

**La Salle County, Texas**  
**Annual Financial Report**  
**For the Year Ended**  
**December 31, 2016**

# LaSalle County, Texas

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**LEAL & CARTER, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

FRANK J. LEAL, C.P.A.  
ROBERTO CARTER, C.P.A.

16011 UNIVERSITY OAK  
SAN ANTONIO, TEXAS 78249-4014  
TELEPHONE: (210) 696-6206  
FAX: (210) 492-6209

INDEPENDENT AUDITOR'S REPORT

To the La Salle County Commissioners Court  
Cotulla Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of La Salle County, Texas, (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County of La Salle, Texas as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

As indicated in Disclosure Note 14, the County, its blended component unit and the trustee for bonds issued by the component unit have entered into a Forbearance Agreement whereby all parties to the Agreement will perform all necessary conditions to enable the resumption of all scheduled debt service requirements on the blended unit's Series 2010 Bonds by no later than November 1, 2017. On October 25, 2017 the Forbearance Agreement was extended to December 31, 2017. Our opinion is not modified with respect to this matter

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and Texas County Retirement system information on pages 3–10 and pages 47-49, 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 Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and in considering the County's internal control over financial reporting and compliance.

November 9, 2017

## La Salle County, Texas

### Management's Discussion and Analysis (Unaudited)

December 31, 2016

This section of La Salle County, Texas' (the "County") annual financial report presents our discussion and analysis of the county's financial performance during the year ended December 31, 2016. Please read it in conjunction with the County's financial statements, which follow this section.

#### **Financial Highlights**

##### *Government-Wide Highlights*

- The County's total combined net assets were \$48,015,024 at December 31, 2016.
- During the year, the County's revenues were \$20,126,738 more than total expense of \$31,888,960.
- The total cost of the County's programs increased from last year due to additional expenses related to capital projects.
- The General Fund reported a net increase in fund balance of \$2,368,146 from last year, with an ending fund balance this year of \$10,647,647.

#### **Overview of the Financial Statements**

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplemental information*. The basic financial statements comprise three components: 1) government-side financial statements, 2) fund financial statements, 3) notes to financial statements, 4) required supplemental information, and 5) other supplemental information.

##### *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 regarding interfund activity, payables, and receivables.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets contrasted with budgetary decisions should serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

## La Salle County, Texas

### Management's Discussion and Analysis (Unaudited)

December 31, 2016

(Continued)

The statement of activities presents information showing how net assets changed during the most recent fiscal year using the full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include general government, justice system, public safety, corrections and rehabilitation, health and human services, community and economic development, and infrastructure and environmental services.

#### *Fund Financial Statements*

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

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

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

The County maintains 42 individual Governmental Funds (excluding Agency Funds), 40 Special Revenue Funds, 2 Proprietary Fund, and the General Fund. Information is

## La Salle County, Texas

### Management's Discussion and Analysis (Unaudited)

December 31, 2016

(Continued)

presented separately in the Governmental Funds balance sheet and in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Fund, the County Jail Fund, the C.O. and Road Bond Capital Project Funds which are classified as major funds. Data from the other nonmajor Governmental funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget as a management control device during the year for the General Fund and for all Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund and the Road and Bridge Fund to demonstrate compliance with the budget.

#### *Fiduciary Funds*

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. These activities are excluded from the County's other financial statements since the County cannot use these assets to finance its operations and must ensure the assets reported in these funds are used for their intended purposes.

#### *Notes to 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.

#### *Required Supplemental Information*

In addition to the basic financial statements and accompanying notes, this report presents certain required supplemental information concerning the County's major funds, the General Fund and the Road and Bridge Fund, budgetary comparison schedules. Also presented is a schedule of funding progress for the County's pension plan.

#### **Financial Analysis of the County as a Whole**

Of the County's total assets of \$174,816,786, the largest components are 1) cash and investments and restricted cash and investments of \$60,607,477, or 34%, 2) receivables (net of allowance for doubtful accounts) of \$15,000,476 or 8%, and 3) capital assets (net of accumulated depreciation) of \$89,505,209 or 51%. Capital assets are nonliquid and cannot be utilized to satisfy County obligations.

**La Salle County, Texas**

Management's Discussion and Analysis (Unaudited)

December 31, 2016

(Continued)

The County's assets exceeded liabilities by \$48,015,024 as of December 31, 2016.

	Governmental-Type Activities	
	2016	2015
Current and Other Assets	\$ 85,383,216	\$ 102,757,277
Capital Assets	73,116,447	51,394,482
Total Assets	158,499,663	154,151,759
Deferred Outflow of Resources	2,327,813	1,227,040
Current Liabilities	3,260,362	4,393,483
Long Term Liabilities	68,958,598	79,968,946
Total Liabilities	72,218,960	84,362,429
Deferred Inflow of Resources	32,301,412	33,512,699
Invested in Capital Assets, Net of Depreciation	5,378,289	27,541,273
Restricted	38,966,780	2,070,207
Unrestricted	11,962,035	7,892,191
Total Net Assets	\$ 56,307,104	\$ 37,503,671

Governmental activities increased the County's net assets by \$19,186,812. The key component of this increase is due to additional capital outlay purchases.

## La Salle County, Texas

### Management's Discussion and Analysis (Unaudited)

December 31, 2016

### Financial Analysis of the County as a Whole (continued)

Functions/Programs	Expenses	Program Revenues Charges for Services	2016 Net (Expenses) Revenue and Changes in Net Assets Governmental Activities	2015 Net (Expenses) Revenue and Changes in Net Assets Governmental Activities
Governmental activities				
General administration	10,003,825	1,267,926	(8,735,899)	\$ (4,890,021)
Legal	275,406	30,926	(244,480)	(227,818)
Judicial	739,497	92,776	(646,721)	(540,556)
Financial administration	716,102	92,776	(623,326)	(492,221)
Public safety	6,672,421	834,975	(5,837,446)	(3,653,207)
Public facilities	1,095,280	123,700	(971,580)	(898,070)
Public transportation	2,138,993	278,325	(1,860,668)	(2,885,041)
Health and welfare	561,000	61,850	(499,150)	(409,846)
Culture and recreation	232,237	30,926	(201,311)	(67,582)
Conservation and development	57,279	30,926	(26,353)	(81,639)
Debt service	1,955,639	247,400	(1,708,239)	(2,489,799)
Capital Outlay	-	-	-	(1,531,314)
Total governmental activities	<u>24,447,679</u>	<u>3,092,506</u>	<u>(21,355,173)</u>	<u>(18,167,114)</u>
General revenues:				
Taxes			32,410,280	30,688,791
Grants & contributions unrestricted			873,614	651,036
Interest			177,583	54,389
Transfers			6,200,001	3,352,345
Miscellaneous			880,507	917,827
Total general revenues			<u>40,541,985</u>	<u>35,664,388</u>
Increase in net assets			19,186,812	17,497,274
Net position at beginning of year			37,503,671	27,730,875
Prior period adjustment			<u>(383,379)</u>	<u>(7,724,478)</u>
Net position at end of year			<u>\$ 56,307,104</u>	<u>\$ 37,503,671</u>

## La Salle County, Texas

### Management's Discussion and Analysis (Unaudited)

December 31, 2016

(Continued)

#### **Financial Analysis of the County's Funds**

##### *General Fund Budgetary Highlights*

The budget is prepared in accordance with financial policies approved by the County Treasurer and the Commissioner's Court following a public hearing. The County Treasurer is required by policy to present the Commissioner's Court with a balanced budget.

The budget is prepared in accordance with accounting principles generally accepted in the United State of America by the County Treasurer and approved by the Commissioner's Court following a public hearing. Appropriated budgets are approved and employed as management control devise during the year. The County maintains strict budgetary controls and sets its appropriations at the line item level for each department. Appropriation transfers may be made between line item or departments only with the approval of the Commissioner's Court.

Over the course of the year, the County revised its budget. The County had a surplus budget for 2016 with budgeted revenues exceeding budgeted expenditures in the General Fund by \$739,249. The County's General Fund revenues were \$670,375 under budgeted amounts and are attributed to under collection of property taxes. The County's General Fund expenditures were \$2,299,272 under budgeted amounts. The excess revenues over expenditures were due to budget control of expenditures.

#### **Capital Assets and Debt Administration**

##### Capital assets

La Salle County's' investment in capital assets for its governmental activities as of December 31, 2016, amounts to \$73,116,447 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. There was a total increase in the La Salle County's' investment in capital assets for the current fiscal year of 42 percent, which was attributable to construction in progress of various county projects.

