103,892	103,892
Capital Projects	-	-	321,922	321,922
Assigned for:				
Utilization of fund balance in subsequent year's budget	340,773	-	-	340,773
Unassigned	7,057,556	(224,129)	(313,735)	6,519,692
Total fund balances	<u>7,398,329</u>	<u>(224,129)</u>	<u>2,356,748</u>	<u>9,530,948</u>
Total liabilities and fund balances	<u>\$ 9,113,325</u>	<u>\$ 40,567</u>	<u>\$ 3,549,505</u>	<u>\$ 12,703,397</u>

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

MEDINA COUNTY, TEXAS

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

SEPTEMBER 30, 2016

Total fund balance, governmental funds	\$ 9,530,948
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,408,223
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,732,656
An internal service fund is used by management to charge the costs County health insurance costs to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities of the Statement of Net Position.	(138,448)
Deferred inflows and outflows of resources related to pensions are reported in conjunction with the net pension liability and are not reported in the County's fund financial statements.	2,258,413
Some liabilities, (such as bonds payable, capital leases, long-term compensated absences, time warrants, net pension liability, and net OPEB obligations), are not due and payable in the current period and are not included in the funds.	<u>(7,582,898)</u>
Net position of governmental activities in the Statement of Net Position	\$ <u>34,208,894</u>

MEDINA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General	Construction In Progress Project Fund	Other Governmental	Total Governmental Funds
REVENUES				
Property taxes	\$ 11,436,034	\$ -	\$ 3,155,232	\$ 14,591,266
Sales tax	2,222,152	-	-	2,222,152
Other taxes	23,102	-	44,508	67,610
Licenses and permits	-	-	871,148	871,148
Intergovernmental	171,078	-	1,806,191	1,977,269
Charges for services	1,315,989	-	51,469	1,367,458
Fines and forfeitures	865,457	-	855,844	1,721,301
Interest	52,594	496	16,758	69,848
Miscellaneous	223,608	-	313,717	537,325
Total revenues	16,310,014	496	7,114,867	23,425,377
EXPENDITURES				
Current:				
General administration	4,681,439	5,119	300,845	4,987,403
Legal	2,899,415	-	456,627	3,356,042
Public safety	6,153,448	-	508,804	6,662,252
Public transportation	-	-	3,923,201	3,923,201
Health and welfare	329,624	-	913,929	1,243,553
Capital outlay	824,692	2,266,715	485,588	3,576,995
Debt service:				
Principal	366,686	-	835,234	1,201,920
Interest and other charges	576	-	64,047	64,623
Total expenditures	15,255,880	2,271,834	7,488,275	25,015,989
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,054,134	(2,271,338)	(373,408)	(1,590,612)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	30,812	-	12,766	43,578
Insurance proceeds	300,305	-	-	300,305
Transfers in	-	1,786,740	809,308	2,596,048
Transfers out	(2,117,159)	-	(1,273,889)	(3,391,048)
Total other financing sources and uses	(1,786,042)	1,786,740	(451,815)	(451,117)
NET CHANGE IN FUND BALANCES	(731,908)	(484,598)	(825,223)	(2,041,729)
FUND BALANCES, BEGINNING	8,130,237	260,469	3,225,068	11,615,774
PRIOR PERIOD ADJUSTMENT	-	-	(43,097)	(43,097)
FUND BALANCES, BEGINNING, RESTATED	8,130,237	260,469	3,181,971	11,572,677
FUND BALANCES, ENDING	\$ 7,398,329	\$(224,129)	\$ 2,356,748	\$ 9,530,948

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, 2016

Net change in fund balances - total governmental funds: \$(2,041,729)

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

Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 3,405,859

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 192,666

The issuance of long-term debt (e.g., bonds, 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 position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,201,920

Certain pension expenditures are not expensed in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. 8,509

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (209,215)

Internal service funds are used by management to charge the cost of County health insurance to individual funds. The net expense of certain activities of the internal service fund is reported as governmental activities. (42,614)

Change in net position of governmental activities \$ 2,515,396

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad valorem	\$ 11,260,224	\$ 11,392,224	\$ 11,436,034	\$ 43,810
Sales	2,000,000	2,160,000	2,222,152	62,152
Beer and wine	17,700	17,700	23,102	5,402
Total taxes	<u>13,277,924</u>	<u>13,569,924</u>	<u>13,681,288</u>	<u>111,364</u>
Intergovernmental				
State allocation - HB66	75,000	75,000	84,000	9,000
State allocation - grants	57,700	78,642	87,078	8,436
Total intergovernmental	<u>132,700</u>	<u>153,642</u>	<u>171,078</u>	<u>17,436</u>
Charges for services				
County clerk	300,000	300,000	301,684	1,684
District clerk	93,000	93,000	74,334	(18,666)
Tax assessor-collector	195,000	195,000	206,752	11,752
Sheriff	106,000	106,000	127,170	21,170
County attorney	110,000	110,000	136,021	26,021
County treasurer	275,000	275,000	184,706	(90,294)
Constable fees	32,500	32,500	39,154	6,654
County Judge	2,000	2,000	1,809	(191)
Other taxing entities	140,000	140,000	135,267	(4,733)
Other fees	99,700	99,700	109,092	9,392
Total charges for services	<u>1,353,200</u>	<u>1,353,200</u>	<u>1,315,989</u>	<u>(37,211)</u>
Fines and forfeitures				
Justice of the peace	672,200	841,200	865,457	24,257
Total fines and forfeitures	<u>672,200</u>	<u>841,200</u>	<u>865,457</u>	<u>24,257</u>
Interest	40,000	40,000	52,594	12,594

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

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Other	\$ 162,950	\$ 162,950	\$ 223,608	\$ 60,658
Total miscellaneous	<u>162,950</u>	<u>162,950</u>	<u>223,608</u>	<u>60,658</u>
 Total revenues	 <u>15,638,974</u>	 <u>16,120,916</u>	 <u>16,310,014</u>	 <u>189,098</u>
EXPENDITURES				
General administration				
Commissioners' court				
Personnel services	190,449	190,449	197,315	(6,866)
Supplies	1,500	1,500	728	772
Other services and charges	17,150	18,385	16,546	1,839
Total commissioners' court	<u>209,099</u>	<u>210,334</u>	<u>214,589</u>	<u>(4,255)</u>
 Loss control				
Personnel services	11,546	11,546	10,585	961
Supplies	200	200	77	123
Other services and charges	300	300	-	300
Total loss control	<u>12,046</u>	<u>12,046</u>	<u>10,662</u>	<u>1,384</u>
 County clerk				
Personnel services	416,714	417,633	417,027	606
Supplies	10,000	12,282	12,282	-
Other services and charges	42,000	42,000	64,359	(22,359)
Total County clerk	<u>468,714</u>	<u>471,915</u>	<u>493,668</u>	<u>(21,753)</u>
 Veteran service officer				
Personnel services	31,628	31,628	32,161	(533)
Supplies	1,000	1,000	530	470
Other services and charges	4,400	4,400	1,673	2,727
Total veteran service officer	<u>37,028</u>	<u>37,028</u>	<u>34,364</u>	<u>2,664</u>

