



POTTER COUNTY, TEXAS

Comprehensive Annual Financial Report

For the Year Ended
September 30, 2017

Prepared by: Office of County Auditor
Kerry Hood
County Auditor

POTTER COUNTY, TEXAS
 Comprehensive Annual Financial Report
 Year Ended September 30, 2017

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INTRODUCTORY SECTION

County of Potter

State of Texas

900 S. Polk, Suite 716
Amarillo, Texas 79101-3412



Kerry Hood
County Auditor
aukeh@co.potter.tx.us

806-349-4800
Fax: 806-349-4808

April 26, 2018

Honorable District Judges of Potter County
Honorable Members of the Potter County Commissioners' Court
Citizens of Potter County and the Financial Community:

The Comprehensive Annual Financial Report of Potter County, Texas (the County) for the year ended September 30, 2017 is submitted herewith. This report is submitted in accordance with Section 114.025 of the Local Government Code.

This report consists of management's representations concerning the finances of Potter County, Texas. Management assumes full responsibility for both the accuracy of the data and the completeness and fairness of this report, including all disclosures. To provide a reasonable basis of making these representations, Potter County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. The internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with existing law and regulations. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

These financial statements and supplemental financial information have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants engaged by the Potter County Commissioners' Court. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2017, are free of material misstatement. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended September 30, 2017 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Potter County was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Other Supplemental Information sections of the financial report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. Potter County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Potter County, created in 1876 from Bexar District, was organized in 1887 and named for a Republic of Texas leader, Robert Potter. The County's population experienced a slight growth and is currently estimated to be 120,436. This is a decrease of .83% over the 2010 census of 121,448 and an increase of 23.05% over the 1990 census of 97,874. The County consists of approximately 591,577 acres of mostly level plain, broken by the Canadian River and its tributaries.

Potter County, operating as specified under the Constitution and statutes, is governed by a Commissioners' Court, which consists of the County Judge and four Commissioners, one from each of the four geographical precincts and elected for staggered four year terms. Commissioners' Court duties include setting the County Ad Valorem tax rate, approval of the budget, calling certain elections, approval and awarding contracts, issuance of bonds, and appointing or participating in the appointment of certain county officials and boards.

The County, as a political subdivision of the State of Texas provides only those services allowed, or implied, by the State Constitution or statutes. These services include, but are not limited to, judicial, law enforcement, detention facilities, juvenile services, health and human services, county roads and recording functions of Potter County.

The annual budget serves as the foundation of Potter County's financial planning and control. All departments of the County are required to submit requests for appropriation to the County Judge, who serves as the Budget Officer. The County Judge uses these requests as the starting point for developing a proposed budget, with revenue estimates provided by the County Auditor. The appropriated budget is adopted by fund, then by department, then by the categories of salaries and benefits, travel, contract services, general operations, prisoner care, equipment/vehicle maintenance, building repairs/maintenance, special expense, juvenile services and other. The County's budgetary system is fully integrated with the accounting and financial system to allow for the matching of budget appropriations with actual expenditures, obligations, and encumbrances on a daily basis. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

All governmental funds are appropriated annually with the exception of the following funds: District Attorney Crime Victim and Sheriff's Commissary.

Local Economy

Potter County is located in the Texas Panhandle with the City of Amarillo as the county seat. Due to its strategic location, the County, along with Randall County to the south, has become a trade center for a five-state area. The County is traversed from east and west by four-lane Interstate 40 and from north and south by four-lane Interstate 27, U.S. Highway 287 and State Highway 136. Railroads and an international airport serve the County along with bus lines and other motor-freight carriers.

Although Potter County's economy has greatly diversified, historically, major industries in the Amarillo area include grains, cattle, beef processing, natural gas, oil, helium and other petroleum by-products, refining operations and nuclear weapons processing. A significant portion of its economy is still based upon this important economic activity. In addition to these industries, today, our economy also includes food processing, defense industry, manufacturing, distribution, traffic and transportation, general retail, banking, criminal justice, medical facilities and higher education.

Long-term Financial Planning and Relevant Financial Policies

As a sound financial management practice, members of the Commissioners' Court emphasize maintaining a sufficient unrestricted fund balance level to meet first quarter obligations, thus assisting in maintaining financial stability and retaining or enhancing the County's bond ratings. Potter County has achieved this goal since fiscal year 2004. At that time, the court evaluated the county's physical and financial condition and chose to begin an annual transfer of funds to capital project funds to reduce the amount that will need to be borrowed to finance future construction. The current Commissioners' Court has also made every effort to keep tax rate increases to a minimum. The rate increased from \$0.66402 for 2016 to \$0.67 for 2017.

Major Initiatives

Some of the major initiatives in fiscal year 2018 include the completion of new Sheriff facilities for the administrative, enforcement and fleet maintenance divisions of the department. A communication system for emergency responders for Potter County and the City of Amarillo is in the implementation phase and will be completed in 2018. The voters approved a County Assistance District for the unincorporated areas of the county providing a 2% sales tax to assist with firefighting and fire prevention services, along with all other lawful and permissible functions. The 2018 budget includes funding for 5 new corrections officers, 2 medical officers, 2 road technicians and 1 building maintenance technician along with funds to purchase a fire truck.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Potter County for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not be possible without the efficient and dedicated services of the entire staff of the County Auditor's Office and the professional services provided by our independent auditors, Davis Kinard & Co, PC. I sincerely appreciate the loyalty and dedication of my staff for their extra efforts to produce timely and accurate records for Potter County. Credit also must be given to the District Judges, the Commissioners' Court and all the elected officials and department heads for their interest and support in planning and conducting the financial operations of Potter County in a responsible manner.

Respectfully submitted,



Kerry Hood
Potter County Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Potter County
Texas