**La Salle County, Texas**

Management's Discussion and Analysis (Unaudited)

December 31, 2016

(Continued)

	Governmental-Type Activities	
	2016	2015
Land	\$ 129,193	\$ 129,193
Infrastructure, net	24,034,168	732,052
Buildings and Improvements	22,198,611	12,532,592
Machinery and Equipment	3,709,450	3,707,652
Construction in Progress	23,045,025	34,292,993
	\$ 73,116,447	\$ 51,394,482

Long Term Debt

At the end of the current fiscal year, the County had a various bonds and notes outstanding of \$79,541,121 as follows.

	Governmental Activities	
	2016	2015
C. O. Series 2010	\$ 1,800,000	\$ 1,965,000
Refunding Bonds, 2010A	2,067,650	2,408,017
C. O. Series 2013A	1,095,000	1,630,000
C. O. Series 2013	7,210,000	8,160,000
Road Bonds	14,515,000	16,435,000
C. O. Series 2014	40,415,000	48,110,000
Total Bonds Payable	67,102,650	78,708,017
Capital Lease Payable	635,508	833,104
Total Outstanding Debt	\$ 67,738,158	\$ 79,541,121

## **La Salle County, Texas**

### **Management's Discussion and Analysis (Unaudited)**

December 31, 2016

(Continued)

#### **Economic Factors and Next Year's Budget and Rates**

The annual budget is developed to provide efficient, effective, and economic uses of the County's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the County Commissioners set the direction of the County, allocate its resources, and establish its priorities.

#### **Economic Factors and Next Year's Budget and Rates (cont.)**

The budget was adopted based on estimated balances that would be available at the end of the fiscal year 2016 and estimated revenues to be received in the fiscal year 2016.

For 2016-2017, the property tax rate is \$0.669000 of \$100 assessed taxable valuation. Tax revenues are budgeted to increase, due to an increase in the tax base.

#### **Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Treasurer at (830) 483-5143.

LA SALLE COUNTY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 21,981,562	\$ 3,834,946	\$ 25,816,508
Receivables (net of allowance for uncollectibles)	13,580,776	242,803	13,823,579
	-	1,176,897	1,176,897
Internal Balances	15,029,909	(5,327,285)	9,702,624
Restricted Assets:			
Restricted Cash and Cash Equivalents	34,790,969	-	34,790,969
Capital Assets:			
Land	129,193	-	129,193
Infrastructure, net	24,034,168	-	24,034,168
Buildings, net	22,198,611	14,962,162	37,160,773
Machinery and Equipment, net	3,709,450	1,426,600	5,136,050
Construction in Progress	23,045,025	-	23,045,025
Other Assets	-	1,000	1,000
Total Assets	<u>158,499,663</u>	<u>16,317,123</u>	<u>174,816,786</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	2,327,813	-	2,327,813
Total Deferred Outflows of Resources	<u>2,327,813</u>	<u>-</u>	<u>2,327,813</u>
<b>LIABILITIES</b>			
Accounts Payable	3,184,961	769,853	3,954,814
Intergovernmental Payable	71,238	-	71,238
Due to Component Unit	4,163	-	4,163
Noncurrent Liabilities			
Due Within One Year	11,498,000	2,624,200	14,122,200
Due in More Than One Year	56,240,158	21,215,150	77,455,308
Net Pension Liability	1,220,432	-	1,220,432
Total Liabilities	<u>72,218,952</u>	<u>24,609,203</u>	<u>96,828,155</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	32,213,954	-	32,213,954
Deferred Inflow Related to Pension Plan	87,458	-	87,458
Total Deferred Inflows of Resources	<u>32,301,412</u>	<u>-</u>	<u>32,301,412</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,378,289	-	5,378,289
Restricted for Capital Projects	38,966,780	-	38,966,780
Unrestricted Net Position	11,962,043	(8,292,080)	3,669,963
Total Net Position	<u>\$ 56,307,112</u>	<u>\$ (8,292,080)</u>	<u>\$ 48,015,032</u>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
General Administration	\$ 10,003,825	\$ 1,267,926	\$ 358,182
Legal	275,406	30,926	8,736
Judicial	739,497	92,776	26,208
Financial Administration	716,102	92,776	26,208
Public Safety	6,672,421	834,975	235,876
Public Facilities	1,095,280	123,700	34,945
Public Transportation	2,138,993	278,325	78,625
Health and Welfare	561,000	61,850	17,472
Culture and Recreation	232,237	30,926	8,736
Conservation	57,279	30,926	8,736
Debt Service	1,955,639	247,400	69,889
Total Governmental Activities:	24,447,679	3,092,506	873,613
BUSINESS-TYPE ACTIVITIES:			
La Salle County Nursing Home	5,796,288	5,355,531	-
Public Facilities Coporation	1,644,993	8,967,897	-
Total Business-Type Activities:	7,441,281	14,323,428	-
<b>TOTAL PRIMARY GOVERNMENT:</b>	\$ 31,888,960	\$ 17,415,934	\$ 873,613

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Other Taxes

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position--Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (8,377,717)	\$ -	\$ (8,377,717)
(235,744)	-	(235,744)
(620,513)	-	(620,513)
(597,118)	-	(597,118)
(5,601,570)	-	(5,601,570)
(936,635)	-	(936,635)
(1,782,043)	-	(1,782,043)
(481,678)	-	(481,678)
(192,575)	-	(192,575)
(17,617)	-	(17,617)
(1,638,350)	-	(1,638,350)
(20,481,560)	-	(20,481,560)
-	(440,757)	(440,757)
-	7,322,904	7,322,904
-	6,882,147	6,882,147
(20,481,560)	6,882,147	(13,599,413)
32,363,271	-	32,363,271
47,017	-	47,017
880,509	2,761	883,270
177,583	-	177,583
6,200,000	(6,200,000)	-
39,668,380	(6,197,239)	33,471,141
19,186,820	684,908	19,871,728
37,503,671	(9,232,006)	28,271,665
(383,379)	255,018	(128,361)
\$ 56,307,112	\$ (8,292,080)	\$ 48,015,032

LA SALLE COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	General Fund	Road & Bridge Fund	Regional Detention Center Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 12,527,220	\$ 2,915,986	\$ 95,284
Taxes Receivable	7,778,655	2,917,259	-
Allowance for Uncollectible Taxes (credit)	(155,573)	(48,244)	-
Intergovernmental Receivables	-	-	-
Due from Other Funds	8,998,473	1,438,713	-
Restricted Cash & Cash Equivalents	-	-	-
Total Assets	<u>\$ 29,148,775</u>	<u>\$ 7,223,714</u>	<u>\$ 95,284</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 260,509	\$ 163,941	\$ 203,175
Wages and Salaries Payable	90,317	14,927	69,430
Retainage Payable	-	-	-
Intergovernmental Payable	71,058	-	-
Due to Other Funds	1,708,911	124,603	7,819
Due to Others	-	-	-
Due to Component Unit	-	-	-
Total Liabilities	<u>2,130,795</u>	<u>303,471</u>	<u>280,424</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	16,370,333	5,134,138	-
Total Deferred Inflows of Resources	<u>16,370,333</u>	<u>5,134,138</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted for -----	-	-	-
Capital Acquisition and Contractual Obligation	-	-	-
Construction	-	-	-
Other Assigned Fund Balance	-	1,786,105	(185,140)
Unassigned Fund Balance	10,647,647	-	-
Total Fund Balances	<u>10,647,647</u>	<u>1,786,105</u>	<u>(185,140)</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 29,148,775</u>	<u>\$ 7,223,714</u>	<u>\$ 95,284</u>

The notes to the financial statements are an integral part of this statement.