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

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General administration				
Elections				
Personnel services	\$ 188,982	\$ 188,982	\$ 204,631	\$(15,649)
Supplies	20,000	19,226	10,630	8,596
Other services and charges	111,050	111,824	45,579	66,245
Total elections	<u>320,032</u>	<u>320,032</u>	<u>260,840</u>	<u>59,192</u>
County auditor				
Personnel services	332,139	336,230	306,140	30,090
Supplies	4,000	5,200	5,199	1
Other services and charges	21,480	19,912	17,931	1,981
Total County auditor	<u>357,619</u>	<u>361,342</u>	<u>329,270</u>	<u>32,072</u>
County treasurer				
Personnel services	256,868	258,342	260,542	(2,200)
Supplies	4,500	4,500	3,831	669
Other services and charges	22,525	22,525	15,873	6,652
Total County treasurer	<u>283,893</u>	<u>285,367</u>	<u>280,246</u>	<u>5,121</u>
Human resources/grants				
Personnel services	152,267	152,267	152,432	(165)
Other services and charges	16,600	13,310	11,666	1,644
Total human resources/grants	<u>173,867</u>	<u>171,038</u>	<u>169,550</u>	<u>1,488</u>
Tax assessor-collector				
Personnel services	755,314	755,314	663,159	92,155
Supplies	20,000	20,000	13,317	6,683
Other services and charges	73,100	73,100	64,450	8,650
Total tax assessor-collector	<u>848,414</u>	<u>848,414</u>	<u>740,926</u>	<u>107,488</u>
Nondepartmental				
Personnel services	162,024	193,355	188,913	4,442
Other services and charges	1,392,200	1,086,019	1,232,460	(146,441)
Total nondepartmental	<u>1,554,224</u>	<u>1,279,374</u>	<u>1,421,373</u>	<u>(141,999)</u>
County agent				
Personnel services	118,334	119,351	113,221	6,130
Supplies	3,250	2,608	2,607	1
Other services and charges	29,350	29,792	26,621	3,171
Total County agent	<u>150,934</u>	<u>151,751</u>	<u>142,449</u>	<u>9,302</u>

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

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
General administration				
Courthouse and buildings				
Personnel services	\$ 217,790	\$ 217,948	\$ 169,860	\$ 48,088
Supplies	33,500	49,640	50,055	(415)
Other services and charges	302,850	360,690	357,114	3,576
Total courthouse and buildings	<u>554,140</u>	<u>628,278</u>	<u>577,029</u>	<u>51,249</u>
Subdivision administration department				
Personnel services	13,944	13,944	6,473	7,471
Supplies	200	200	-	200
Other services and charges	20,000	20,000	-	20,000
Total subdivision administration department	<u>34,144</u>	<u>34,144</u>	<u>6,473</u>	<u>27,671</u>
Total general administration	<u>5,004,154</u>	<u>4,811,063</u>	<u>4,681,439</u>	<u>129,624</u>
Legal				
District and County court				
Personnel services	283,881	283,881	279,560	4,321
Supplies	4,500	3,788	3,417	371
Other services and charges	575,621	679,411	631,714	47,697
Total district and County court	<u>864,002</u>	<u>967,080</u>	<u>914,691</u>	<u>52,389</u>
District clerk				
Personnel services	383,186	383,186	374,456	8,730
Supplies	7,500	7,500	6,470	1,030
Other services and charges	39,250	39,250	37,137	2,113
Total district clerk	<u>429,936</u>	<u>429,936</u>	<u>418,063</u>	<u>11,873</u>

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

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Legal				
Justices of the peace				
Personnel services	\$ 668,272	\$ 668,272	\$ 659,947	\$ 8,325
Supplies	7,700	7,748	7,497	251
Other services and charges	50,910	50,862	40,241	10,621
Total justices of the peace	<u>726,882</u>	<u>726,882</u>	<u>707,685</u>	<u>19,197</u>
County attorney				
Personnel services	309,304	308,739	308,968	(229)
Supplies	4,500	6,141	5,539	602
Other services and charges	27,850	26,774	21,950	4,824
Total County attorney	<u>341,654</u>	<u>341,654</u>	<u>336,457</u>	<u>5,197</u>
District attorney				
Personnel services	5,009	5,009	4,730	279
Other services and charges	436,782	517,050	517,789	(739)
Total district attorney	<u>441,791</u>	<u>522,059</u>	<u>522,519</u>	<u>(460)</u>
Total legal	<u>2,804,265</u>	<u>2,987,611</u>	<u>2,899,415</u>	<u>88,196</u>
Public safety				
County jail				
Personnel services	1,443,193	1,445,930	1,356,232	89,698
Supplies	215,200	287,000	279,193	7,807
Other services and charges	505,900	916,042	924,492	(8,450)
Total County jail	<u>2,164,293</u>	<u>2,648,972</u>	<u>2,559,917</u>	<u>89,055</u>

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

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public safety				
Constables				
Personnel services	\$ 174,308	\$ 174,308	\$ 176,433	\$(2,125)
Supplies	11,650	12,124	9,254	2,870
Other services and charges	78,368	78,728	78,252	476
Total constables	<u>264,326</u>	<u>265,160</u>	<u>263,939</u>	<u>1,221</u>
Sheriff				
Personnel services	2,724,470	2,725,826	2,653,987	71,839
Supplies	214,050	173,197	165,052	8,145
Other services and charges	204,250	300,103	291,101	9,002
Total sheriff	<u>3,142,770</u>	<u>3,199,126</u>	<u>3,110,140</u>	<u>88,986</u>
Juvenile board				
Personnel services	14,126	14,126	13,238	888
Total juvenile board	<u>14,126</u>	<u>14,126</u>	<u>13,238</u>	<u>888</u>
DPS/license and weight				
Personnel services	71,286	71,286	53,343	17,943
Supplies	2,400	2,377	2,137	240
Other services and charges	11,600	9,557	9,141	416
Total DPS/license and weight	<u>85,286</u>	<u>83,220</u>	<u>64,621</u>	<u>18,599</u>
Highway patrol				
Personnel services	71,989	74,894	52,557	22,337
Supplies	2,000	2,412	2,411	1
Other services and charges	6,050	7,287	5,784	1,503
Total highway patrol	<u>80,039</u>	<u>84,593</u>	<u>60,752</u>	<u>23,841</u>
Emergency management				
Personnel services	62,013	62,013	63,214	(1,201)
Supplies	11,250	11,250	4,311	6,939
Other services and charges	23,620	23,620	13,316	10,304
Total emergency management	<u>96,883</u>	<u>96,883</u>	<u>80,841</u>	<u>16,042</u>
Total public safety	<u>5,847,723</u>	<u>6,392,080</u>	<u>6,153,448</u>	<u>238,632</u>

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

MEDINA COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Health and welfare				
Sanitation inspection				
Personnel services	\$ 150,381	\$ 150,381	\$ 154,812	\$(4,431)
Supplies	9,300	7,894	5,826	2,068
Other services and charges	22,425	23,831	19,018	4,813
Total sanitation inspection	<u>182,106</u>	<u>182,106</u>	<u>179,656</u>	<u>2,450</u>
Social services and indigent services				
Personnel services	450	450	211	239
Other services and charges	168,987	170,642	149,757	20,885
Total social services and indigent services	<u>169,437</u>	<u>171,092</u>	<u>149,968</u>	<u>21,124</u>
Total health and welfare	<u>351,543</u>	<u>353,198</u>	<u>329,624</u>	<u>23,574</u>
Capital outlay	<u>921,700</u>	<u>914,235</u>	<u>824,692</u>	<u>89,543</u>
Debt Service				
Principal	353,321	366,686	366,686	-
Interest	-	-	576	(576)
Total Debt Service	<u>353,321</u>	<u>366,686</u>	<u>367,262</u>	<u>(576)</u>
Total expenditures	<u>15,282,706</u>	<u>15,824,873</u>	<u>15,255,880</u>	<u>568,993</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>356,268</u>	<u>296,043</u>	<u>1,054,134</u>	<u>758,091</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	30,812	25,812
Insurance proceeds	-	-	300,305	300,305
Transfers out	(1,311,749)	(1,702,180)	(2,117,159)	(414,979)
Total other financing sources (uses)	<u>(1,306,749)</u>	<u>(1,697,180)</u>	<u>(1,786,042)</u>	<u>(88,862)</u>
NET CHANGE IN FUND BALANCE	<u>(950,481)</u>	<u>(1,401,137)</u>	<u>(731,908)</u>	<u>669,229</u>
FUND BALANCE, BEGINNING	<u>8,130,237</u>	<u>8,130,237</u>	<u>8,130,237</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 7,179,756</u>	<u>\$ 6,729,100</u>	<u>\$ 7,398,329</u>	<u>\$ 669,229</u>