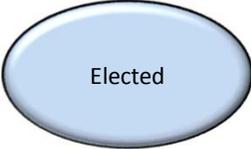
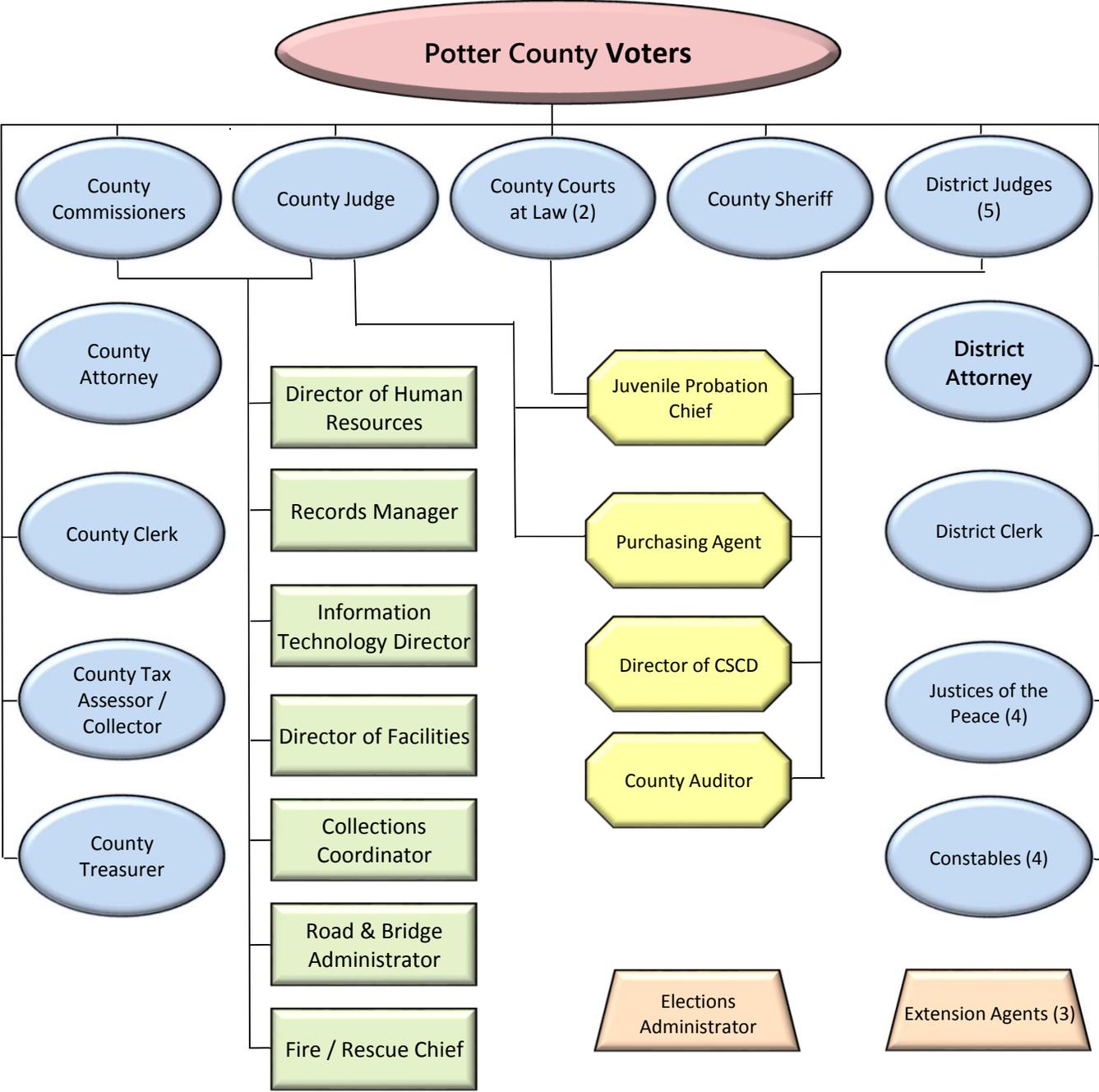
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrell

Executive Director/CEO

Potter County, Texas Organization Chart



**Potter County, Texas
County Officials**

Nancy TannerCounty Judge
H. R. KellyCommissioner, Precinct #1
Mercy MurguiaCommissioner, Precinct #2
Leon ChurchCommissioner, Precinct #3
Alphonso VaughnCommissioner, Precinct #4
Dan SchaapJudge, 47th District Court
Douglas WoodburnJudge, 108th District Court
John BoardJudge, 181st District Court
Ana EstevezJudge, 251st District Court
Don R. EmersonJudge, 320th District Court
Randall SimsDistrict Attorney
Caroline WoodburnDistrict Clerk
W. F. "Corky" RobertsJudge, County Court at Law #1
Pamela SirmonJudge, County Court at Law #2
C. Scott BrumleyCounty Attorney
Julie SmithCounty Clerk
Sherri AylorTax Assessor/Collector
Leann JenningsCounty Treasurer
Brian ThomasCounty Sheriff
Debra HornJustice of the Peace, Precinct #1
Richard HermanJustice of the Peace, Precinct #2
Gary JacksonJustice of the Peace, Precinct #3
Thomas JonesJustice of the Peace, Precinct #4
Darryl WertzConstable, Precinct #1
Georgia EstradaConstable, Precinct #2
Mike DuvalConstable, Precinct #3
Idella JacksonConstable, Precinct #4
Vickie SheltonPurchasing Agent
Kerry HoodCounty Auditor

FINANCIAL SECTION



REPORT OF INDEPENDENT AUDITORS

To the Honorable Judge and
Members of the Commissioners Court
Potter County, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund Budgetary Comparison Schedule, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and the Schedule of Funding Progress (Other Postretirement Benefits) on pages 4 through 11 and 47 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements (including the budgetary comparison schedules for nonmajor funds) and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State of Texas Single Audit Circular*, and is also not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Abilene, Texas
April 26, 2018

Management's Discussion and Analysis

As management of Potter County, we offer readers of Potter County's financial statements this narrative overview and analysis of the financial activities of Potter County for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

Financial Highlights

- The assets and deferred outflows of resources of Potter County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$91,644,570 (*net position*). Of this amount, \$20,179,553 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- Potter County's total net position decreased \$71,733. Charges for services decreased \$1,058,424, operating grants decreased \$786,290 and property taxes increased \$1,705,958. Public safety and corrections/rehabilitation expenditures decreased and increased \$711,066 and \$677,945 respectively and road and bridge expenditures decreased by \$39,528.
- At the close of the current fiscal year, Potter County's governmental funds reported combined fund balances of \$47,057,212, a decrease of \$6,126,186 in comparison with the prior year. Approximately 38% of the fund balance (\$17,974,962) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$21,705,088 or approximately 43% of total general fund expenditures.
- Potter County's total outstanding long-term debt increased by \$3,756,646 during the current fiscal year. The increase is due to issuing tax notes in the amount of \$5,625,000 to construct an emergency radio system for the County and professional services rendered in relation to such project.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to Potter County's basic financial statements. Potter County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of Potter County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Potter County is improving or deteriorating.

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

Both of the government-wide financial statements report functions of Potter County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) The governmental activities of Potter County include general government, judicial, public safety and correctional, health and human services, roads and bridges, and facilities.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Potter 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 Potter County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Proprietary Funds. Potter County maintains only one proprietary fund. An *internal service fund* is an accounting device used to accumulate and allocate costs internally among Potter County's various functions. Potter County uses an internal service fund to account for the management of its self-insured fund for employee health benefits.

The proprietary fund financial statements can be found on pages 18-20 of this report.

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

Potter County maintains one type of fiduciary funds. The *Agency funds* report resources held by Potter County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on page 21 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-46 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 47-100 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Potter County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$91,644,570 at the close of the most recent fiscal year.

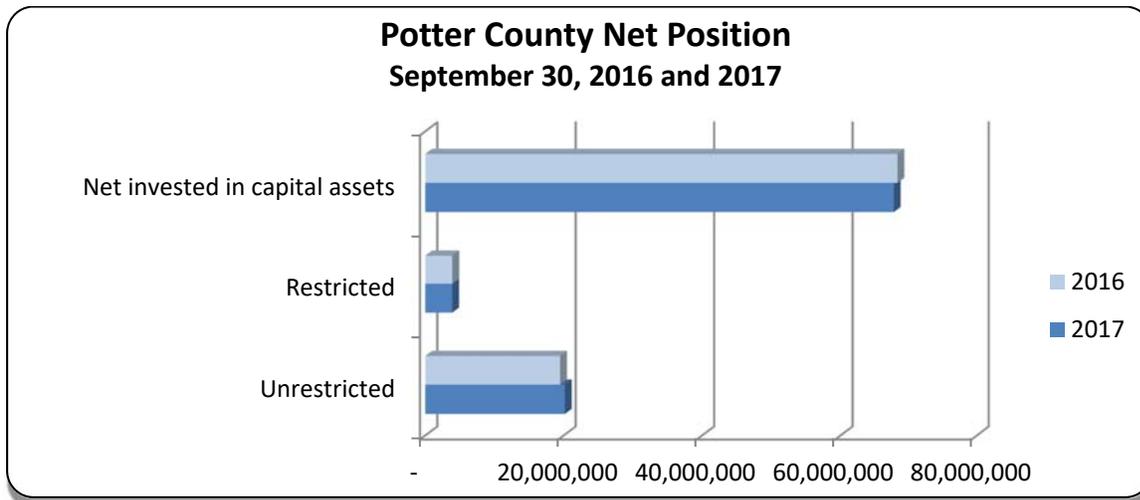
Potter County's Net Position

	Governmental Activities	
	2017	2016
Current and other assets	\$ 52,910,750	\$ 58,663,123
Capital assets	83,369,222	73,681,454
Total assets	\$ 139,279,972	\$ 132,344,577
Deferred Outflows-Pension	\$ 12,921,455	\$ 15,142,753
Long-term liabilities outstanding	\$ 31,949,751	\$ 28,305,688
Net Pension Liability	22,886,003	22,773,420
Other liabilities	3,578,667	3,167,275
Total liabilities	\$ 58,414,421	\$ 54,246,383
Deferred Inflows-Pension	\$ 2,142,436	\$ 1,524,644
Net position:		
Net investment in capital assets	\$67,558,894	\$68,306,983
Restricted	3,906,123	3,915,418
Unrestricted	20,179,553	19,493,902
Total net position	\$ 91,644,570	\$ 91,716,303