Debt Service Fund	2014 Tax Bond Capital Projects	CIP Tax Bonds Capital Projects	Other Funds	Total Governmental Funds
\$ 5,185,869	\$ -	\$ -	\$ 1,257,203	\$ 21,981,562
3,080,214	-	-	-	13,776,128
(61,604)	-	-	-	(265,421)
-	-	-	70,069	70,069
3,984,375	477,676	-	6,223,242	21,122,479
-	22,434,109	10,719,806	1,637,054	34,790,969
<u>\$ 12,188,854</u>	<u>\$ 22,911,785</u>	<u>\$ 10,719,806</u>	<u>\$ 9,187,568</u>	<u>\$ 91,475,786</u>
\$ 1	\$ 973,821	\$ 629,524	\$ 240,059	\$ 2,471,030
-	-	-	31,278	205,952
-	-	-	19,548	19,548
-	-	-	180	71,238
-	-	281,964	3,969,273	6,092,570
-	-	-	(50)	(50)
-	-	-	4,163	4,163
<u>1</u>	<u>973,821</u>	<u>911,488</u>	<u>4,264,451</u>	<u>8,864,451</u>
11,492,437	-	-	-	32,996,908
<u>11,492,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,996,908</u>
-	-	-	23,576	23,576
-	-	-	2,222,012	2,222,012
-	21,937,964	9,808,318	2,305,809	34,052,091
696,416	-	-	371,720	2,669,101
-	-	-	-	10,647,647
<u>696,416</u>	<u>21,937,964</u>	<u>9,808,318</u>	<u>4,923,117</u>	<u>49,614,427</u>
<u>\$ 12,188,854</u>	<u>\$ 22,911,785</u>	<u>\$ 10,719,806</u>	<u>\$ 9,187,568</u>	<u>\$ 91,475,786</u>

LA SALLE COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2016

<b>Total Fund Balances - Governmental Funds</b>	\$	49,614,427
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		(27,800,588)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase (decrease) net position.		34,767,777
The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,057,458)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		782,954
<b>Net Position of Governmental Activities</b>	<u>\$</u>	<u>56,307,112</u>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Road & Bridge Fund	Regional Detention Center Fund
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 15,173,874	\$ 3,704,172	\$ -
Other Taxes	47,017	-	-
Licenses and Permits	1,420	328,735	-
Intergovernmental Revenue and Grants	48,598	65,759	-
Charges for Services	1,266,124	1,500	91,842
Fines	1,020,127	42,003	-
Investment Earnings	25,406	6,071	158
Other Revenue	693,432	18,437	-
Total Revenues	<u>18,275,998</u>	<u>4,166,677</u>	<u>92,000</u>
<b>EXPENDITURES:</b>			
Current:			
General Administration	3,236,150	-	6,545,402
Legal	285,272	-	-
Judicial	752,116	-	-
Financial Administration	737,130	-	-
Public Safety	4,689,270	-	-
Public Works:			
Public Facilities	498,788	-	-
Public Transportation	-	3,623,198	-
Health and Welfare	180,608	-	-
Culture and Recreation	42,250	-	-
Conservation and Development:			
Conservation	58,630	-	-
Debt Service:			
Debt Service	-	-	-
Capital Outlay:			
Capital Outlay	540,636	477,159	42,622
Total Expenditures	<u>11,020,850</u>	<u>4,100,357</u>	<u>6,588,024</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,255,148</u>	<u>66,320</u>	<u>(6,496,024)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	80,000	6,200,000
Transfers Out (Use)	(4,887,002)	(80,000)	-
Total Other Financing Sources (Uses)	<u>(4,887,002)</u>	<u>-</u>	<u>6,200,000</u>
Net Change in Fund Balances	2,368,146	66,320	(296,024)
Fund Balance - January 1 (Beginning)	8,279,501	1,719,785	110,884
Prior Period Adjustment	-	-	-
Fund Balance - December 31 (Ending)	<u>\$ 10,647,647</u>	<u>\$ 1,786,105</u>	<u>\$ (185,140)</u>

The notes to the financial statements are an integral part of this statement.

Debt Service Fund	2014 Tax Bond Capital Projects	CIP Tax Bonds Capital Projects	Other Funds	Total Governmental Funds
\$ 13,385,889	\$ -	\$ -	\$ 14,000	\$ 32,277,935
-	-	-	-	47,017
-	-	-	16,000	346,155
-	-	-	759,257	873,614
-	-	-	255,024	1,614,490
-	-	-	69,727	1,131,857
3,012	90,313	47,540	5,083	177,583
-	-	-	168,642	880,511
<u>13,388,901</u>	<u>90,313</u>	<u>47,540</u>	<u>1,287,733</u>	<u>37,349,162</u>
-	-	-	48,398	9,829,950
-	-	-	-	285,272
-	-	-	5,983	758,099
-	-	-	-	737,130
-	-	-	1,775,481	6,464,751
-	-	148,203	440,471	1,087,462
-	1,908,154	-	318,856	5,850,208
-	-	-	346,889	527,497
-	-	-	193,835	236,085
-	-	-	-	58,630
<u>13,758,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,758,602</u>
-	6,927,911	6,855,082	4,003,280	18,846,690
<u>13,758,602</u>	<u>8,836,065</u>	<u>7,003,285</u>	<u>7,133,193</u>	<u>58,440,376</u>
<u>(369,701)</u>	<u>(8,745,752)</u>	<u>(6,955,745)</u>	<u>(5,845,460)</u>	<u>(21,091,214)</u>
-	-	-	4,937,990	11,217,990
-	(50,987)	-	-	(5,017,989)
-	(50,987)	-	4,937,990	6,200,001
<u>(369,701)</u>	<u>(8,796,739)</u>	<u>(6,955,745)</u>	<u>(907,470)</u>	<u>(14,891,213)</u>
1,066,117	30,734,703	16,764,063	5,931,588	64,606,641
-	-	-	(101,001)	(101,001)
<u>\$ 696,416</u>	<u>\$ 21,937,964</u>	<u>\$ 9,808,318</u>	<u>\$ 4,923,117</u>	<u>\$ 49,614,427</u>

LA SALLE COUNTY  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2016

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(14,891,213)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2016 capital outlays and debt principal payments is to increase (decrease) the change in net position.		35,050,155
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(1,057,458)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.		85,336
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>19,186,820</b>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds		
	La Salle County Nursing Home	Public Facilities Coporation	Total Enterprise Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 196,170	\$ 3,638,776	\$ 3,834,946
Accounts Receivable-Net of Uncollectible Allowance	242,803	-	242,803
Due from Other Governments	-	1,176,897	1,176,897
Due from Other Funds	27,544	-	27,544
Total Current Assets	<u>466,517</u>	<u>4,815,673</u>	<u>5,282,190</u>
<b>Noncurrent Assets:</b>			
Capital Assets:			
Buildings	4,566,399	15,770,290	20,336,689
Machinery and Equipment	425,107	2,038,000	2,463,107
Accumulated Depreciation - Capital Assets	(965,073)	(5,445,961)	(6,411,034)
Other Asset	1,000	-	1,000
Total Noncurrent Assets	<u>4,027,433</u>	<u>12,362,329</u>	<u>16,389,762</u>
Total Assets	<u>4,493,950</u>	<u>17,178,002</u>	<u>21,671,952</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	743,546	-	743,546
Wages and Salaries Payable	26,307	-	26,307
Due to Other Funds	5,354,829	-	5,354,829
Bonds Payable - Current:			
General Obligation Bonds Payable	196,200	-	196,200
Other Bonds Payable	38,000	2,390,000	2,428,000
Total Current Liabilities	<u>6,358,882</u>	<u>2,390,000</u>	<u>8,748,882</u>
<b>NonCurrent Liabilities:</b>			
Bonds Payable - Non-Current:			
General Obligation Bonds Payable	986,150	-	986,150
Other Bonds Payable	2,824,000	17,405,000	20,229,000
Total Noncurrent Liabilities	<u>3,810,150</u>	<u>17,405,000</u>	<u>21,215,150</u>
Total Liabilities	<u>10,169,032</u>	<u>19,795,000</u>	<u>29,964,032</u>
<b>NET POSITION</b>			
Unrestricted Net Position	<u>(5,675,082)</u>	<u>(2,616,998)</u>	<u>(8,292,080)</u>
Total Net Position	<u>\$ (5,675,082)</u>	<u>\$ (2,616,998)</u>	<u>\$ (8,292,080)</u>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds		
	La Salle County Nursing Home	Public Facilities Coporation	Total Enterprise Funds
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 5,355,531	\$ 8,967,897	\$ 14,323,428
Investment Earnings	352	2,409	2,761
Total Operating Revenues	<u>5,355,883</u>	<u>8,970,306</u>	<u>14,326,189</u>
<b>OPERATING EXPENSES:</b>			
Purchased Professional & Technical Services	5,133,798	44,355	5,178,153
Other Operating Expenses	405,954	200,671	606,625
Depreciation	89,994	608,167	698,161
Interest Expense	166,542	791,800	958,342
Total Operating Expenses	<u>5,796,288</u>	<u>1,644,993</u>	<u>7,441,281</u>
Income (Loss) Before Transfers	(440,405)	7,325,313	6,884,908
Transfers Out	-	(6,200,000)	(6,200,000)
Change in Net Position	(440,405)	1,125,313	684,908
Total Net Position - January 1 (Beginning)	(5,489,695)	(3,742,311)	(9,232,006)
Prior Period Adjustment	255,018	-	255,018
Total Net Position - December 31 (Ending)	<u>\$ (5,675,082)</u>	<u>\$ (2,616,998)</u>	<u>\$ (8,292,080)</u>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities		
	La Salle County Nursing Home	Public Facilities Coporation	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 5,772,400	\$ 8,234,965	\$ 14,007,365
Cash Payments for Suppliers	(5,181,134)	(44,355)	(5,225,489)
Cash Payments for Other Operating Costs	(291,939)	(992,471)	(1,284,410)
Cash Payments to Other Funds	(13,035)	-	(13,035)
Net Cash Provided by Operating Activities	<u>286,292</u>	<u>7,198,139</u>	<u>7,484,431</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer Out	-	(6,200,000)	(6,200,000)
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>			
Acquisition of Capital Assets	(67,679)	-	(67,679)
Capital Contributed by Other Funds	(231,633)	-	(231,633)
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(299,312)</u>	<u>-</u>	<u>(299,312)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(13,020)	998,139	985,119
Cash and Cash Equivalents at Beginning of the Year:	209,190	2,640,637	2,849,827
Cash and Cash Equivalents at the End of the Year:	<u>\$ 196,170</u>	<u>\$ 3,638,776</u>	<u>\$ 3,834,946</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</u>			
Operating Income (Loss):	\$ (440,405)	\$ 7,325,313	\$ 6,884,908
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	89,994	608,167	698,161
Prior Period Adjustment	255,018	-	255,018
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	161,499	(735,341)	(573,842)
Increase (decrease) in Accounts Payable	280,556	-	280,556
Increase (decrease) in Accrued Expenses	(47,335)	-	(47,335)
Increase (decrease) in Due to Other Funds	(13,035)	-	(13,035)
Net Cash Provided by Operating Activities	<u>\$ 286,292</u>	<u>\$ 7,198,139</u>	<u>\$ 7,484,431</u>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2016