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

MEDINA COUNTY, TEXAS

STATEMENT OF NET POSITION

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

SEPTEMBER 30, 2016

ASSETS

Cash and investments	\$ 477,935
Other receivables	<u>2,690</u>
Total assets	<u>\$ 480,625</u>

LIABILITIES

Accounts payable	<u>\$ 619,073</u>
Total liabilities	<u>\$ 619,073</u>

NET POSITION

Unrestricted	<u>\$(138,448)</u>
Total net position	<u>\$(138,448)</u>

MEDINA COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

OPERATING REVENUES	
Charges for services	\$ 2,341,214
Miscellaneous revenue	<u>11,706</u>
Total operating revenues	<u>2,352,920</u>
OPERATING EXPENSES	
Claims	2,480,071
Premiums and administrative	<u>711,706</u>
Total operating expenses	<u>3,191,777</u>
OPERATING INCOME	<u>(838,857)</u>
NONOPERATING REVENUES	
Interest and investment earnings	<u>1,243</u>
Income before transfers	<u>(837,614)</u>
TRANSFERS	
Transfer In	<u>795,000</u>
CHANGE IN NET POSITION	<u>(42,614)</u>
TOTAL NET POSITION, BEGINNING	<u>(95,834)</u>
TOTAL NET POSITION, ENDING	<u><u>\$(138,448)</u></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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 2,352,920
Cash paid to suppliers for services	<u>(2,749,750)</u>
Net cash used by operating activities	<u>(396,830)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds	<u>795,000</u>
Net cash provided by operating activities	<u>795,000</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment earnings	<u>1,243</u>
Net cash provided by investing activities	<u>1,243</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	399,413
CASH AND CASH EQUIVALENTS, BEGINNING	<u>78,522</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 477,935</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$(838,857)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	44,560
Increase (decrease) in accounts payable	<u>397,467</u>
Net cash used by operating activities	<u>\$(396,830)</u>

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

MEDINA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>3,024,875</u>
Total assets	\$ <u><u>3,024,875</u></u>
LIABILITIES	
Due to others	\$ <u>3,024,875</u>
Total liabilities	\$ <u><u>3,024,875</u></u>

MEDINA COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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 fund:

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

The **Construction in Progress Project Fund** is the County's capital project fund, it accounts for various construction projects.

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 *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.

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. The County's investment in pools are 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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 2015 Tax Rate for the fiscal year ended September 30, 2016, 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:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	5-50
Equipment	5-20

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability is reported for a portion of accumulating sick leave when it is probable that the government will make termination payments.

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.

Prior Period Adjustment

A prior period adjustment of \$43,097 was made in the D’Harris Flood Study fund to write off an old receivable that was deemed not collectable.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(5,324,485) difference are as follows:

General obligation bonds	\$(740,000)
Tax note	(2,160,000)
Time warrants	(194,403)
Capital leases	(1,362,978)
Accrued interest payable	(37,707)
Net pension liability	(1,651,939)
Net OPEB obligation	(1,266,965)
Compensated absences	<u>(168,906)</u>
 Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u>\$(7,582,898)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,405,857 difference are as follows:

Capital outlay	\$ 4,634,049
Depreciation expense	(1,116,020)
Disposal of capital assets	<u>(112,172)</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 3,405,857</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, 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 position.” The details of this \$1,201,920 difference are as follows:

Principal repayments:	
General obligation bonds	\$ 350,000
Tax note	340,000
Capital lease	366,686
Time warrants	<u>145,234</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 1,201,920</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(209,213) difference are as follows:

Compensated absences	\$(18,712)
Net OPEB Obligation	(164,374)
Accrued interest	<u>(26,127)</u>
 Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$(209,213)</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$192,666 difference are as follows:

Property taxes	\$ 27,417
Court fines	<u>165,249</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 192,666</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

Budgets for the General Fund and budgeted Special Revenue, Debt Service and Capital Projects Funds are adopted on a modified accrual basis in accordance with generally accepted accounting principles (GAAP Basis). The following Special Revenue Funds are not budgeted: Sheriff's Forfeiture – Old and the 4th Court of Appeals.

The level of control is the fund. 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.

Deficit Fund Equity

The following funds had a deficit fund equity

- Construction in Progress Project Fund \$(224,129)
- Health Unit \$(37,844)
- Juvenile Probation Department \$(1,121)
- Sheriff Short-term Grants \$(3,324)
- Purchase of Youth Services \$(514)
- Court Reporter \$(15,504)
- Project Safe Neighborhoods \$(1,106)
- JAG – District Attorney \$(892)
- Tax Increment Zone \$(146,532)
- Debt Service \$(1,499)
- Capital Project \$(105,399)
- Internal Service Fund \$(138,448)

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.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2016, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 12	44
	<u>\$ 12</u>	

The County's investment pool is 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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, 2016, 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

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:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 788,637	\$ 256,458	\$ -	\$ 1,045,095
Sales tax	309,690	-	-	309,690
Intergovernmental	24,905	211,857	-	236,762
Other	445,166	183,164	2,690	628,330
Total receivables	<u>\$ 1,568,398</u>	<u>\$ 651,479</u>	<u>\$ 2,690</u>	<u>\$ 2,219,877</u>

Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Transfers / Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,391,299	\$ 35,317	\$ -	\$ -	\$ 1,426,616
Construction in progress	<u>4,574,411</u>	<u>2,522,258</u>	<u>-</u>	<u>(41,236)</u>	<u>7,055,433</u>
Total capital assets not being depreciated	<u>5,965,710</u>	<u>2,557,575</u>	<u>-</u>	<u>(41,236)</u>	<u>8,482,049</u>
Capital assets, being depreciated:					
Buildings and improvements	10,137,162	380,546	(21,280)	-	10,496,428
Equipment	9,522,746	752,869	(201,360)	108,343	10,182,598
Infrastructure	<u>16,862,243</u>	<u>984,295</u>	<u>-</u>	<u>-</u>	<u>17,846,538</u>
Total capital assets being depreciated	<u>36,522,151</u>	<u>2,117,710</u>	<u>(222,640)</u>	<u>108,343</u>	<u>38,525,564</u>
Less accumulated depreciation:					
Buildings and improvements	4,472,180	342,024	-	125,001	4,939,205
Equipment	6,556,635	601,512	(9,694)	-	7,148,453
Infrastructure	<u>9,456,680</u>	<u>172,484</u>	<u>-</u>	<u>(117,432)</u>	<u>9,511,732</u>
Total accumulated depreciation	<u>20,485,495</u>	<u>1,116,020</u>	<u>(9,694)</u>	<u>7,569</u>	<u>21,599,390</u>
Total capital assets, being depreciated, net	<u>16,036,656</u>	<u>1,001,690</u>	<u>(212,946)</u>	<u>100,774</u>	<u>16,926,174</u>
Governmental activities capital assets, net	<u>\$ 22,002,366</u>	<u>\$ 3,559,265</u>	<u>\$ (212,946)</u>	<u>\$ 59,538</u>	<u>\$ 25,408,223</u>

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

Governmental activities:	
General government	\$ 265,522
Legal	12,558
Public safety	339,214
Public transportation	449,850
Health and welfare	<u>48,876</u>
Total depreciation expense - governmental activities	<u>\$ 1,116,020</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2016, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 473,203
Total		\$ 473,203

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>Construction In Progress Project Fund</u>	<u>Nonmajor Governmental</u>	<u>Internal Service Fund</u>	
<u>Transfers Out:</u>				
General	\$ 1,322,159	\$ -	\$ 795,000	\$ 2,117,159
Nonmajor Governmental	464,581	809,308	-	1,273,889
Total Transfers Out	\$ 1,786,740	\$ 809,308	\$ 795,000	\$ 3,391,048

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%	\$ 740,000

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>
2017	\$ 365,000	\$ 11,708
2018	375,000	3,938
Total	\$ 740,000	\$ 15,646

Tax Note

In May 2015, the County received a tax note in the amount of \$2,500,000. The tax note will be use for the following (i) for the construction of public works (ii) for the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way, and (iii) for professional services.