By far, the largest portion of Potter County's net position (74%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. Potter County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although Potter County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Potter County's net position (4.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$20,179,553 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, Potter County is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

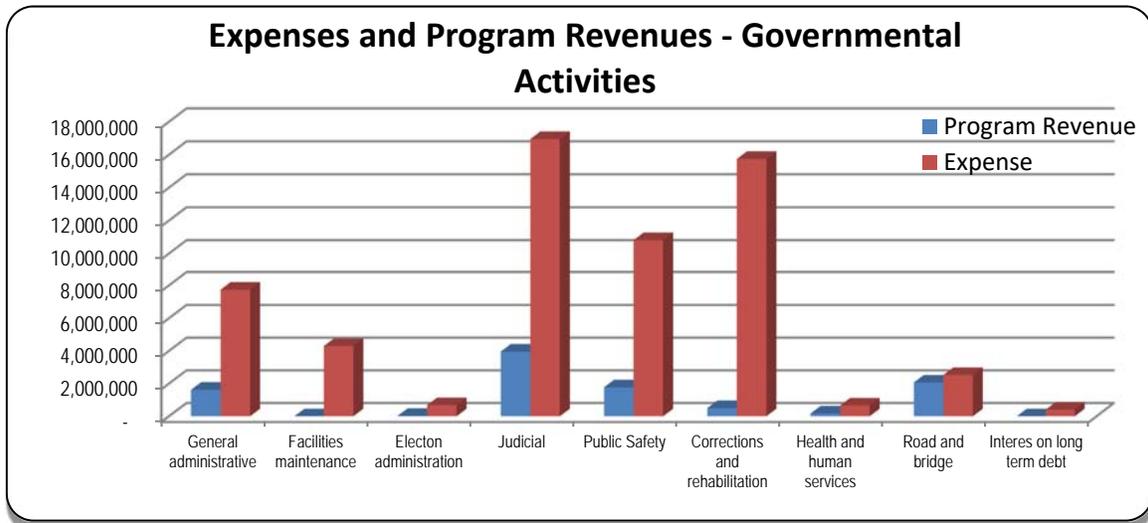


- Governmental Activities.** During the current fiscal year, net position for governmental activities decreased \$71,733 from the prior fiscal year for an ending balance of \$91,644,570. Charges for services decreased \$1,058,424, operating grants decreased \$786,290 and property taxes increased \$1,705,958. Overall expenses increased to provide a 1% cost of living adjustment to all employees as well as an increase of 10.5% on employer premiums for medical insurance. Public safety and corrections/rehabilitation expenses decreased and increased \$711,066 and \$677,945 respectively and road and bridge expenses decreased by \$39,528.

Potter County's Changes in Net Position

	Governmental activities	
	2017	2016
Charges for services	\$ 7,827,093	\$ 8,885,517
Operating grants and contributions	2,307,331	3,093,621
Capital grants and contributions	62,480	231,116
Property taxes	48,246,725	46,540,767
Other taxes	867,941	847,226
Other	652,937	282,658
Total revenues	\$59,964,507	\$59,880,905
General administrative	7,884,841	7,264,224
Facilities maintenance	4,298,440	4,579,935
Election administration	684,434	485,788
Judicial	16,951,402	15,209,074
Public safety	10,816,396	11,527,462
Corrections and rehabilitation	15,739,324	15,061,379
Health and human services	660,817	636,165
Road and bridge	2,530,923	2,570,451
Interest on long term debt	469,663	569,840
Total expenses	\$ 60,036,240	\$ 57,904,318
(Decrease) increase in net position	(71,733)	1,976,587
Net position – beginning (restated)	91,716,303	89,739,716
Net position – ending	\$ 91,644,570	\$ 91,716,303

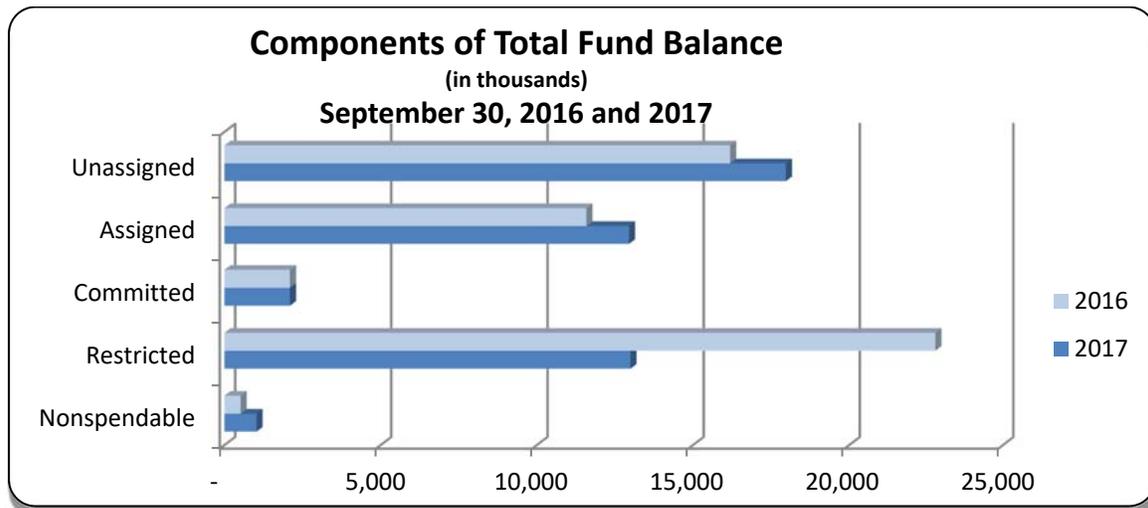
Financial Analysis of Governmental Funds