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	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 18,117,060
Total Assets	<u>\$ 18,117,060</u>
LIABILITIES	
Due to Other Funds	\$ 9,702,624
Due to Others	<u>8,414,436</u>
Total Liabilities	<u>\$ 18,117,060</u>

The notes to the financial statements are an integral part of this statement.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and V.A.C.S. La Salle County (the County) operates under a county judge/commissioners court type of government as provided by state statute. The financial and reporting policies of the County conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

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

**A. Reporting Entity**

The Commissioners' Court has governance responsibilities over all activities related to La Salle County, Texas. The County receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. As required by GAAP, the financial statements of the reporting entity include those of the County (the primary government) and its component units in conformity with GASB Statement No. 14, *The Financial Reporting Entity* ("GASB 14"), GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* ("GASB 39"), and GASB Statement No.61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* ("GASB 61"). In accordance with these standards, a financial reporting entity consists of the primary government and its component units. Component units are legally separate entities for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading. Blended component units, although legally separate entities, are, in substance, part of the County's operations, so data from these units are combined with data of the County. Each discretely presented component unit, on the other hand, is reported in a separate column titled "Component Units" on the combined statements to emphasize that it is legally separate from the government. The criteria used to determine whether an organization is a component unit of the County and whether it is a discretely presented or a blended component unit includes: financial accountability of the County for the component unit, whether the County appoints a voting majority of the entity's governing board, the ability to impose the County's will on the component unit, fiscal dependency criterion, if it is a financial benefit to or burden on the County, and whether services are provided entirely or almost entirely to the primary government. Based upon the above criteria, the County is not reported as a component unit of any other primary government and has no discretely presented component units. However, the County's financial statements do include the following "Blended Component Unit".

**Blended Component Unit**

The La Salle County Public Facility Detention Corporation (LSCPFDC) is a non-profit corporation created on November 6, 2000 under the provisions of the Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code. Corporations ("PFC's") formed under these state statutes are deemed as separate legal entities that serve as "instrumentalities" of the creating or sponsor government (La Salle County, Texas) for the purpose of facilitating a sponsor government's financing, acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing and placement in service of public facilities in an orderly, planned manner and at the lowest possible borrowing costs. Corporations formed under these state statutes constitute public corporations authorized to issue bonds on behalf of their sponsor governments for the purposes of Section 103 of the United States Internal Revenue Code.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Blended Component Unit(cont.)

Also, under these statutes, a sponsor government, appoints a majority of a PFC's governing board; may remove governing board members without cause; may unilaterally dissolve a PFC and all assets owned by a PFC when it dissolves automatically vest in a PFC's sponsor without further conveyance, transfer or other act. Based on these conditions and on LSCPFDC's formation documents, the PSCPFDC is considered and is reported as "Blended Component" unit of Las Salle County, Texas.

**A. Reporting Entity (cont.)**

In August 2010, LSCPFCD issued \$11.86 million in Taxable Project Revenue Bonds and \$11.1 million in Tax-Exempt Project Revenue Bonds for a total of \$22.9 million to finance the refunding, discharging and paying of LSCPFCD issued Encinal Project Revenue Bonds, Taxable Series 2002 Bonds and Encinal Project Revenue Bonds, Taxable Series 2004 Bonds. LSCPFCD issued the refunded Bonds to finance a project that consists of the acquisition of real property in La Salle County, Texas and the construction, furnishing and equipping of a multi-classification secure correctional center (referred to as the "Project"). LSCPFCD leased this Project to La Salle County, Texas (its sponsor government) pursuant to a Lease Agreement dated August 1, 2010 (the "Lease"). This Lease requires La Salle County to make Rental Payments thereunder in amounts and times sufficient to pay debt service requirements on the combined on \$22.9 million bonds mentioned above. The combined \$22.9 million series 2010 LSCPFCD Project Revenue Bonds will be payable solely from revenue derived from Project rentals and a first lien on and pledge of the money and investments in certain amounts deposited in the funds and accounts established pursuant to a Trust Indenture dated as of August 1, 2010 between LSCPFCD and the Bond Trustee. La Salle County's obligation to make Rental Payments under the Lease is payable solely from revenues derived from the operation of the Project. Further, the \$22.9 combined LSCPFCD Bonds do not constitute an obligation of LSCPFCD or La Salle County.

As described in Disclosure Note 14, the LSCPFCD's independent Project Operator terminated its LSCPFDC's Project Operation Agreement with LSCPDFC; de-populated the Project and surrendered the Project to LSCPDFC on February 21, 2016. Since LSCPDFC Project revenues were the sole source for the payment of LSCPDFC' series 2010 bond debt service, such debt service was temporarily suspended in March 2016. As a consequence, a Forbearance Agreement between the Bond Trustee and LSCPFCD was executed on May 7, 2016 whereby the Bond Trustee will not exercise any available Bond Trustee remedies for default during a Forbearance Agreement period covering a period from May 7, 2016 to April 30, 2016. This Forbearance Agreement was amended on March 23, 2016 whereby the Forbearance Agreement period was extended to April 30, 2017. See Subsequent Events Disclosure note and Violations of Loan Covenants disclosure notes below for further details. The LSCPFCD does not issue or prepare separate financial statements. Accordingly, LSCPFCD financial statements consist primarily of those presented within the accompanying Business Type activity government wide and fund financial statements section of the accompanying financial statements

The County provides the following services to its citizens: public safety (law enforcement and detention, fire and ambulance), public transportation (roads and bridges), health and welfare (pauper care, health clinic facilities, meals for the elderly and indigent health care), culture and recreation facilities, conservation, public facilities, judicial and legal, election functions, and general and financial administrative services.