<u>Interest Rates</u>	<u>Amount</u>
.35% - 1.55%	\$ 2,160,000

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>
2017	\$ 350,000	\$ 24,263
2018	355,000	21,349
2019	360,000	17,415
2020	360,000	13,095
2021	365,000	8,290
2022	<u>370,000</u>	<u>2,868</u>
Total	<u>\$ 2,160,000</u>	<u>\$ 87,280</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:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 80,234	\$ 6,151
2018	80,234	3,589
2019	16,966	3,589
2020	<u>16,969</u>	<u>1,035</u>
Total	<u>\$ 194,403</u>	<u>\$ 14,364</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, 2016, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2017	\$ 367,262
2018	367,262
2019	367,262
2020	<u>367,262</u>
Total minimum lease payments	1,469,048
Less: amount representing interest	<u>(106,070)</u>
 Present value of minimum lease payments	 <u>\$ 1,362,978</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities					
General obligation bonds	\$ 1,090,000	\$ -	\$ 350,000	\$ 740,000	\$ 365,000
Tax note	2,500,000	-	340,000	2,160,000	350,000
Time warrants	339,637	-	145,234	194,403	80,234
Capital leases	1,729,664	-	366,686	1,362,978	325,466
Net pension liability	245,067	2,077,729	670,857	1,651,939	-
Net OPEB obligation	1,102,591	284,331	119,957	1,266,965	-
Compensated absences	<u>150,194</u>	<u>348,614</u>	<u>329,902</u>	<u>168,906</u>	<u>33,781</u>
Governmental activity long-term liabilities	<u>\$ 7,157,153</u>	<u>\$ 2,710,674</u>	<u>\$ 2,322,636</u>	<u>\$ 7,545,191</u>	<u>\$ 1,154,481</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	
	9/30/2016	9/30/2015
Unpaid claims at beginning of year	\$ 141,606	\$ 107,853
Incurred claims (including IBNRs)	2,837,338	2,495,429
Claim payments	(2,480,071)	(2,461,676)
Unpaid claims at end of year	<u>\$ 498,873</u>	<u>\$ 141,606</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. 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. Updated annuity purchase rates will go into effect for post-2017 benefit accruals earned after 2017. Benefits accrued before 2018 will not be impacted by this update. This change was reflected in the 2015 actuarial valuation.

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	161
Active employees	<u>222</u>
	<u>490</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% in both calendar years 2015 and 2016, respectively. The County's contributions to TCDRS for the year ended September 30, 2016, were \$725,661, and were equal to the required contributions.

Net Pension Liability. The County's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015, 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

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, 2015, 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 2015 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 application of the investment return assumption was changed for purposes of determining plan liabilities in the 2015 actuarial valuation. All plan liabilities are now valued using an 8% discount rate. Previously, some liabilities were valued using a 7% discount rate and others were valued using a 9% discount rate.

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 2016 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:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u> ⁽¹⁾	<u>Geometric Real Rate of Return (Expected minus Inflation)</u> ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities - Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

⁽¹⁾ Target asset allocation adopted at the April 2016 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.6% per Cliffwater's 2016 capital market assumptions.

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

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

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 12/31/2014	\$ 21,439,438	\$ 21,194,370	\$ 245,068
Changes for the year:			
Service cost	965,430	-	965,430
Interest on total pension liability ⁽¹⁾	1,739,114	-	1,739,114
Effect of plan changes ⁽²⁾	(215,866)	-	(215,866)
Effect of economic/demographic gains or losses	(283,157)	-	(283,157)
Effect of assumptions changes or inputs	275,381	-	275,381
Refund of contributions	(95,218)	(95,218)	-
Benefit payments	(866,294)	(866,294)	-
Administrative expenses	-	(15,282)	15,282
Member contributions	-	503,059	(503,059)
Net investment income	-	(125,071)	125,071
Employer contributions	-	670,857	(670,857)
Other ⁽³⁾	-	40,468	(40,468)
Balance at 12/31/2015	<u>\$ 22,958,828</u>	<u>\$ 21,306,889</u>	<u>\$ 1,651,939</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	\$ 26,108,241	\$ 22,958,828	\$ 20,356,433
Fiduciary net position	<u>21,306,889</u>	<u>21,306,889</u>	<u>21,306,889</u>
Net pension liability/(asset)	<u>\$ 4,801,352</u>	<u>\$ 1,651,939</u>	<u>\$ (950,456)</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, 2016, the County recognized pension expense of \$666,678. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual economic experience	\$ 226,526	\$ 58,805
Changes in actuarial assumptions	-	220,305
Difference between projected and actual investment earnings	-	1,662,283
Contributions subsequent to the measurement date	<u>-</u>	<u>543,547</u>
Total	<u>\$ 226,526</u>	<u>\$ 2,484,940</u>

\$543,547 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, 2017. 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>	
2017	\$ 447,705
2018	447,705
2019	447,705
2020	371,752

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 \$119,957.

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)	\$ 299,198
Interest on Net OPEB Obligation	55,130
Adjustment to the ARC	<u>(69,997)</u>
Annual OPEB Cost	284,331
Employer Contributions with Interest	<u>(119,957)</u>
Increase (Decrease) in Net OPEB Obligation	164,374
Net OPEB Obligation, beginning of year	<u>1,102,591</u>
Net OPEB Obligation, end of year	<u>\$ 1,266,965</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>
9/30/2014	\$ 259,511	\$ 117,095	45%	\$ 916,321
9/30/2015	267,948	81,678	30%	1,102,591
9/30/2016	284,331	119,957	42%	1,266,965

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>
10/1/2013	\$ -	\$ 1,977,165	\$ 1,977,165	- %	\$ 7,575,094	26.10%
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%

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	9/30/2014	9/30/2015	9/30/2016
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Cost Metho
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%	6.5%	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.

Subsequent Events

On November 9, 2016, Medina County issued Tax Notes, Series 2016 in the amount of \$1,000,000 with interest rates ranging from .85 to 1.4%. The proceeds from the sale of the tax note 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

**REQUIRED
SUPPLEMENTARY INFORMATION**

MEDINA COUNTY, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

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%

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, 2016

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	11.4 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3%
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	Effective with the 2015 calendar year, employer contributions reflect that a 100% CPI COLA was adopted.