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

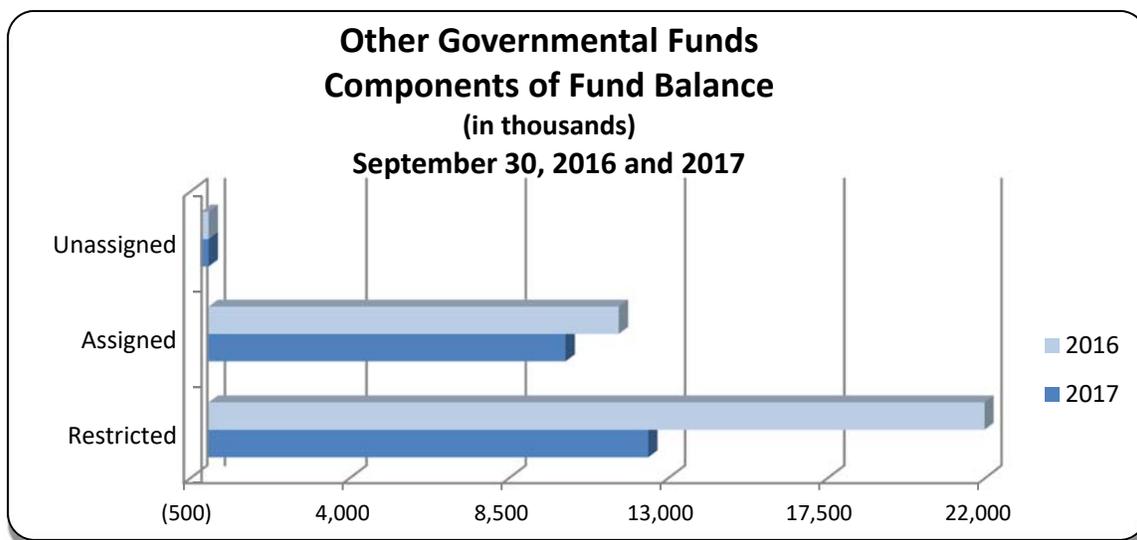
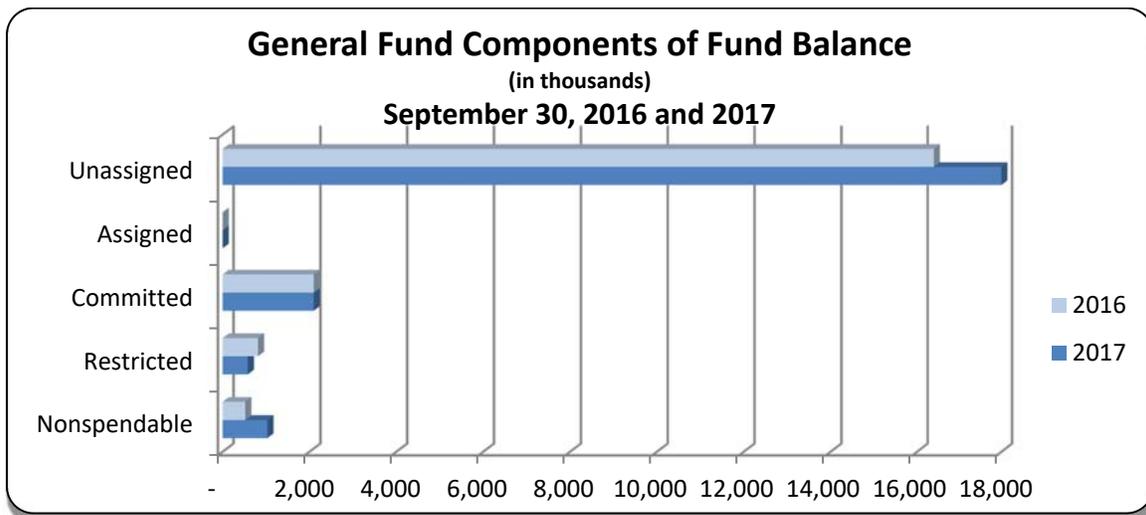
Governmental Funds. The focus of Potter County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Potter County's financing requirements. In particular, unassigned fund balance may serve as a useful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

At September 30, 2017, Potter County's governmental funds reported combined fund balances of \$47,057,212, a decrease of \$6,126,186 in comparison with the prior year. Approximately 38% of this amount (\$17,974,962) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$1,030,202), 2) restricted for particular purposes (\$13,000,447), 3) committed for particular purposes (\$2,098,100), or 4) assigned for particular purposes (\$12,953,501).



The general fund is the chief operating fund of Potter County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17,999,060, while total fund balance increased to \$21,705,088. As a measure of

the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 35.4% of total general fund expenditures, while total fund balance represents approximately 42.7% of that same amount.



Potter County’s fund balance of the general fund increased by \$1,876,391 during the fiscal year.

The Sheriff Admin Construction fund, a major governmental fund, was established to account for proceeds from the 2016 sale of certificates of obligation issued to construct new facilities for the administration, law enforcement and fleet maintenance divisions of the Sheriff’s office. The \$21,470,000 debt issue provided for expenditures of \$9.96M during the fiscal year leaving a fund balance of \$9,757,295. Another major governmental fund is the Capital Projects fund. This fund accounts for \$5,625,000 issued in tax notes to fund a radio communications system in a joint effort with the City of Amarillo. The current year expenditures of \$5,514,458 provided \$3,510,000 towards the radio communication system, \$808,800 towards case management software for our County and District Clerk’s offices, \$310,000 for voting equipment (with an additional \$450,000 from the Election Fund), and \$405,275 for the remodeling of Fire Station #5 on Willow Creek.

Proprietary Funds. Potter County’s proprietary fund for employee health insurance provides the same type of information found in the government-wide financial statements, but in more detail.

Restricted net position of the fund at the end of the year was \$757,484. The decrease in net position was \$448,164.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, significant amendments to increase the original budgeted revenue resulted from insurance recoveries (\$986,093) unanticipated grant proceeds (\$245,037), and reinstated State funding for law enforcement education (\$16,909). Corresponding appropriations were added to the budget along with carryover for encumbrances from the prior year (\$146,031) and budgeting for records preservation expenditures from restricted fund balance (\$100,000). Generally, the movement of the appropriations between departments was not significant.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Estimated Revenue source	Budgeted revenues	Actual revenues	Difference
Taxes	\$ 46,252,451	\$ 45,951,871	\$ (300,580)
Rents and recoveries	714,264	1,174,942	460,678
Investment Earnings	150,000	347,401	197,401

Although total tax collections were slightly lower than anticipated, the overall current collection rate remains strong at 98.77%, the same as the prior fiscal year. Rents and recoveries exceeded budget due to multiple insurance reimbursements for fire damage to buildings and repairs and replacements of equipment due to accidents. The investment earnings were higher than anticipated due to the rising interest rates.

A review of actual expenditures compared to the appropriations in the final budget yields significant variances in the following categories: salaries and fringe benefits are below budget by \$1,788,331 as a result of employee turnover, services in the judicial section (capital cases and visiting judges) were \$586,720 under budget, county-wide general operating expenditures were expensed \$438,640 less than budget, and building operation costs had a remaining budget of \$362,955.

Capital Assets and Debt Administration

Capital assets. Potter County's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$86,369,222 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, roads, and bridges. The total increase in capital assets for the current fiscal year was approximately 14.9%.

Potter County's Capital Assets (net of depreciation)

	Governmental activities	
	2017	2016
Land	\$ 5,050,536	\$ 5,050,536
Buildings and improvements	50,276,151	48,326,602
Streets and bridges	9,336,624	9,536,678
Furniture and equipment	7,913,510	6,256,465
Construction in progress	13,792,401	4,511,173
Total	\$86,369,222	\$73,681,454

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

- Fire Station #5 remodeling had construction services of \$405,275
- Construction continued on the Law Enforcement Complex (\$9,958,614).
- New software was implemented for the County and District Clerks (\$808,800)

- New voting equipment was purchased (\$760,000).

Additional information on Potter County’s capital assets can be found in Note 5 on pages 32-33 of this report.

Long-term Debt. Potter County issued 7 year tax notes in the amount of \$5,625,000 for the purchase and implementation of a radio communication system. This issue, added to the \$24,445,000 outstanding from the 2012 General Obligation Refunding Bonds and 2016 Certificates of Obligation, gives Potter County a total outstanding bonded debt of \$28,170,000 at the end of fiscal year 2017. This amount is paid from ad valorem taxes.