**B. Government-wide and fund financial statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the La Salle County nonfiduciary activities with most of the interfund activities removed. Interfund services provided and used are not eliminated in the process of consolidation. Governmental Activities include programs supported primarily by taxes, fines and fees, grants and other intergovernmental revenues.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. continued**

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include a) fees, fines and charges paid by the recipients of goods and services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated on the government-wide statements.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories- governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Fiduciary funds also utilize the accrual basis of accounting; however, the economic resources measurement focus is not applicable to agency funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both *measurable* and *available*. Available means collectible within the current period or expected to be collected within 60 days after year-end to be used to pay liabilities of the current period. Expenditures are generally recorded when the 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 are susceptible to accrual and have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received because they are generally not measurable and available until cash is received by the government. Investment earnings are recorded on the accrual basis in all funds.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the individual grant programs. If funds must be expended on the specific purpose or project before any amounts will be paid to the county, revenues are recognized as the expenditures or expenses recorded. If funds are virtually unrestricted and irrevocable, except for failure to comply with required compliance requirements, revenues are recognized when received or susceptible to accrual. Federal and State grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. continued**

The Commissioner's Court establishes fund balance assignments by passage of an ordinance or resolution. The County considers assigned and restricted balances to have been spent when expenditures are incurred for purposes for which both assigned and restricted fund balances are available.

The County reports the following major governmental funds:

General Fund -The General Fund is the County's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

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

Debt Service Fund – The County Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Regional Detention Center Fund - The Fund is a Special Revenue Fund that is used to account for the jail operations of La Salle County Public Detention Facility.

2014 Tax Bond Fund - The 2014 Tax Bond Fund is a Capital Projects Fund that is used to account for the construction of various infrastructure projects in La Salle County.

CIP Tax Bond Fund -The CIP Tax Bond Fund is a Capital Projects Fund that is used to account for the construction of various infrastructure projects in La Salle County.

Additionally, the County reports the following fund types:

Governmental Funds:

Special Revenue Funds – The County uses these funds to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Fund – The County uses this fund to account for and report all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

Fiduciary Funds:

Trust and Agency Funds - The County accounts for and reports resources held for others in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. Agency funds are used to account bond money received and held for others as a result of action in the County or District Courts, and to account for monies received and held in trust for other individuals or entities as a result of action in County and District Courts.

Enterprise Funds:

La Salle County Nursing Home - The County uses this fund to account for and report all operating financial activity related to La Salle County's Nursing Home. All other activity is considered non-operating activity.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. continued**

Enterprise Funds (cont.):

La Salle County Public Detention Facility - The County uses this fund to account for and report all operating financial activity related to the Public Detention Facility. All other activity is considered non-operating activity (See Note 14 for further discussion)

**D. Assets, liabilities, and net assets of equity**

1. Deposits and investments

The County considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments for the County are recorded at fair value for all funds.

2. Receivables and payables

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the 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.

3. Inventories and prepaid items

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

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

4. Capital Assets

Capital assets include land, buildings, furniture and equipment and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

LA SALLE COUNTY, TEXAS  
 NOTES TO THE FINANCIAL  
 STATEMENTS DECEMBER 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The County depreciates capital assets using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	50
Buildings	50
Improvements (Other than Buildings)	30
Vehicles and Road Equipment	5
Office Equipment	5
Computer Equipment	5

1. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. Vacation pay is accrued in the government-wide financial statements. Comp time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the government-wide financial statements.

**NOTE2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary information**

The County follows these procedures in establishing the budgetary data reflected in these basic financial statements:

1. The County Judge, as budget officer, with the assistance of the County Treasure, prepares a budget to cover all proposed expenditures and the means of financing them, for the succeeding year and delivers the proposed budget to Commissioners' Court.
2. Commissioners' Court holds budget sessions with each department head.
3. Commissioners' Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners' Court formally adopts the budget in an open court meeting. Annual budgets are legally adopted for the General Fund, the Road and Bridge Fund, Encinal Jail Fund, and the County Jail Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Unencumbered appropriation balances lapse at year end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY continued**

Expenditures may not legally exceed appropriations at the departmental level for each legally adopted annual operating budget. Amendments to the 2016 budget were approved by the Commissioners' Court as provided by law. The reported budgetary data has been revised for amendments legally authorized during the year.

The formally adopted budget may legally be amended by commissioners in accordance with article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes. Management does not amend the budget above the departmental level without approval by the Commissioners' Court. The legal level of budgetary control is at the fund level.

**NOTE 3: PROPERTY TAXES**

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature which affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for the State Property Tax Board which commenced operation in January, 1980.

As of October 1, 1981, the appraisal of property within the County was the responsibility of the county-wide appraisal district. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property.

However, if the effective tax rates for bonds and other contractual obligations and adjustments for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year. The Appraisal District is governed by a Board of Directors elected by the governing bodies of the taxing entities within the District. The Board of Directors appoints a Chief Appraiser to act as Chief Administrator of the Appraisal District and an Appraisal Review Board to equalize appraised values.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

Property tax revenues are recognized in the accounting period in which they become both measurable and available. Property tax revenues are considered measurable at the time of levy and are recognized as deferred revenue and taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 4: DEPOSITS, SECURITIES, AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At December 31, 2016, the carrying amount of the County's deposits (cash, money market funds, interest-bearing savings accounts, cash management pools) was \$60,607,477 and the bank balance was \$61,272,760.

At December 31, 2016, the County's Cash and Cash equivalent balances consisted of the following:

<u>Type of Deposit</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Cash	\$ 8,376,240	\$ 8,376,240	N/A
Money Markets	17,638,152	17,638,152	N/A
Investment Pools:			
Texpool	<u>34,593,086</u>	<u>34,593,086</u>	AAA
	<u>\$ 60,607,477</u>	<u>\$ 60,607,477</u>	

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The County had no investments at December 31, 2016

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

*Custodial Credit Risk- Deposits:* This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is to deposit funds in FDIC insurance banks which have sufficient pledged collateral. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended December 31, 2016 was covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL  
STATEMENTS  
DECEMBER 31, 2016

**NOTE 5: INTERFUND BALANCES AND TRANSFERS**

Interfund balances at December 31, 2016 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 8,998,473	\$ 1,708,911
Road and Bridge Fund	1,438,713	124,603
Regional Detention Center Fund	-	7,819
Debt Service Fund	3,984,375	-
2014 Tax Bond Capital Project	477,676	-
CIP Tax Bonds Capital Projects	-	281,964
Non Major Governmental Funds	6,223,242	3,969,273
Enterprise Funds- Nursing Home	27,544	5,354,829
Agency Funds	-	9,702,624
	<u>\$ 21,150,023</u>	<u>\$ 21,150,023</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are expected to be collected in the subsequent year.

Interfund transfers during the year ended December 31, 2016 consisted of the following:

	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General Fund	\$ -	\$ 4,887,002
Road and Bridge Fund	80,000	80,000
Regional Detention Center Fund	6,200,000	-
2014 Tax Bond Capital Projects Fund	-	50,987
Non Major Governmental Funds	4,937,990	-
Enterprise Fund- Public Facilities Corporation	-	6,200,001
	<u>\$ 11,217,990</u>	<u>\$ 11,217,990</u>

The transfers from the General Fund were made to cover operating expenses of the Special Revenue Funds.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 6: CAPITAL ASSET ACTIVITY**

Capital asset activity for the County for the year ended December 31, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Governmental activities:</u></b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 129,193	\$ -	\$ -	\$ 129,193
Construction in Progress	34,292,993	21,329,299	32,577,267	23,045,025
Total capital assets not being depreciated	<u>34,422,186</u>	<u>21,329,299</u>	<u>32,577,267</u>	<u>23,174,218</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	1,099,203	23,317,825	-	24,417,028
Buildings and Improvements	14,946,477	9,986,822	-	24,933,299
Furniture and Equipment	8,616,480	722,744	-	9,339,224
Total capital assets being depreciated	<u>24,662,160</u>	<u>34,027,391</u>	<u>-</u>	<u>58,689,551</u>
Less accumulated depreciation for:				
Infrastructure	367,151	15,709	-	382,860
Buildings and Improvements	2,413,885	320,803	-	2,734,688
Furniture and Equipment	4,908,828	720,945	-	5,629,773
Total accumulated depreciation	<u>7,689,864</u>	<u>1,057,458</u>	<u>-</u>	<u>8,747,322</u>
Total capital assets being depreciated, net	<u>16,972,296</u>	<u>32,969,933</u>	<u>-</u>	<u>49,942,229</u>
Governmental activities capital assets, net	<u>\$ 51,394,482</u>	<u>\$ 54,299,232</u>	<u>\$ 32,577,267</u>	<u>\$ 73,116,447</u>
 <b><u>Business type activities:</u></b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	4,499,720	66,679	-	4,566,399
Furniture and Equipment	425,107	-	-	425,107
Total capital assets being depreciated	<u>4,924,827</u>	<u>66,679</u>	<u>-</u>	<u>4,991,506</u>
Less accumulated depreciation for:				
Buildings and Improvements	449,970	89,994	-	539,964
Furniture and Equipment	425,107	-	-	425,107
Total accumulated depreciation	<u>875,077</u>	<u>89,994</u>	<u>-</u>	<u>965,071</u>
Total capital assets being depreciated, net	<u>4,049,750</u>	<u>(23,315)</u>	<u>-</u>	<u>4,026,435</u>
Business type activities capital assets, net	<u>\$ 4,049,750</u>	<u>\$ (23,315)</u>	<u>\$ -</u>	<u>\$ 4,026,435</u>