MEDINA COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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	\$ -	\$ 1,977,165	- %	\$ 1,977,165	\$ 7,575,094	26.10%
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%

**COMBINING
FUND STATEMENTS**

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	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	\$ 496,979	\$ 154,319	\$ 625,991	\$ 509,222
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	102,571	33,852	34,883	32,821
Other	-	33,591	35,928	32,129
Total assets	<u>599,550</u>	<u>221,762</u>	<u>696,802</u>	<u>574,172</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	27,079	8,360	53,374	71,854
Payroll liabilities	8,406	10,426	7,197	6,881
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	57,778	2,613	-	9,332
Total liabilities	<u>93,263</u>	<u>21,399</u>	<u>60,571</u>	<u>88,067</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	68,245	41,086	50,681	35,205
Total deferred inflows of resources	<u>68,245</u>	<u>41,086</u>	<u>50,681</u>	<u>35,205</u>
Fund balances:				
Restricted	438,042	159,277	585,550	450,900
Unassigned	-	-	-	-
Total fund balances	<u>438,042</u>	<u>159,277</u>	<u>585,550</u>	<u>450,900</u>
Total liabilities and fund balances	<u>\$ 599,550</u>	<u>\$ 221,762</u>	<u>\$ 696,802</u>	<u>\$ 574,172</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
\$ -	\$ -	\$ -	\$ -	\$ 22,011	\$ -	\$ -
-	-	-	-	22,165	98,032	53,475
-	-	-	-	-	-	-
-	-	-	-	5,526	-	6,433
-	-	-	-	49,702	98,032	59,908
-	-	-	-	5,531	37,805	3,391
-	-	-	-	3,306	4,888	4,573
-	-	-	-	-	-	-
-	-	-	-	-	32,406	89,788
-	-	-	-	27,312	-	-
-	-	-	-	36,149	75,099	97,752
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	13,553	22,933	-
-	-	-	-	-	-	(37,844)
-	-	-	-	13,553	22,933	(37,844)
\$ -	\$ -	\$ -	\$ -	\$ 49,702	\$ 98,032	\$ 59,908

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue		
	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants
ASSETS			
Cash and investments	\$ -	\$ 83	\$ -
Receivables:			
Intergovernmental	90	-	-
Ad valorem taxes	-	-	-
Other	42,956	-	-
Total assets	43,046	83	-
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	27,405	-	-
Payroll liabilities	669	-	-
Other liabilities	-	-	-
Due to other funds	16,093	-	3,324
Unearned revenue	-	-	-
Total liabilities	44,167	-	3,324
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances:			
Restricted	-	83	-
Unassigned	(1,121)	-	(3,324)
Total fund balances	(1,121)	83	(3,324)
Total liabilities and fund balances	\$ 43,046	\$ 83	\$ -

Special Revenue

Purchase of Youth Services	Texas Capital Fund Grant	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General
\$ -	\$ -	\$ 6,397	\$ 11,702	\$ -	\$ 4,177
-	-	-	-	-	-
-	-	-	506	-	-
-	-	6,397	12,208	-	4,177
-	-	-	4,029	3,173	341
-	-	-	-	-	-
-	-	-	-	12,331	-
514	-	-	-	-	-
514	-	-	4,029	15,504	341
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,397	8,179	-	3,836
(514)	-	-	-	(15,504)	-
(514)	-	6,397	8,179	(15,504)	3,836
\$ -	\$ -	\$ 6,397	\$ 12,208	\$ -	\$ 4,177

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue			
	Forfeiture - Constable No. 1	Forfeiture - Constable No. 2	Forfeiture - Constable No. 4	County Clerk Records Management
ASSETS				
Cash and investments	\$ 136	\$ 340	\$ 892	\$ 126,014
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	-
Total assets	<u>136</u>	<u>340</u>	<u>892</u>	<u>126,014</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	250	43
Payroll liabilities	-	-	-	1
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>250</u>	<u>44</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	136	340	642	125,970
Unassigned	-	-	-	-
Total fund balances	<u>136</u>	<u>340</u>	<u>642</u>	<u>125,970</u>
Total liabilities and fund balances	<u>\$ 136</u>	<u>\$ 340</u>	<u>\$ 892</u>	<u>\$ 126,014</u>

Special Revenue

Records Management	Courthouse Security	LEOSE Chapter 415	Graffiti Eradication	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk
\$ 9,509	\$ 50,582	\$ 19,739	\$ 5	\$ 163,661	\$ 22,492	\$ 185,636
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	46	-	-	2,000	-	-
<u>9,509</u>	<u>50,628</u>	<u>19,739</u>	<u>5</u>	<u>165,661</u>	<u>22,492</u>	<u>185,636</u>
980	80	-	-	28,656	-	7,401
-	1,893	-	-	-	-	-
-	-	-	-	-	22,233	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>980</u>	<u>1,973</u>	<u>-</u>	<u>-</u>	<u>28,656</u>	<u>22,233</u>	<u>7,401</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,529	48,655	19,739	5	137,005	259	178,235
-	-	-	-	-	-	-
<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>\$ 9,509</u>	<u>\$ 50,628</u>	<u>\$ 19,739</u>	<u>\$ 5</u>	<u>\$ 165,661</u>	<u>\$ 22,492</u>	<u>\$ 185,636</u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue			
	Records Management Archival District Clerk	Project Safe Neighborhoods	Homeland Security Grants	JAG - District Attorney
ASSETS				
Cash and investments	\$ 29,210	\$ -	\$ 8,876	\$ -
Receivables:				
Intergovernmental	-	368	-	-
Ad valorem taxes	-	-	-	-
Other	229	-	-	-
	29,439	368	8,876	-
Total assets	29,439	368	8,876	-
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Payroll liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	1,474	-	-
Unearned revenue	-	-	-	892
	-	1,474	-	892
Total liabilities	-	1,474	-	892
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	29,439	-	8,876	-
Unassigned	-	(1,106)	-	(892)
	29,439	(1,106)	8,876	(892)
Total fund balances	29,439	(1,106)	8,876	(892)
Total liabilities and fund balances	\$ 29,439	\$ 368	\$ 8,876	\$ -

Special Revenue

Justice Court Security	HAVA (Help America Vote Act)	Environmental Health Food Permit	County Public Health	Texas Feeding Texans	DA VAWA Grant
\$ 54,232	\$ 49,473	\$ 21,058	\$ 5,355	\$ 3,598	\$ -
-	-	-	-	-	37,727
-	-	-	-	-	-
<u>54,232</u>	<u>49,473</u>	<u>21,058</u>	<u>5,355</u>	<u>3,598</u>	<u>37,727</u>
-	-	-	-	-	45
-	-	-	-	-	2,452
-	-	-	-	3,598	-
-	-	-	-	-	31,878
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,598</u>	<u>34,375</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
54,232	49,473	21,058	5,355	-	3,352
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>54,232</u>	<u>49,473</u>	<u>21,058</u>	<u>5,355</u>	<u>-</u>	<u>3,352</u>
<u>\$ 54,232</u>	<u>\$ 49,473</u>	<u>\$ 21,058</u>	<u>\$ 5,355</u>	<u>\$ 3,598</u>	<u>\$ 37,727</u>

MEDINA COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue			
	Forfeiture - Constable No. 3	D'Hanis Flood Study	COPS Technology Grant	District Clerk Technology
ASSETS				
Cash and investments	\$ 85	\$ -	\$ 3	\$ 1,133
Receivables:				
Intergovernmental	-	-	-	-
Ad valorem taxes	-	-	-	-
Other	-	-	-	37
	85	-	3	1,170
Total assets				
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:				
Restricted	85	-	3	1,170
Unassigned	-	-	-	-
	85	-	3	1,170
Total fund balances				
	85	-	3	1,170
Total liabilities and fund balances	\$ 85	\$ -	\$ 3	\$ 1,170