Potter County’s Outstanding Debt

	Governmental activities	
	2017	2016
2012 Advanced General Obligation Refunding Bonds	\$ 1,075,000	\$2,975,000
2016 Certificates of Obligation	\$21,470,000	\$21,470,000
2017 Tax Notes	\$ 5,625,000	-
Total	\$28,170,000	\$24,445,000

Potter County’s total debt increased by \$3,725,000 during the current fiscal year. Potter County maintains an “AA” rating from Standard & Poor’s and an “Aa2” rating from Moody’s Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of the assessed valuation of real property. The current debt limitation for Potter County is \$337,967,208 which is significantly in excess of Potter County’s outstanding general obligation debt.

Additional information on Potter County’s long-term debt can be found in Note 8 on pages 34-35 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors currently affect Potter County and were considered in developing the 2017-2018 fiscal year budget.

The unemployment rate for Potter County is currently 2.9%, which is a slight decrease from a rate of 3.3% a year ago. Potter County continues to remain below the National average of 4.2% and the State average of 3.9%

Growth in the taxable assessed value used to budget for fiscal year 2018 was \$365,837,716 or 5.03% compared to fiscal year 2017.

Interest rates are expected to increase slightly throughout fiscal year 2018.

On the expenditure side, increases are expected in health insurance premiums, as well as pension and other employee benefit costs. Major capital projects anticipated include the implementation of a radio communication system (\$5.6M) and completing construction of the Sheriff’s administration and enforcement division facility, maintenance garage and storage building (\$21.5M). Potter County continues to purchase a catastrophic liability insurance policy to protect itself from unforeseen losses in excess of \$1 million.

At the end of the current fiscal year, the unassigned fund balance in the general fund was \$17,999,060.

Requests for Information

This financial report is designed to provide a general overview of Potter County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Potter County Auditor’s Office, 900 S. Polk, Suite 716, Amarillo, Texas 79101-3412.

BASIC FINANCIAL STATEMENTS

POTTER COUNTY, TEXAS

Statement of Net Position

September 30, 2017

	Governmental Activities
ASSETS:	
Pooled cash and cash equivalents	\$ 22,606,516
Investments	25,119,604
Receivables (net of allowance for uncollectibles)	
Taxes	893,478
Other	1,159,568
Fines, fees, and court costs	1,004,584
Prepaid expenses	1,030,202
Restricted assets:	
Pooled cash and cash equivalents	543,535
Investments	539,796
Accounts receivable	13,467
Capital assets not being depreciated	18,842,937
Capital assets (net of accumulated depreciation)	<u>67,526,285</u>
Total assets	139,279,972
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension	12,921,455
LIABILITIES:	
Accounts payable and other current liabilities	3,063,824
Unearned revenues	33,181
Accrued interest payable	142,348
Claims payable from restricted assets	339,314
Noncurrent liabilities	
Net other postemployment benefit liability	2,106,418
Due within one year	2,480,522
Due in more than one year	27,362,811
Net pension liability	<u>22,886,003</u>
Total liabilities	58,414,421
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	2,142,436
NET POSITION:	
Net investment in capital assets	67,558,894
Restricted for:	
Debt service	2,028,346
Insurance claims	757,484
Restricted for drug court programs	75,560
Restricted for preservation and restoration of County records	772,283
Restricted for continuing education of local law enforcement	9,923
Restricted for bail bond board	40,568
Restricted for victim assistance contributions	17,497
Restricted for state criminal alien assistance program	46,917
Restricted for other purposes	157,545
Unrestricted	<u>20,179,553</u>
Total net position	<u>\$ 91,644,570</u>

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

POTTER COUNTY, TEXAS
Statement of Activities
For the Year Ended September 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT				
Governmental activities				
General administrative	\$ 7,884,841	\$ 1,518,500	\$ 104,913	\$ -
Facilities maintenance	4,298,440	-	-	-
Election administration	684,434	704	25,224	-
Judicial	16,951,402	3,255,174	707,558	-
Public safety	10,816,396	726,530	1,048,984	-
Corrections and rehabilitation	15,739,324	255,596	249,610	-
Health and human services	660,817	20,773	152,160	-
Road and bridge	2,530,923	2,049,816	18,882	62,480
Interest on long term debt	469,663	-	-	-
Total governmental activities	<u>60,036,240</u>	<u>7,827,093</u>	<u>2,307,331</u>	<u>62,480</u>
TOTAL PRIMARY GOVERNMENT	\$ <u>60,036,240</u>	\$ <u>7,827,093</u>	\$ <u>2,307,331</u>	\$ <u>62,480</u>

General Revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for debt purposes
- Mixed drink tax
- Vehicle inventory tax
- Bingo tax proceeds
- Unrestricted investment earnings
- Total general revenues

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

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

Net (Expense) Revenue and Changes in Net Position	
Primary Government	
Governmental Activities	Total
\$ (6,261,428)	\$ (6,261,428)
(4,298,440)	(4,298,440)
(658,506)	(658,506)
(12,988,670)	(12,988,670)
(9,040,882)	(9,040,882)
(15,234,118)	(15,234,118)
(487,884)	(487,884)
(399,745)	(399,745)
(469,663)	(469,663)
<u>(49,839,336)</u>	<u>(49,839,336)</u>
<u>(49,839,336)</u>	<u>(49,839,336)</u>
45,341,155	45,341,155
2,905,570	2,905,570
598,081	598,081
47,609	47,609
222,251	222,251
652,937	652,937
<u>49,767,603</u>	<u>49,767,603</u>
(71,733)	(71,733)
<u>91,716,303</u>	<u>91,716,303</u>
<u>\$ 91,644,570</u>	<u>\$ 91,644,570</u>

POTTER COUNTY, TEXAS

Balance Sheet
Governmental Funds
September 30, 2017

	General Fund	Capital Projects Fund
ASSETS		
Pooled cash and cash equivalents	\$ 15,325,859	\$ 1,431,878
Investments	6,121,404	8,624,201
Receivables (net of allowances for uncollectibles)		
Taxes	839,535	
Other	994,643	
Fines, fees, and court costs	1,004,584	
Due from other funds	17,869	
Prepaid items	1,030,202	
Total assets	\$ 25,334,096	\$ 10,056,079
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable and other current liabilities	\$ 1,962,444	\$ 454,701
Due to other funds	21,483	57,000
Unearned revenues	33,181	
Total liabilities	2,017,108	511,701
Deferred inflows of resources:		
Unavailable revenue - property taxes	744,479	
Unavailable revenue - fines, fees and court costs	867,421	
Total deferred inflows of resources	1,611,900	-
Fund balances:		
Nonspendable fund balances:		
Prepaid items	1,030,202	
Restricted fund balances:		
Restricted for debt service		
Restricted for drug court programs	75,560	
Restricted for preservation and restoration of County records	271,570	
Restricted for continuing education of local law enforcement	9,923	
Restricted for bail bond board	40,568	
Restricted for victim assistance contributions	17,497	
Restricted for state criminal alien assistance program	46,917	
Restricted for capital projects		
Restricted for other purposes	115,691	
Committed fund balances:		
Committed for capital replacement expenditures	2,098,100	
Assigned fund balances:		
Capital project funds assigned for specific purposes		9,544,378
Special revenue funds assigned for specific purposes		
Unassigned fund balance	17,999,060	
Total fund balances	21,705,088	9,544,378
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 25,334,096	\$ 10,056,079