Depreciation was charged to functions as follows:

**Governmental Activities:**

General Administration	\$ 205,003
Public Facilities	13,223
Public Safety	530,690
Public Transportation	261,824
Culture and Recreation	2,000
Health and Welfare	44,718
	<u>\$ 1,057,458</u>

**Business-type Activities:**

Nursing Home	\$ 89,994
	<u>\$ 89,994</u>

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 7: COMMITMENTS UNDER LEASES**

Capital Leases

The County has entered into several leases for the financing of equipment for the Road and Bridge and General Funds. The debt service for the equipment is paid out of the Debt Service Fund. The lease agreements meet the criteria of a capital lease for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date

A summary of the commitments, by year, follows (see Note 9 for description of Property)

<u>Year Ending December 31</u>	<u>Capital Lease Payable</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	204,490	22,565	227,054
2018	211,750	15,304	227,054
2019	219,269	7,786	227,054
	635,509	45,655	681,163

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of December 31st as follows : (The County has an operating lease with the component unit, LSCPFC, which is further described in Note 14)

<u>Year Ending December 31</u>	<u>Amount</u>
2016	25,479
Total Minimum Rentals	\$ 25,479

Rental Expenditures in Current Year    \$    25,479

**NOTE 8: DEFERRED INFLOW OF RESOURCES-UNAVAILABLE PROPERTY TAXES**

The \$32,213,954 in deferred inflows is the unavailable property tax revenue levied in fiscal year 2016 which is budgeted for La Salle County's 2017 fiscal year (Beginning January 1, 2017). Consequently the fiscal year end 2016 Net Position balance is reduced by the \$32,213,954.

**NOTE 9: LONG-TERM DEBT**

**Capital Leases Payable**

As of December 31, 2016 the County was obligated for the following Capital Leases Payable:

Spirit of Texas Bank- Payable in annual installments of \$38,313, Interest rate 3.60% due February 25, 2019, secured by 2016 Mack Water Truck.

Spirit of Texas Bank Payable in annual installments of \$13,793, Interest rate 3.84% due February 25, 2019, secured by 2016 John Deere Tractor/Loader.

Southside Bank Payable in annual installments of \$49,788, Interest rate 3.52% due March 10, 2019, secured by 2016 Lowboy Trailer and Pinnacle Tractor Truck.

Southside Bank Payable in annual installments of \$21,100, Interest rate 3.52% due March 12, 2019, secured by 2016 Vibratory Roller.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL  
STATEMENTS DECEMBER 31, 2016

**NOTE 9: LONG-TERM DEBT- Continued**

**Capital Leases Payable (Cont.)**

Southside Bank Payable in annual installments of \$55,565, Interest rate 3.52% due March 12, 2019, secured by 2016 Vibratory Roller and Wheel Loader.

Citizens 1<sup>st</sup> Bank Payable in annual installments of \$48,496, Interest rate 3.52% due August 26, 2019, secured by 2016 Dodge Ambulance.

**Bonds and Certificates of Obligation**

Current requirements for bonded indebtedness of the County are accounted for in the County Jail Fund and the General Fund.

On June 1, 2010, the County issued \$6,115,000 in Certificates of Obligation, Series 2010, with interest rates ranging from 3.59% to 5.96%, maturing in 2023. The proceeds from the sale of the Certificates were used to build a new Nursing Home facility in Cotulla, Texas, and for the renovation of the existing courthouse in Cotulla, Texas.

On January 1, 2011, the County authorized \$3,000,000 in Certificates of Obligation, Series 2010, with interest rates of 4.00%, maturing in 2050. The proceeds from the sale of the Certificates will be used to build a new Nursing Home facility in Cotulla, Texas.

On February 1, 2012, the County issued \$2,600,000 in Certificates of Obligation, Series 2010A, with interest rates ranging from 1.6% to 4.65%, maturing in 2025. The proceeds from the sale of the Certificates were used for renovation of the existing courthouse in Cotulla, Texas and purchase of 2 ambulances.

On January 24, 2013, the County issued \$10,000,000 in Certificates of Obligation, Series 2013, with an interest rate at 2.0%, maturing in 2023. The proceeds from the sale of the Certificates were used for capital projects in Cotulla, Texas.

On March 21, 2013, the County issued \$20,000,000 in Unlimited Tax Road Bonds, Series 2013, with an interest rate at 1.9%, maturing in 2023. The proceeds from the sale of the Certificates were used for capital projects in Cotulla, Texas.

On May 8, 2013, the County issued \$2,665,000 in Certificates of Obligation, Series 2013A, with an interest rate at 1.4%, maturing in 2018. The proceeds from the sale of the Certificates were used for capital projects in Cotulla, Texas.

On February 10, 2016, the County issued \$55,000,000 in Certificates of Obligation, Series 2016, with an interest rate at 2.79%, maturing in 2024. The proceeds from the sale of the Certificates were used for capital projects in Cotulla, Texas.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL  
STATEMENTS DECEMBER 31, 2016

**NOTE 9: LONG-TERM DEBT- Continued**

The following table summarizes the annual Bond debt service requirements at December 31, 2016 to maturity (with the exception of the Component Unit at Note 14):

Year Ended	<b>Total Requirements</b>		
	Principal	Interest	Total
2017	11,733,000.00	1,740,645.25	13,473,645.25
2018	11,635,000.00	1,442,535.00	13,077,535.00
2019	10,812,000.00	1,149,540.50	11,961,540.50
2020	7,229,000.00	916,838.25	8,145,838.25
2021	7,421,000.00	730,225.75	8,151,225.75
2022-2026	19,929,000.00	1,231,246.50	21,160,246.50
2027-2031	330,000.00	419,600.00	749,600.00
2032-2036	416,000.00	347,040.00	763,040.00
2037-2041	521,000.00	255,840.00	776,840.00
2042-2046	652,000.00	141,640.00	793,640.00
2047-2048	469,000.00	18,440.00	487,440.00
	71,147,000.00	8,393,591.25	79,540,591.25
	71,147,000.00	8,393,591.25	79,540,591.25

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 9: LONG-TERM DEBT- Continued**

Description	Amount Outstanding 01/01/16	Issued	Retired/ Refunded	Amount Outstanding 12/31/16	Due Within One Year
<u>Governmental Type Activities</u>					
Refunding Bonds, Series 2010	\$ 2,408,017	\$ -	\$ 340,367	\$ 2,067,650	\$ 348,800
Cert. of Obligations, Series 2010A	1,965,000	-	165,000	1,800,000	170,000
Cert. of Obligations, Series 2013A	1,630,000	-	535,000	1,095,000	545,000
Unlimited Tax Road Bonds, Series 2013	16,435,000	-	1,920,000	14,515,000	1,960,000
Cert. of Obligations, Series 2013	8,160,000	-	950,000	7,210,000	970,000
Cert of Obligations, Series 2014	48,110,000	-	7,695,000	40,415,000	7,505,000
<b>Total Governmental Type</b>	<b>\$ 78,708,017</b>	<b>\$ -</b>	<b>\$ 11,605,367</b>	<b>\$ 67,102,650</b>	<b>\$ 11,498,800</b>
<u>Business Type Activities</u>					
<u>Nursing Home</u>					
Refunding Bonds, Series 2010	\$ 1,376,983	\$ -	\$ 194,633	\$ 1,182,350	\$ 196,200
Cert. of Obligations, Series 2010	2,899,000	-	37,000	2,862,000	38,000
<b>Total Nursing Home</b>	<b>4,275,983</b>	<b>-</b>	<b>231,633</b>	<b>4,044,350</b>	<b>234,200</b>
<u>Public Detention Facility Corporation</u>					
Revenue Bonds, Series 2010	19,795,000	-	-	19,795,000	2,390,000
<b>Total Public Detention Facility Corporation</b>	<b>19,795,000</b>	<b>-</b>	<b>-</b>	<b>19,795,000</b>	<b>2,390,000</b>
<b>Total Business Type</b>	<b>\$ 24,295,159</b>	<b>\$ -</b>	<b>\$ 231,633</b>	<b>\$ 23,839,350</b>	<b>\$ 2,624,200</b>

(See Note 14 with respect to Public Facility Corporation's Forbearance agreement and debt amortization schedule.)