Special Revenue		Debt Service		Capital Project		Total Nonmajor Governmental
CETRZ Grant	Tax Increment Zone	Debt Service	Debt Sinking- Sheriff Auto	Tax Anticipation Note Capital Improvements	Capital Project	
\$ -	\$ -	\$ 28,748	\$ 80	\$ 286,288	\$ -	\$ 2,898,026
-	-	-	-	-	-	211,857
-	-	44,685	7,646	-	-	256,458
-	-	23,783	-	-	-	183,164
-	-	97,216	7,726	286,288	-	3,549,505
-	-	-	-	-	-	279,797
-	-	-	-	-	-	50,692
-	-	-	-	-	-	25,831
-	146,532	33,464	-	-	105,399	473,203
-	-	-	-	-	-	97,927
-	146,532	33,464	-	-	105,399	927,450
-	-	65,251	4,839	-	-	265,307
-	-	65,251	4,839	-	-	265,307
-	-	-	2,887	286,288	-	2,670,483
-	(146,532)	(1,499)	-	-	(105,399)	(313,735)
-	(146,532)	(1,499)	2,887	286,288	(105,399)	2,356,748
\$ -	\$ -	\$ 97,216	\$ 7,726	\$ 286,288	\$ -	\$ 3,549,505

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	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	\$ 939,772	\$ 578,283	\$ 518,575	\$ 373,802
Other taxes	-	-	-	-
Licenses and permits	216,827	216,827	216,827	216,827
Intergovernmental	-	-	-	-
Fines and forfeitures	149,523	149,523	149,523	149,523
Charges for services	-	-	-	-
Interest	1,009	829	3,230	2,208
Miscellaneous	41,756	27,635	42,393	27,147
Total revenues	<u>1,348,887</u>	<u>973,097</u>	<u>930,548</u>	<u>769,507</u>
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	1,223,976	1,009,316	899,857	745,544
Health and welfare	-	-	-	-
Capital outlay	34,056	26,956	140,705	172,814
Debt service:				
Principal retirement	-	90,954	-	54,280
Interest and fiscal charges	-	8,094	-	3,763
Total expenditures	<u>1,258,032</u>	<u>1,135,320</u>	<u>1,040,562</u>	<u>976,401</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>90,855</u>	<u>(162,223)</u>	<u>(110,014)</u>	<u>(206,894)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	-	11,966
Transfers in	46,510	90,200	142,789	55,769
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>46,510</u>	<u>90,200</u>	<u>142,789</u>	<u>67,735</u>
NET CHANGE IN FUND BALANCES	137,365	(72,023)	32,775	(139,159)
FUND BALANCES, BEGINNING	<u>300,677</u>	<u>231,300</u>	<u>552,775</u>	<u>590,059</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING, RESTATED	<u>300,677</u>	<u>231,300</u>	<u>552,775</u>	<u>590,059</u>
FUND BALANCES, ENDING	<u>\$ 438,042</u>	<u>\$ 159,277</u>	<u>\$ 585,550</u>	<u>\$ 450,900</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	-	-	-
-	-	-	-	-	-	-
-	-	-	-	364,205	417,796	330,003
-	-	-	-	-	-	-
-	-	-	-	120	-	-
-	-	-	-	31,976	835	22,117
<u>17,358</u>	<u>10,682</u>	<u>9,569</u>	<u>6,899</u>	<u>396,301</u>	<u>418,631</u>	<u>352,120</u>
-	-	-	-	-	-	-
-	-	-	-	366,346	-	-
-	-	-	-	-	-	-
17,358	10,682	9,569	6,899	-	-	-
-	-	-	-	-	401,670	350,719
-	-	-	-	-	32,114	33,749
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>17,358</u>	<u>10,682</u>	<u>9,569</u>	<u>6,899</u>	<u>366,346</u>	<u>433,784</u>	<u>384,468</u>
-	-	-	-	29,955	(15,153)	(32,348)
-	-	-	-	-	-	-
-	-	-	-	-	8,095	33,362
-	-	-	-	-	-	-
-	-	-	-	-	8,095	33,362
-	-	-	-	29,955	(7,058)	1,014
-	-	-	-	(16,402)	29,991	(38,858)
-	-	-	-	-	-	-
-	-	-	-	(16,402)	29,991	(38,858)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,553</u>	<u>\$ 22,933</u>	<u>\$ (37,844)</u>

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue		
	Juvenile Probation Department	Nutrition	Sheriff Short-term Grants
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Charges for services	1,500	-	-
Interest	-	-	-
Miscellaneous	427	-	280
Total revenues	1,927	-	280
EXPENDITURES			
Current:			
General administration	-	-	-
Legal	-	-	-
Public safety	285,207	-	-
Public transportation	-	-	-
Health and welfare	-	417	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	285,207	417	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(283,280)	(417)	280
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	-	-	-
Transfers in	248,960	-	-
Transfers out	-	-	-
Total other financing sources (uses)	248,960	-	-
NET CHANGE IN FUND BALANCES	(34,320)	(417)	280
FUND BALANCES, BEGINNING	33,199	500	(3,604)
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCES, BEGINNING, RESTATED	33,199	500	(3,604)
FUND BALANCES, ENDING	\$(1,121)	\$ 83	\$(3,324)

Special Revenue

Purchase of Youth Services	Texas Capital Fund Grant	County Attorney Special	County Law Library	Court Reporter	Sheriff's Forfeiture - General
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	319,015	-	-	-	-
-	-	-	19,359	-	696
-	-	-	-	5,204	-
-	-	-	-	-	12
-	-	2,605	-	-	23,000
<u>-</u>	<u>319,015</u>	<u>2,605</u>	<u>19,359</u>	<u>5,204</u>	<u>23,708</u>
-	-	-	-	-	-
-	-	-	-	53,949	-
-	-	-	63,312	-	16,984
-	146,668	-	-	-	-
-	-	-	-	-	1,414
-	-	-	-	-	-
<u>-</u>	<u>146,668</u>	<u>-</u>	<u>63,312</u>	<u>53,949</u>	<u>18,398</u>
-	172,347	2,605	(43,953)	(48,745)	5,310
-	-	-	-	-	-
-	-	-	48,800	40,300	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>48,800</u>	<u>40,300</u>	<u>-</u>
-	172,347	2,605	4,847	(8,445)	5,310
(514)	(172,347)	3,792	3,332	(7,059)	(1,474)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(514)	(172,347)	3,792	3,332	(7,059)	(1,474)
<u>\$(514)</u>	<u>\$ -</u>	<u>\$ 6,397</u>	<u>\$ 8,179</u>	<u>\$(15,504)</u>	<u>\$ 3,836</u>

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	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	-	-	-	89,943
Charges for services	-	-	-	-
Interest	-	1	1	168
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>1</u>	<u>1</u>	<u>90,111</u>
EXPENDITURES				
Current:				
General administration	-	-	-	22,242
Legal	-	-	500	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>500</u>	<u>22,242</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1</u>	<u>(499)</u>	<u>67,869</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	800	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>800</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>1</u>	<u>301</u>	<u>67,869</u>
FUND BALANCES, BEGINNING	<u>136</u>	<u>339</u>	<u>341</u>	<u>58,101</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING, RESTATED	<u>136</u>	<u>339</u>	<u>341</u>	<u>58,101</u>
FUND BALANCES, ENDING	<u>\$ 136</u>	<u>\$ 340</u>	<u>\$ 642</u>	<u>\$ 125,970</u>

Special Revenue

Records Management	Courthouse Security	LEOSE Chapter 415	Graffiti Eradication	Justice Court Technology	D. A. Federal Forfeiture	Records Management Archival County Clerk
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,976	13,369	6,756	-	32,498	-	89,356
-	26,406	-	-	-	-	-
-	-	-	-	75	45	291
-	277	-	-	-	-	-
<u>6,976</u>	<u>40,052</u>	<u>6,756</u>	<u>-</u>	<u>32,573</u>	<u>45</u>	<u>89,647</u>
19,428	-	-	-	-	-	12,478
-	-	-	-	34,386	-	-
-	130,269	3,700	-	-	-	-
-	-	-	-	-	-	-
1,295	587	-	-	34,497	-	7,401
-	-	-	-	-	-	-
<u>20,723</u>	<u>130,856</u>	<u>3,700</u>	<u>-</u>	<u>68,883</u>	<u>-</u>	<u>19,879</u>
(13,747)	(90,804)	3,056	-	(36,310)	45	69,768
-	-	-	-	-	-	-
-	83,638	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>83,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(13,747)	(7,166)	3,056	-	(36,310)	45	69,768
<u>22,276</u>	<u>55,821</u>	<u>16,683</u>	<u>5</u>	<u>173,315</u>	<u>214</u>	<u>108,467</u>
-	-	-	-	-	-	-
<u>22,276</u>	<u>55,821</u>	<u>16,683</u>	<u>5</u>	<u>173,315</u>	<u>214</u>	<u>108,467</u>
<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>