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

Sheriff Admin Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 663,007	\$ 5,185,772	\$ 22,606,516
9,565,981	808,018	25,119,604
	53,943	893,478
	164,925	1,159,568
		1,004,584
	134,963	152,832
		1,030,202
<u>\$ 10,228,988</u>	<u>\$ 6,347,621</u>	<u>\$ 51,966,784</u>
\$ 471,693	\$ 174,986	\$ 3,063,824
	74,349	152,832
		33,181
<u>471,693</u>	<u>249,335</u>	<u>3,249,837</u>
	47,835	792,314
		867,421
<u>-</u>	<u>47,835</u>	<u>1,659,735</u>
		1,030,202
	2,122,859	2,122,859
		75,560
	500,713	772,283
		9,923
		40,568
		17,497
		46,917
9,757,295		9,757,295
	41,854	157,545
		2,098,100
		9,544,378
	3,409,123	3,409,123
	(24,098)	17,974,962
<u>9,757,295</u>	<u>6,050,451</u>	<u>47,057,212</u>
<u>\$ 10,228,988</u>	<u>\$ 6,347,621</u>	<u>\$ 51,966,784</u>

POTTER COUNTY, TEXAS
 Reconciliation of the Balance Sheet of Governmental Funds
 To The Statement of Net Position
 September 30, 2017

Exhibit A-4

Total Fund Balances - Governmental Fund Balance Sheet	\$	47,057,212
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.</p>		86,369,222
<p>The due to/from amounts on the governmental funds balance sheet are eliminated on the statement of net position in the amount of \$152,832. This causes no change to the net position.</p>		-
<p>Internal service funds are used by management to account for the self-insurance fund of the government. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect is an increase to net position.</p>		757,484
<p>Certain assets, such as property taxes receivable and imposed fines receivable, are not available to pay for current-period expenditures and, therefore, are deferred inflows in the governmental funds. Unavailable revenue recognized in the government-wide financial statements results in a net increase to net position.</p>		1,659,735
<p>Long-term liabilities, including bonds payable, compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.</p>		(31,949,751)
<p>Payables for bond interest which are not due in the current period are not reported in the funds.</p>		(142,348)
<p>Included in the items related to debt is the recognition of the County's net pension liability in the amount of \$22,886,003, a deferred outflow of resources of \$12,921,455 and a deferred inflow of resources of \$2,142,436. The net effect is a decrease to net position.</p>		<u>(12,106,984)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u>91,644,570</u>

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

POTTER COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General Fund	Capital Projects Fund
REVENUES:		
Taxes	\$ 45,951,871	\$
License and fees	4,211,639	
Intergovernmental	2,017,797	
Fines and forfeitures	1,004,843	
Charges for services	1,174,942	
Investment earnings	347,401	80,098
Miscellaneous	90,587	
	<u>54,799,080</u>	<u>80,098</u>
Total revenues		
EXPENDITURES:		
Current:		
General administrative	6,506,765	19,500
Facilities maintenance	2,722,393	
Election administration	431,574	
Judicial	14,357,923	
Public safety	9,176,980	
Corrections and rehabilitation	14,363,358	
Health and human services	614,499	
Road and bridge	1,989,732	
Debt service:		
Principal		
Interest and fiscal charges		61,250
Capital outlay	661,365	5,433,708
	<u>50,824,589</u>	<u>5,514,458</u>
Total expenditures		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>3,974,491</u>	<u>(5,434,360)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of tax notes		5,625,000
Transfers in	-	1,500,000
Transfers out	(2,098,100)	
	<u>(2,098,100)</u>	<u>7,125,000</u>
Total other financing sources (uses)		
NET CHANGE IN FUND BALANCES	1,876,391	1,690,640
FUND BALANCES AT BEGINNING OF YEAR	<u>19,828,697</u>	<u>7,853,738</u>
FUND BALANCES AT END OF YEAR	<u>\$ 21,705,088</u>	<u>\$ 9,544,378</u>

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

Sheriff Admin Construction Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$
	2,902,217	48,854,088
	561,264	4,772,903
	734,037	2,751,834
		1,004,843
	5,436	1,180,378
172,376	41,636	641,511
	632,756	723,343
172,376	4,877,346	59,928,900
	28,128	6,554,393
		2,722,393
	112,632	544,206
	1,338,509	15,696,432
315,524	38,527	9,531,031
	307,399	14,670,757
		614,499
		1,989,732
	1,900,000	1,900,000
	908,327	969,577
9,643,089	748,904	16,487,066
9,958,613	5,382,426	71,680,086
(9,786,237)	(505,080)	(11,751,186)
		5,625,000
	598,100	2,098,100
	-	(2,098,100)
-	598,100	5,625,000
(9,786,237)	93,020	(6,126,186)
19,543,532	5,957,431	53,183,398
\$ 9,757,295	\$ 6,050,451	\$ 47,057,212

POTTER COUNTY, TEXAS
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

Net Change in Fund Balances - Total Government Funds	\$ (6,126,186)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>Current year capital outlay of \$16,487,066 are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. Non-capital equipment purchases of \$424,921 included in capital outlay is not capitalized. The net effect of including capital outlays subject to capitalization is to increase net position.</p>	16,062,145
<p>Assets donated to governmental entities by private parties are not recorded in the governmental fund financial statements, whereas in the government-wide financial statements are recorded as capital contributions.</p>	62,480
<p>Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of recording current year depreciation expense is to decrease net position.</p>	(3,362,865)
<p>The proceeds received from the current year dispositions of capital assets are revenues in the fund financial statements, but are shown as decreases in capital assets in the government-wide financial statements. The net effect of excluding sales proceeds from revenue and recording the current year loss on disposition of capital assets is to decrease net position.</p>	(73,992)
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. The current year decrease in revenue recognized in the government-wide financial statements results in a decrease in net position.</p>	(13,949)
<p>Current year long-term debt principal payments on long-term debt are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. This results in an increase in net position.</p>	1,900,000
<p>The net decrease in compensated absences payable is an increase to net position.</p>	295,504
<p>Internal service funds are used by management to charge the costs of self-insurance in individual funds. The change in net position of the internal service funds are included in governmental activities in the statement of activities. This results in a decrease to net position.</p>	(448,164)
<p>Bond premiums are recorded as other financing sources in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.</p>	75,380
<p>The net increase in the obligation for other postemployment benefits is a decrease to net position.</p>	(289,947)
<p>Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. This is a net decrease in accrual.</p>	424,534

POTTER COUNTY, TEXAS

Exhibit A-6

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of revenues. Contributions made after the measurement date caused the change in net position to increase in the amount of \$3,218,281. The County's share of the unrecognized deferred inflows and outflows for TCDRS as of the measurement date must be amortized and the County's pension expense must be recognized. These cause the change in net position to decrease in the amount of \$6,169,954. The net effect is a decrease in net position.

(2,951,673)

Issuance of bonds payable is reported as other financing sources in the fund financial statements but are shown as long-term liabilities in the government-wide financial statements.