**NOTE10:RISK MANAGEMENT**

The County's risk management program includes coverage for property, general liability, automobile liability, law enforcement liability, public officials' liability and employee dishonesty bonds. The County carries commercial insurance.

**NOTE 11:COMPENSATED ABSENCES**

Accumulated unpaid annual leave, compensatory time and holiday leave amounts are not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the Government-Wide Statement of Net Position. At December 31st, accrued employee benefits recorded on the Statement of Net Position was \$488,481. All unpaid employee leave is due to active employees. Any unpaid leave due to an employee who is terminated is paid immediately upon the termination. The liability has typically been liquidated primarily in the General Fund and Road and Bridge Fund.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 12: EMPLOYEES' RETIREMENT PLAN**

Plan Description:

The County provides retirement, disability, and death benefits for all of its eligible employees through 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 which consists of 677 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a Comprehensive Annual Financial Report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted and may be amended by the governing body of the County within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight 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 deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum and who are not eligible to retire are not entitled to any amounts contributed by their employer.

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

At December 31, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	183
Inactive employees entitled to but not yet receiving benefits	-
Active employees	210

Funding Policy

The County has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 14.03% of covered payroll for the months of the calendar year in 2015, and 16.66% of covered payroll for the months of the calendar year in 2016.

The deposit rate payable by all employee members for the calendar year 2016 is 7% as adopted by the governing body of the County. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The TCDRS board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

1. Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
2. Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 12: EMPLOYEES' RETIREMENT PLAN(cont.)**

Funding Policy(cont.)

3. Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy

Net Pension Liability

The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	4.90%
Investment Rate of Return	8.00%

Mortality rates for service retirees, as well as the beneficiaries of both service and disability retirees were based on the RP-2000 Combined Male Table with an age set forward of one year and Projection Scale AA for Males, and the RP-2000 Combined Female Table with no age adjustment and Projection Scale AA for Females. For disabled retirees, the RP- 2000 Disabled Male Table with no age adjustment and Projection Scale AA for Males, and the RP-2000 Disabled Female Table with an age set forward of two years and Projection Scale AA for Females are used.

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 - December 31, 2012, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2016 information for a 7-10 year time horizon.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
US Equities	14.50%	5.45%
Private Equity	14.00%	8.45%
Global Equities	1.50%	5.75%
International Equities Developed	10.00%	5.45%
International Equities Emerging	8.00%	6.45%
Investment Grade Bonds	3.00%	1.00%
High-Yield Bonds	3.00%	5.10%
Opportunistic Credit	2.00%	5.09%
Direct Lending	5.00%	6.40%
Distressed Debt	3.00%	8.10%
REIT Equities	3.00%	4.00%
Mater Limited Partnerships (MLPs)	3.00%	6.80%
Private Real Estate Partnerships	5.00%	6.90%
Hedge Funds	25.00%	5.25%

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 12: EMPLOYEES' RETIREMENT PLAN(cont.)**

Discount Rate/Depletion of Plan Assets

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) Pension plan assets up to that point are expected to be invested using a strategy to achieve the long term rate of return, calculated using the long term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer, TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the County's funding policy and the legal requirements under the TCDRS Act

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 12: EMPLOYEES' RETIREMENT PLAN(cont.)**

Discount Rate/Depletion of Plan Assets(cont.)

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 8.10% was used. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
	a	b	a - b
Balances as of December 31, 2013	\$ 10,998,130	\$ 10,287,826	\$ 710,205
Changes for the year:			
Service cost	874,886		874,886
Interest on total pension liability	906,837		906,837
Effect of plan changes	(185,927)		(185,927)
Effect of economic/demographic gains or losses	(116,611)		(116,611)
Effect of assumption changes or inputs	126,469		126,469
Refund of contributions	(44,511)	(44,511)	
Benefit payments	(368,104)	(368,104)	
Administrative expenses		(7,679)	7,679
Member contributions		512,833	(512,833)
Net investment income		(182,168)	182,168
Employer contributions		761,191	(761,191)
Other		11,250	(11,250)
Balances as of December 31, 2015	<u>\$ 12,191,069</u>	<u>\$ 10,970,638</u>	<u>\$ 1,220,431</u>

Sensitivity Analysis

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

1% Decrease	Current Discount Rate	1% Increase
7.10%	8.10%	9.10%

Total pension liability	\$13,883,731	\$12,191,069	\$10,792,118
Fiduciary net position	10,970,638	10,970,638	10,970,638
Net pension liability (asset)	<u>\$2,913,093</u>	<u>\$1,220,431</u>	<u>\$(178,520)</u>

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 12: EMPLOYEES' RETIREMENT PLAN(cont.)**

Pension Expense/(Income)

	January 1, 2015 to December 31, 2015
Service cost	\$ 874,886
Interest on total pension liability	906,837
Effect of plan changes	(185,927)
Administrative expenses	7,679
Member contributions	(512,833)
Expected investment return net of investment	(875,342)
Recognition of deferred inflows/outflows of	
Recognition of economic/demographic gains or losses	83,519
Recognition of economic/demographic gains	31,617
or losses Recognition of assumption changes	
Recognition of investments gains or losses	242,082
Other	(11,250)
Pension expense / (income)	\$ 561,268

Deferred Inflows / Outflows of Resources

As of December 31, 2015, the deferred inflows and outflows of resources are as follows

	Deferred Inflows Of Resources		Deferred Outflows Of Resources
Differences between expected and actual experience	\$ 87,458	\$	225,344
Changes of assumptions	-		94,852
Net difference between projected and actual earnings	-		937,749
Contributions made subsequent to measurement date	N/A	\$	1,064,356

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

Year Ended December 31:

2016	\$ 357,219
2017	357,219
2018	244,547
2019	211,502
2020	-
Thereafter	-

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 13: CONTINGENT LIABILITIES**

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

**NOTE 14: COMPONENT UNIT- LA SALLE COUNTY PUBLIC DETENTION FACILITIES CORPORATION**

**Component Unit Bond Forbearance Agreement**

On August 17, 2010, the County's sole blended component unit, the La Salle County Public Detention Facility Corporation (the LSCPDFC) issued \$11,860,000 in Taxable Project Revenue Bonds, Series 2010 and \$11,100,000 in Tax-Exempt Project Revenue Bonds, Series 2010 for a combined total 2010 Series bonds of \$22,960,000 to finance the refunding, discharging and paying of LSCPDFC Series 2002 and 2004 Bonds. The series 2002 and 2004 bonds were originally issued to finance the acquisition of real property in La Salle County, Texas and the construction, furnishing and equipping of a multi-classification secure correctional center (referred to as the "Project") in Encinal, Texas. This LSCPDFC Project was leased to La Salle County Texas government ("La Salle County"- the Lessee ) pursuant to an August 1, 2010 Lease Agreement. This Lease Agreement requires Lessee (La Salle County, Texas) to make rental Payments thereunder in amounts and times sufficient to pay debt service requirements on the combined \$22,960,000 LSCPDFC Series 2010 bonds. Payments on the LSCPDFC Series 2010 bonds are payable solely from revenue derived from Project rentals and a first lien on and pledge of the money and investments in certain amounts deposited in funds and accounts established pursuant to a Trust Indenture dated August 1, 2010 between LSCPDFC and the Bond Trustee. The Lessee's (La Salle County) obligation to make Rental Payments under the Lease is payable solely from revenues derived from the operation of the Project. Under the terms of the Bonds and the related Trust indenture, the LSCPDFC Series 2010 bonds do not constitute an obligation of LSCPDC or La Salle County. Although, title to the LSCPDFC Project shall pass to the Lessee (La Salle County) upon the complete payment of all required lease payments, the level of County payments required under the lease cannot be reasonably predicated due to the nature of the basis upon which such lease payments are based. Such lease payments are derived solely from billings to U.S. Agencies and local governments for housing of Project detainees. Since the level of such detainees is not