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	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	5,195	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>5,195</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	-
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,195</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
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	5,195	-	-	-
FUND BALANCES, BEGINNING	<u>24,244</u>	<u>(1,106)</u>	<u>8,876</u>	<u>(892)</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING, RESTATED	<u>24,244</u>	<u>(1,106)</u>	<u>8,876</u>	<u>(892)</u>
FUND BALANCES, ENDING	<u>\$ 29,439</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	3,840	-	-	-
-	-	-	-	-	79,579
-	-	-	-	-	-
6,060	12,299	-	-	-	-
-	-	-	-	12	-
-	-	-	22,662	247	70,360
<u>6,060</u>	<u>12,299</u>	<u>3,840</u>	<u>22,662</u>	<u>259</u>	<u>149,939</u>
-	-	-	-	-	147,429
-	-	-	-	-	-
-	-	-	9,332	-	-
-	-	-	-	-	-
-	-	276	-	14,179	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>276</u>	<u>9,332</u>	<u>14,179</u>	<u>147,429</u>
6,060	12,299	3,564	13,330	(13,920)	2,510
-	-	-	-	-	-
-	-	-	9,004	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,004</u>	<u>-</u>	<u>-</u>
6,060	12,299	3,564	22,334	(13,920)	2,510
<u>48,172</u>	<u>37,174</u>	<u>17,494</u>	<u>(16,979)</u>	<u>13,920</u>	<u>842</u>
-	-	-	-	-	-
<u>48,172</u>	<u>37,174</u>	<u>17,494</u>	<u>(16,979)</u>	<u>13,920</u>	<u>842</u>
<u>\$ 54,232</u>	<u>\$ 49,473</u>	<u>\$ 21,058</u>	<u>\$ 5,355</u>	<u>\$ -</u>	<u>\$ 3,352</u>

MEDINA COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue			
	Forfeiture Constable #3	D'Hanis Flood Study	COPS Technology Grant	District Clerk Technology
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	360
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	360
EXPENDITURES				
Current:				
General administration	-	-	-	-
Legal	-	-	-	1,446
Public safety	-	-	-	-
Public transportation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	1,446
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(1,086)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	(1,086)
FUND BALANCES, BEGINNING	85	43,097	3	2,256
PRIOR PERIOD ADJUSTMENT	-	(43,097)	-	-
FUND BALANCES, BEGINNING, RESTATED	85	-	3	2,256
FUND BALANCES, ENDING	\$ 85	\$ -	\$ 3	\$ 1,170

Special Revenue		Debt Service		Capital Projects		Total Nonmajor Governmental
CETRZ Grant	Tax Increment Zone	Debt Service	Debt Sinking-Sheriff Auto	Tax Anticipation Note Capital Improvements	Capital Project	
\$ -	\$ -	\$ 742,682	\$ 2,118	\$ -	\$ -	\$ 3,155,232
-	-	-	-	-	-	44,508
-	-	-	-	-	-	871,148
288,837	-	-	-	-	-	1,806,191
-	-	-	-	-	-	855,844
-	-	-	-	-	-	51,469
-	-	72	-	8,685	-	16,758
-	-	-	-	-	-	313,717
<u>288,837</u>	<u>-</u>	<u>742,754</u>	<u>2,118</u>	<u>8,685</u>	<u>-</u>	<u>7,114,867</u>
-	99,268	-	-	-	-	300,845
-	-	-	-	-	-	456,627
-	-	-	-	-	-	508,804
-	-	-	-	-	-	3,923,201
-	-	-	-	-	-	913,929
-	-	-	-	-	-	485,588
-	-	690,000	-	-	-	835,234
-	-	52,190	-	-	-	64,047
<u>-</u>	<u>99,268</u>	<u>742,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,488,275</u>
<u>288,837</u>	<u>(99,268)</u>	<u>564</u>	<u>2,118</u>	<u>8,685</u>	<u>-</u>	<u>(373,408)</u>
-	-	-	-	-	-	12,766
-	-	1,881	-	-	-	809,308
<u>(335,268)</u>	<u>-</u>	<u>-</u>	<u>(1,881)</u>	<u>(936,740)</u>	<u>-</u>	<u>(1,273,889)</u>
<u>(335,268)</u>	<u>-</u>	<u>1,881</u>	<u>(1,881)</u>	<u>(936,740)</u>	<u>-</u>	<u>(451,815)</u>
<u>(46,431)</u>	<u>(99,268)</u>	<u>2,445</u>	<u>237</u>	<u>(928,055)</u>	<u>-</u>	<u>(825,223)</u>
<u>46,431</u>	<u>(47,264)</u>	<u>(3,944)</u>	<u>2,650</u>	<u>1,214,343</u>	<u>(105,399)</u>	<u>3,225,068</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,097)</u>
<u>46,431</u>	<u>(47,264)</u>	<u>(3,944)</u>	<u>2,650</u>	<u>1,214,343</u>	<u>(105,399)</u>	<u>3,181,971</u>
<u>\$ -</u>	<u>\$ (146,532)</u>	<u>\$ (1,499)</u>	<u>\$ 2,887</u>	<u>\$ 286,288</u>	<u>\$ (105,399)</u>	<u>\$ 2,356,748</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 909,523	\$ 909,523	\$ 939,772	\$ 30,249
Licenses and permits	217,830	217,830	216,827	(1,003)
Fines and forfeitures	164,158	164,158	149,523	(14,635)
Interest	2,500	2,500	1,009	(1,491)
Miscellaneous	-	-	41,756	41,756
Total revenues	<u>1,294,011</u>	<u>1,294,011</u>	<u>1,348,887</u>	<u>54,876</u>
EXPENDITURES				
Public transportation	1,420,345	1,426,299	1,223,976	202,323
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>34,056</u>	<u>65,944</u>
Total expenditures	<u>1,520,345</u>	<u>1,526,299</u>	<u>1,258,032</u>	<u>268,267</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(226,334)</u>	<u>(232,288)</u>	<u>90,855</u>	<u>323,143</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	46,510	46,510
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>46,510</u>	<u>46,510</u>
NET CHANGE IN FUND BALANCE				
	<u>(226,334)</u>	<u>(232,288)</u>	<u>137,365</u>	<u>369,653</u>
FUND BALANCE, BEGINNING				
	<u>300,677</u>	<u>300,677</u>	<u>300,677</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 74,343</u>	<u>\$ 68,389</u>	<u>\$ 438,042</u>	<u>\$ 369,653</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 560,899	\$ 560,899	\$ 578,283	\$ 17,384
Licenses and permits	217,830	217,830	216,827	(1,003)
Fines and forfeitures	164,158	164,158	149,523	(14,635)
Interest	1,000	1,000	829	(171)
Miscellaneous	-	-	27,635	27,635
Total revenues	<u>943,887</u>	<u>943,887</u>	<u>973,097</u>	<u>29,210</u>
EXPENDITURES				
Public transportation	1,026,365	1,065,345	1,009,316	56,029
Capital outlay	50,000	27,000	26,956	44
Debt service				
Principal	100,954	100,954	90,954	10,000
Interest	10,857	10,857	8,094	2,763
Total expenditures	<u>1,188,176</u>	<u>1,204,156</u>	<u>1,135,320</u>	<u>68,836</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(244,289)</u>	<u>(260,269)</u>	<u>(162,223)</u>	<u>98,046</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	90,200	90,200
Transfers out	(18,130)	(2,150)	-	2,150
Total other financing sources (uses)	<u>(18,130)</u>	<u>(2,150)</u>	<u>90,200</u>	<u>92,350</u>
NET CHANGE IN FUND BALANCE	<u>(262,419)</u>	<u>(262,419)</u>	<u>(72,023)</u>	<u>190,396</u>
FUND BALANCE, BEGINNING	<u>231,300</u>	<u>231,300</u>	<u>231,300</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ (31,119)</u></u>	<u><u>\$ (31,119)</u></u>	<u><u>\$ 159,277</u></u>	<u><u>\$ 190,396</u></u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 506,378	\$ 514,721	\$ 518,575	\$ 3,854
Licenses and permits	217,830	217,830	216,827	(1,003)
Fines and forfeitures	164,158	164,158	149,523	(14,635)
Interest	2,500	2,500	3,230	730
Miscellaneous	-	42,400	42,393	(7)
Total revenues	<u>890,866</u>	<u>941,609</u>	<u>930,548</u>	<u>(11,061)</u>
EXPENDITURES				
Public transportation	931,409	1,030,242	899,857	130,385
Capital outlay	<u>30,000</u>	<u>140,706</u>	<u>140,705</u>	<u>1</u>
Total expenditures	<u>961,409</u>	<u>1,170,948</u>	<u>1,040,562</u>	<u>130,386</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(70,543)</u>	<u>(229,339)</u>	<u>(110,014)</u>	<u>119,325</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	142,789	142,789	-
Total other financing sources (uses)	<u>-</u>	<u>142,789</u>	<u>142,789</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
	<u>(70,543)</u>	<u>(86,550)</u>	<u>32,775</u>	<u>119,325</u>
FUND BALANCE, BEGINNING				
	<u>552,775</u>	<u>552,775</u>	<u>552,775</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 482,232</u>	<u>\$ 466,225</u>	<u>\$ 585,550</u>	<u>\$ 119,325</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 365,528	\$ 365,528	\$ 373,802	\$ 8,274
Licenses and permits	217,830	217,830	216,827	(1,003)
Fines and forfeitures	164,158	164,158	149,523	(14,635)
Interest	2,200	2,200	2,208	8
Miscellaneous	1,500	27,148	27,147	(1)
Total revenues	751,216	776,864	769,507	(7,357)
EXPENDITURES				
Public transportation	772,588	859,083	745,544	113,539
Capital outlay	50,000	172,815	172,814	1
Debt service				
Principal	59,380	59,380	54,280	5,100
Interest	5,623	5,623	3,763	1,860
Total expenditures	887,591	1,096,901	976,401	120,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(136,375)	(320,037)	(206,894)	113,143
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	11,966	11,966
Transfers in	-	55,769	55,769	-
Total other financing sources (uses)	-	55,769	67,735	11,966
NET CHANGE IN FUND BALANCE	(136,375)	(264,268)	(139,159)	125,109
FUND BALANCE, BEGINNING	590,059	590,059	590,059	-
FUND BALANCE, ENDING	\$ 453,684	\$ 325,791	\$ 450,900	\$ 125,109