(5,625,000)

Change in Net Position of Governmental Activities - Statement of Activities

\$ (71,733)

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

POTTER COUNTY, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2017

Exhibit A-7

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current assets:	
Restricted assets:	
Pooled cash and cash equivalents	\$ 543,535
Investments	539,796
Accounts receivable:	
Other	<u>13,467</u>
Total current assets	<u>1,096,798</u>
Total assets	1,096,798
LIABILITIES	
Current liabilities:	
Claims payable from restricted assets	<u>339,314</u>
Total current liabilities	339,314
Total liabilities	<u>339,314</u>
NET POSITION	
Restricted for insurance claims	<u>757,484</u>
Total net position	<u>\$ 757,484</u>

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

POTTER COUNTY, TEXAS
Statement of Revenues,
Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2017

Exhibit A-8

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Insurance premiums	\$ 5,931,421
Charges for services	183,057
Total operating revenues	6,114,478
OPERATING EXPENSES	
Claims	5,181,149
Premiums	602,899
Administrative expenses	788,900
Total operating expenses	6,572,948
OPERATING INCOME	(458,470)
NONOPERATING REVENUES	
Investment earnings	10,306
Total non-operating revenues	10,306
CHANGE IN NET POSITION	(448,164)
NET POSITION AT BEGINNING OF YEAR	1,205,648
NET POSITION AT END OF YEAR	\$ 757,484

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

POTTER COUNTY, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

Exhibit A-9

	<u>Governmental</u> <u>Activities</u> Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from participants	\$ 5,922,323
Cash received from recoveries and other	183,057
Cash payments for claims	(5,063,129)
Cash payments for administrative fees	(788,900)
Cash payments for insurance premiums	<u>(602,899)</u>
Net cash used in operating activities	<u>(349,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends	10,306
Sale of investments	<u>243,401</u>
Net cash provided by investing activities	<u>253,707</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(95,841)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>639,376</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 543,535</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ (458,470)
Net change in:	
Accounts receivable	(11,645)
Due from other funds	2,547
Claims payable	<u>118,020</u>
Total adjustments	<u>108,922</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (349,548)</u>

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

POTTER COUNTY, TEXAS
Statement of Fiduciary Net Position - Fiduciary Funds
September 30, 2017

Exhibit A-10

	<u>Agency Funds</u>
ASSETS	
Pooled cash and cash equivalents	\$ 6,878,993
Accounts receivable:	
Other	<u>82,816</u>
Total assets	<u>\$ 6,961,809</u>
LIABILITIES	
Accounts payable and other current liabilities	\$ 569,180
Due to other governments	3,074,094
Due to trust beneficiaries	3,105,503
Due to other entities	<u>213,032</u>
Total liabilities	<u>\$ 6,961,809</u>

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

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies

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

A. Reporting Entity

Potter County, Texas is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general administration, tax and recording (e.g. tax collection), judicial (courts, juries, etc), legal (district attorney, county attorney, etc) public safety (sheriff, jail, etc), transportation, facilities, and public service (e.g. rural fire protection and emergency management).

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, as amended, "The Financial Reporting Entity," include whether:

1. the organization is legally separate (can sue and be sued in its name)
2. the County holds the corporate powers of the organization
3. the County appoints a voting majority of the organization's board
4. the County is able to impose its will on the organization
5. the organization has the potential to impose a financial benefit/burden on the County
6. there is fiscal dependency by the organization on the County
7. the exclusion of the organization would result in misleading or incomplete financial statements

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14, as amended, requires inclusion of such an organization as a component unit when 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units or its constituents; 2) the County or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the County.

Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

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

Basis of Presentation

Government-wide financial statements. The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities; however, inter-fund services provided and used are not eliminated in the process of consolidation. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

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

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

Governmental Fund Types:

The County reports the following major governmental funds:

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

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

Sheriff Admin Construction Fund. This fund accounts for financial resources to be used to provide funds to construct sheriff administrative, enforcement and maintenance facilities.

In addition, the County reports the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary Fund Types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. The internal service fund is used to account for the provision of health insurance to employees of the County. The general fund is contingently liable for liabilities of this fund. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Fiduciary Fund Types:

Agency Funds: These funds are used to report funds of the County's fee offices and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Fees are generated and retained by the fee offices until notification is received to disburse funds to the proper individual or entity. Fees generated include fines, restitution, bail bond deposits, and inmate trust funds.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Revenues from local sources consist primarily of property taxes. Property taxes revenue and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expenses for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Deferred Inflows/Outflows of Revenues, and Net Position or Equity

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available 1) when they become due or past due and receivable within the current period and 2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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

The County bills and collects its own property taxes and those of the Amarillo College District, the City of Amarillo, Amarillo Independent School District (AISD), River Road Independent School District, Highland Park Independent School District, the Village of Bishop Hills, and Underground Water Conversation District which fall within the boundaries of Potter County. The County is the only entity controlled by the Commissioners' Court; the County acts only as an intermediary in the collection and distribution of property taxes to the other entities.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of nonspendable fund balance which indicates they do not represent "available spendable resources".

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

In the case of the initial capitalization of general infrastructure assets (i.e., streets and bridges), the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the County constructs or acquires additional capital assets each year, including infrastructure assets, they are capitalized and reported at historical cost.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Deferred Inflows and Outflows of Revenues, and Net Position or Equity (continued)

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

Buildings and Improvements	40 years
Furniture and Fixtures	5 years
General Equipment	5 years
Trucks	15 years
Cars	5 years
Computer Hardware	5 years
Streets	15-25 years
Bridges	50 years

Receivables and Payable Balances

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue.

The County expects to collect the following amounts net of deferral in one year:

1. Taxes receivable of \$893,478
2. Fines receivable of \$1,004,584

Compensated Absences

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

1. Leave or compensation is attributable to services already rendered
2. Leave or compensation is not contingent on specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities are expected to be expensed using available financial resources. Compensated absences are accrued as long-term debt in the government-wide statements.

Upon termination from the County employment, an employee shall be entitled to payment for total accrued but unused days of vacation not accumulated beyond two years. Comp time earned, but not taken, is paid at termination, but cannot accumulate beyond 100 hours per eligible employee. Sick leave accrues at one day per month with no maximum limit, but compensation is paid only for an illness-related absence. Unused sick leave is non-vesting and will not be paid on termination, thus vacation and comp time are the only accrued compensation liabilities recorded.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Assets limited as to use or restricted

Resources are set aside for the terms of bond agreements or self insurance arrangements.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Deferred Inflows and Outflows of Revenues and Net Position or Equity (continued)

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

Deferred Outflows/Inflows of Resources

The County reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in current period. Deferred inflows of resources also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources for the difference between projected and actual earnings for its pension plan and contributions made to the pension plan after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources for the differences between expected and actual experience related to its pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned Revenue

The County reports unearned revenue when potential revenue is received before it has legally been earned according to revenue recognition principles.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Revenues and Net Position or Equity (continued)

Legally adopted budgets

All governmental funds have legally adopted budgets except for the following:

1. District Attorney Crime Victim
2. Sheriff Office Commissary

Pensions

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

Fair Value Measurements

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the County defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

Cash Deposits

At September 30, 2017, the carrying amount of the County’s deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$30,029,044 and the bank balance was \$27,827,394. The County’s cash deposits at September 30, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the County’s bank in the County’s name.

The County’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County’s agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Note 2: Deposits and Investments

Investments

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

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

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

The County’s investments at September 30, 2017 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>	<u>Rating</u>
TexPool	37	\$ 4,842,417	AAAm
TexPool Prime	51	5,081,268	AAAm
Texas Class	29	15,735,715	AAAm
Total investments		<u>\$ 25,659,400</u>	

Various certificates of deposit were purchased under the Certificate of Deposit Account Registry Service through a commercial banking institution. All certificates of deposit purchased under this program were entirely covered by FDIC insurance.

The County has investments with the following public funds investment pools as of September 30, 2017:

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 2: Deposits and Investments (continued)

Texas Local Government Investment Pool (TexPool & TexPool Prime) – Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of TexPool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office.

Texas CLASS was created as an investment pool for its participants pursuant to Section 2256 of the Public Funds Investment Act, Texas Government Code. The fund is administered by MBIA Municipal Investors Service Corporation and Wells Fargo Bank Texas, NA is the Custodian.

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end:

A. Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 365 days. The maximum allowable stated maturity of any individual investment owned by the County shall not exceed three years.