The initial operation of the LSCPDFC Project was contracted to an independent Detention Facility Operator ( the "Project Operator"). However, that Project Operator terminated its Project Operation contract with the LSCPDFC on February 21, 2016 whereby the Project was de-populated and surrendered to the LSCPDFC. Since, the sole source for LSCPDFC's Series 2010 Bonds debt service was the income from the LSCPDFC Project and since such revenue was no longer available because of the Project de-population, LSCPDFC Bond Series 2010 debt service requirements could not be made. A consequence, the Trustee for the Series 2010 LSCPDFC Bonds, LSCPDFC and La Salle County entered into an "*Agreement Regarding Deferrals, Protective Advances and Forbearance*" (the Forbearance Agreement" on May 7, 2016. Under the terms of the Agreement, La Salle County will operate the LSCPDFC Project without a third party operator. Subject to Bondholder's Trustee and the Bondholders providing certain financial concessions to the County in the form protective advances to cover various operating costs and expenses incurred by the County in connection with the "start-up" and operation of the Project. The Bondholder's Trustee will not exercise any available remedies for default provided within the Bond Indenture during the Forbearance period which will be from May 7, 2016 through April 30, 2016, or such earlier date on which this Agreement is terminated due to a Termination Event. Such Termination Events shall consist of the following:

LA SALLE COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016

**NOTE 14: COMPONENT UNIT- LA SALLE COUNTY PUBLIC DETENTION FACILITIES CORPORATION (con.t)**

**Component Unit Bond Forbearance Agreement(cont.)**

1. Project ceases to be operational as a detention facility
2. The Trustee, County or Issuer violate or fail to comply with the terms of this Agreement.
3. Any violations of the Bond Documents
4. The County reasonably determines that Bondholder Trustee amounts advanced to the County under this Agreement will not be sufficient to pay the Project Operating Expenses and the County provides a forty-five (45) day notice to the Trustee.

The County will re-populate the Project as soon as possible and will submit all revenues from the Project directly to the Bondholder's Trustee on a monthly basis. All related unpaid Bond principal and Interest shall be due and payable at the end of the Forbearance Period. The Forbearance Agreement further emphasizes that pursuant to the Bond documents, the obligation of the Issuer to pay principal and interest on the Bonds does not constitute a personal obligation of the Issuer for which the Issuer is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of Taxation. Pursuant to the Bond Indenture, the Bonds are limited special obligations payable solely from Project Revenues. The full faith and credit of neither the County nor the Issuer, nor any political subdivision or agency of the state of Texas are pledged to the payment of the Rental Payments. As of the date of this report, all major agreed-to Project repairs had been completed and the Project had been re-populated.

As described within the below Note 19 – SUBSEQUENT EVENTS, the above mentioned Forbearance Agreement was amended on October 25, 2017, whereby the Forbearance Agreement period was extended to end on December 31, 2017. All other original Forbearance issues remained unchanged

**Long Term Debt**

Based upon the above un-predictability of lease payments, County Management is treating this lease as an operating lease.

As of December 31, 2016 the estimated amounts due on the lease that represent amounts sufficient to pay scheduled LSCPFDC 2010 Series Project Revenue Bond Principal and Interest Payments consist of the following:

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2015	\$1,604,376	\$1,140,000	\$2,744,376
2016	1,490,851	1,250,000	2,740,851
2017	1,366,401	1,370,000	2,736,401
2018	1,230,076	1,500,000	2,730,076
2019	1,080,926	1,640,000	2,720,926
Thereafter	<u>2,900,389</u>	<u>12,895,000</u>	<u>15,795,389</u>
<u>Total</u>	<u>\$9,673,021</u>	<u>\$19,795,000</u>	<u>\$29,468,019</u>

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 14: COMPONENT UNIT- LA SALLE COUNTY PUBLIC DETENTION FACILITIES CORPORATION (con.t)**

**Capital Assets**

Capital Asset activity for the LSCPFDC for the year ended December 31, 2016 was as follows.

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business Type activities:</u>				
<u>LSCPFDC (Blended Component Unit)</u>				
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	15,770,290	-	-	15,770,290
Furniture and Equipment	2,038,000	-	-	2,038,000
Total capital assets being depreciated	17,808,290	-	-	17,808,290
Less accumulated depreciation for:				
Buildings and Improvements	4,430,194	404,367	-	4,834,561
Furniture and Equipment	407,600	203,800	-	611,400
Total accumulated depreciation	4,837,794	608,167	-	5,445,961
Business Type activities - LSCPDF capital assets, net	\$ 12,970,496	\$ 608,167	\$ -	\$ 12,362,329

Total LSCPFDC FY 2016 depreciation was \$608,167.

**NOTE 15: EXCESS EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2016, the Regional Detention Center Fund and the Debt Service Fund expenditures of \$6,588,024 and \$13,758,602 respectively, exceeded appropriations by \$296,024 and \$369,701.

**NOTE 16: DEFICIT FUND EQUITY**

As of December 31, 2016 the County had a Deficit Fund Equity in the following funds:

Regional Detention Center Fund	\$ (185,140)
La Salle County Nursing Home	\$(5,675,082)
La Salle County Nursing Home	\$(2,616,998)

**NOTE 17: PRIOR PERIOD ADJUSTMENT**

During fiscal year 2016, prior period adjustments were made to Long Term Debt in the amount of \$ (383,379) and the Enterprise Fund Nursing Home revenues in the amount of \$255,018.

LA SALLE COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 18: COMMITMENTS AND CONTINGENCIES**

Construction commitments at year end totaled \$3,281,284. Obligations for these commitments will be liquidated in subsequent reporting years.

**NOTE 19: SUBSEQUENT EVENTS**

On October 25, 2017, the Forbearance Agreement described within the above disclosure Note 14, was amended to extend the original Forbearance Agreement period ending date of November 1, 2017 to December 31, 2017. All other original Forbearance Agreement issues remained un-changed.

**NOTE 20: LITIGATION AND CONTINGENCIES**

The County is involved in numerous legal proceedings in the normal course of its government administrative duties. As of November 9, 2017 none of these proceedings have been determined to result in probable material loss to the County. Accordingly, no related loss contingencies have been recorded in the accompanying financial statements for any pending litigation.

LA SALLE COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original	Final	Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes				
Property Taxes	\$ 16,100,346	\$ 16,100,346	\$ 15,173,874	\$ (926,472)
Other Taxes	16,000	16,000	47,017	31,017
Licenses & Permits	5,000	5,000	1,420	(3,580)
Intergovernmental	48,200	48,200	48,598	398
Charges for Services	1,230,000	1,230,000	1,266,124	36,124
Fines & Forfeitures	1,232,000	1,232,000	1,020,127	(211,873)
Interest	1,500	1,500	25,406	23,906
Other Revenue	313,327	313,327	693,432	380,105
Total Revenues	<u>\$ 18,946,373</u>	<u>\$ 18,946,373</u>	<u>\$ 18,275,998</u>	<u>\$ (670,375)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Administration	4,578,735	4,578,735	3,236,150	1,342,585
Legal	789,033	789,033	285,272	503,761
Judicial	799,344	799,344	752,116	47,228
Financial Administration	887,264	887,264	737,130	150,134
Public Safety	5,390,025	5,390,025	4,689,270	700,755
Public Facilities	370,844	370,844	498,788	(127,944)
Public Transportation	-	-	-	-
Health and Welfare	841,222	841,222	180,608	660,614
Culture and Recreation	39,000	39,000	42,250	(3,250)
Conservation - Agriculture	83,927	83,927	58,630	25,297
Debt Service	-	-	-	-
Capital Outlay	317,400	317,400	540,636	(223,236)
Total Expenditures	<u>14,096,794</u>	<u>14,096,794</u>	<u>11,020,850</u>	<u>3,075,944</u>
Excess (Deficiency) Revenues Over Expenditures	4,849,579	4,849,579	7,255,148	2,405,569
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(3,861,757)	(3,861,757)	(4,887,002)	(4,887,002)
Certificates of Obligations Issued	-	-	-	-
Total Financing Sources (Uses)	<u>(3,861,757)</u>	<u>(3,861,757)</u>	<u>(4,887,002)</u>	<u>(4,887,002)</u>
Net Change in Fund Balances	987,822	987,822	2,368,146	(2,481,433)
Fund Balance - January 1 (Beginning)	8,279,501	8,279,501	8,279,501	-
Prior Period Adjustment	-	-	-	(20,765)
Fund Balance - December (Ending)	<u>\$ 9,267,323</u>	<u>\$ 9,267,323</u>	<u>\$ 10,647,647</u>	<u>\$ 1,380,324</u>