MEDINA COUNTY, TEXAS

COMBINING BALANCE SHEET

AGENCY FUNDS

SEPTEMBER 30, 2016

	<u>Agency</u>					
	<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>217,374</u>	\$ <u>273,988</u>	\$ <u>504,474</u>	\$ <u>13,980</u>	\$ <u>32,789</u>	\$ <u>1,055,786</u>
Total assets	\$ <u>217,374</u>	\$ <u>273,988</u>	\$ <u>504,474</u>	\$ <u>13,980</u>	\$ <u>32,789</u>	\$ <u>1,055,786</u>
LIABILITIES						
Liabilities:						
Due to others	\$ <u>217,374</u>	\$ <u>273,988</u>	\$ <u>504,474</u>	\$ <u>13,980</u>	\$ <u>32,789</u>	\$ <u>1,055,786</u>
Total liabilities	\$ <u>217,374</u>	\$ <u>273,988</u>	\$ <u>504,474</u>	\$ <u>13,980</u>	\$ <u>32,789</u>	\$ <u>1,055,786</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>138,820</u>	\$ <u>800</u>	\$ <u>15,680</u>	\$ <u>441</u>	\$ <u>474</u>	\$ <u>770,269</u>	\$ <u>3,024,875</u>
\$ <u>138,820</u>	\$ <u>800</u>	\$ <u>15,680</u>	\$ <u>441</u>	\$ <u>474</u>	\$ <u>770,269</u>	\$ <u>3,024,875</u>
\$ <u>138,820</u>	\$ <u>800</u>	\$ <u>15,680</u>	\$ <u>441</u>	\$ <u>474</u>	\$ <u>770,269</u>	\$ <u>3,024,875</u>
\$ <u>138,820</u>	\$ <u>800</u>	\$ <u>15,680</u>	\$ <u>441</u>	\$ <u>474</u>	\$ <u>770,269</u>	\$ <u>3,024,875</u>

SINGLE AUDIT SECTION



P A T T I L L O , B R O W N & H I L L , 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, 2016, and the related notes to the financial statements, which collectively comprise Medina County, Texas' basic financial statements, and have issued our report thereon dated May 4, 2017.

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
May 4, 2017



P A T T I L L O , B R O W N & H I L L , L . L . P .
 CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Medina County, Texas' compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Medina County, Texas' major federal programs for the year ended September 30, 2016. Medina County, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Medina County, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Medina County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Medina County, Texas' compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

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

Waco, Texas
May 4, 2017

MEDINA COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Agriculture</u>			
Pass-through Texas Department of State Health Services: Special Supplemental Food Nutrition Program for Women, Infants, and Children	10.557	2015-047367-001	\$ 417,794
Total Passed through Texas Department of State Health Services			<u>417,794</u>
Total U. S. Department of Agriculture			<u>417,794</u>
<u>U. S. Department of Housing and Urban Development</u>			
Pass-through Texas Department of Agriculture: Community Development Block Grants/ State's Programs	14.228	7214072	146,669
Total Passed through Texas Department of Agriculture			<u>146,669</u>
Total U. S. Department of Housing and Urban Development			<u>146,669</u>
<u>U. S. Department of Justice</u>			
Pass-through the Office of the Governor Criminal Justice Division: State Criminal Alien Assistance Program	16.606	2015-AP-BX-0382	379
Violence Against Women Act	16.588	2304406	79,578
Total Passed through the Office of the Governor Criminal Justice Division			<u>79,957</u>
Total U. S. Department of Justice			<u>79,957</u>
<u>U. S. Department of Health and Human Services</u>			
Pass-through Texas Department of State Health Services: PPCPS/ Hazards	93.283	2015-047206-00	27,768
CPS / Ebola Discretionary 16	93.283	2013-041430-002	4,824
CPS/ Hazards PHEP 16	93.283	2014001166-00	96,361
Total Passed through the Texas Department of State Health Services:			<u>128,953</u>
Total U. S. Department of Health and Human Services			<u>128,953</u>
Total Federal Awards			\$ <u><u>773,373</u></u>

MEDINA COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of Medina County, Texas. The County's reporting entity is defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

3. INDIRECT COSTS

The County has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

MEDINA COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance None

Identification of major programs:

CFDA Number(s) #10.557	Name of Federal Program or Cluster: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
---------------------------	---

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee for federal single audit? Yes

Findings Related to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

MEDINA COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

None