B. Credit Risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

C. Concentration of Credit Risk

The County’s investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

D. Investment Accounting Policy

The County’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 2: Deposits and Investments (continued)

E. Public Funds Investment Pools:

Public funds investment pools in Texas (the pool) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, to maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service and to maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule of 195 2a7 of the Investment Company Act of 1940.

Note 3: Receivables

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental		Proprietary	Fiduciary
	General Fund	Other Governmental Funds	Internal Service	Agency
Receivables				
Taxes	\$ 1,820,207	\$ 116,955	\$	\$
Fines, fees, and court costs	34,374,672			
Other	994,643	164,925	13,467	82,816
Total gross receivables	37,189,522	281,880	13,467	82,816
Less: Allowance for uncollectibles				
Taxes	(980,672)	(63,012)		
Fines, fees, and court costs	(33,370,088)			
Net total receivables	\$ 2,838,762	\$ 218,868	\$ 13,467	\$ 82,816

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 4: Commitments Under Noncapitalized Leases

The County leases copiers from Tascosa Office Machines, Inc. for a term of five years beginning April 25, 2015 and ending April 25, 2020. The minimum lease amount is \$89,550.

Future minimum rental payments applicable to these operating leases are as follows:

<u>Year Ending September 30,</u>	
2018	\$ 89,550
2019	89,550
2020	<u>52,238</u>
Total minimum rental	<u>\$ 231,338</u>
Rental expenditures in 2017	<u>\$ 128,109</u>

Note 5: Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 5,050,536	\$ -	\$ -	\$ 5,050,536
Construction in progress	<u>4,511,173</u>	<u>14,149,118</u>	<u>(4,867,890)</u>	<u>13,792,401</u>
Total capital assets not being depreciated	9,561,709	14,149,118	(4,867,890)	18,842,937
Capital assets being depreciated				
Streets and bridges	35,950,861	62,480	-	36,013,341
Buildings and improvements	77,929,377	3,676,456	-	81,605,833
Furniture and equipment	<u>16,594,920</u>	<u>3,104,461</u>	<u>(490,864)</u>	<u>19,208,517</u>
Total capital assets being depreciated	130,475,158	6,843,397	(490,864)	136,827,691
Less accumulated depreciation for:				
Streets and bridges	(26,414,183)	(262,534)	-	(26,676,717)
Buildings and improvements	(29,602,775)	(1,726,907)	-	(31,329,682)
Furniture and equipment	<u>(10,338,455)</u>	<u>(1,373,424)</u>	<u>416,872</u>	<u>(11,295,007)</u>
Total accumulated depreciation	(66,355,413)	(3,362,865)	416,872	(69,301,406)
Total capital assets being depreciated, net	<u>64,119,745</u>	<u>3,480,532</u>	<u>(73,992)</u>	<u>67,526,285</u>
Governmental activities capital assets, net	<u>\$ 73,681,454</u>	<u>\$ 17,629,650</u>	<u>\$ (4,941,882)</u>	<u>\$ 86,369,222</u>

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 5: Capital Assets (continued)

Depreciation was charged to functions as follows:

General administrative	\$ 628,373
Road and bridge	427,899
Facilities maintenance	1,436,354
Judicial	108,313
Public safety	552,352
Correctional	<u>209,574</u>
Total depreciation expense	<u>\$ 3,362,865</u>

Note 6: Interfund Balances and Activity

Due to and from Other Funds

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances due to and due from other funds at September 30, 2017, consisted of the following:

<u>Due to fund</u>	<u>Due from fund</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Nonmajor governmental funds	\$ 17,869	Short-term loans
Nonmajor governmental funds	Capital projects fund	57,000	Short-term loans
Nonmajor governmental funds	General fund	21,483	Short-term loans
Nonmajor governmental funds	Nonmajor governmental fund	<u>56,480</u>	Short-term loans
	Total	<u>\$ 152,832</u>	

Transfers to and from Other Funds

Transfers to and from other funds at September 30, 2017, consisted of the following:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Nonmajor governmental funds	\$ 2,098,100	Supplemental fund sources
	Total	<u>\$ 2,098,100</u>	

The General Fund transferred \$1,500,000 to the Capital Projects Fund for architect fees and consultant and to build fund balance to reduce amount necessary to borrow. The General Fund transferred \$550,000 to Courthouse Security Fund for operational expenditures. The General Fund also transferred \$48,100 to the Auto Burglary and Theft Prevention Authority Grants Fund to provide required cash match for the grant.

Note 7: Risk Management

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers compensation. The County carries commercial insurance in order to manage the above listed risks. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 8: Long-Term Obligations

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

Bonds

The County issued Certificates of Obligation, Series 2003 to provide funds for the acquisition and construction of major capital facilities.

The County issued General Obligation Refunding bonds, Series 2012 to refund the Certificates of Obligation, Series 2003 in order to restructure the County's debt service and to pay costs related to the issuance of the bonds. The proceeds were used to refund \$7,770,000 of the outstanding bonds. The refunding bonds were issued with a premium of \$306,365 which is being amortized over the life of the Series 2012 bonds.

The County issued Certificates of Obligation, Series 2016 to provide funds to construct sheriff administrative, enforcement and maintenance facilities. The Certificates were issued with a premium of \$405,189, which is being amortized over the life of the Certificates.

The County issued Tax notes, Series 2017 for the purpose of paying contractual obligations to be incurred for the purchase of equipment for an emergency radio system.

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

The following are general obligation bond issues outstanding at September 30, 2017:

	Interest rates	Date of issue	Date of Maturity	Bonds Outstanding
General obligation, Series 2012 refunding bonds	2.00 - 3.00	2012	2018	\$ 1,075,000
Certificates of obligation, Series 2016	1.25 - 3.00	2016	2036	21,470,000
Tax notes, Series 2017	1.91	2017	2024	<u>5,625,000</u>
Total general obligations debt				<u>\$ 28,170,000</u>

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 2,150,000	\$ 722,429	\$ 2,872,429
2019	1,775,000	674,224	2,449,224
2020	1,805,000	644,955	2,449,955
2021	1,835,000	609,346	2,444,346
2022	1,870,000	566,023	2,436,023
2023 - 2027	7,120,000	2,183,472	9,303,472
2028 - 2032	6,070,000	1,297,650	7,367,650
2033 - 2036	<u>5,545,000</u>	<u>338,925</u>	<u>5,883,925</u>
Totals	<u>\$ 28,170,000</u>	<u>\$ 7,037,024</u>	<u>\$ 35,207,024</u>

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 8: Long-Term Obligations (continued)

Compensated Absences

The cost of the County's liability for compensated absences is calculated at the end of the fiscal year based on the employee's pay rate and the accumulated vacation hours earned but not taken. Typically, the General Fund has been used to liquidate the liability for compensated absences.

OPEB Liability

The OPEB liability is estimated using the actuarial methods and assumptions as further described in Note 14. Typically, the General Fund has been used to liquidate the OPEB liability.

Long-Term Obligation Activity

Long-Term Obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended September 30, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligations bonds	\$ 2,975,000	\$ -	\$ 1,900,000	\$ 1,075,000	\$ 1,075,000
Certificate of obligation	21,470,000	-	-	21,470,000	900,000
Tax Notes	-	5,625,000	-	5,625,000	175,000
Total bonds payable	24,445,000	5,625,000	1,900,000	28,170,000	2,150,000
Compensated absences	1,571,214	1,254,010	1,549,514	1,275,710	255,142
Net pension liability	22,773,420	112,583	-	22,886,003	-
OPEB liability	1,816,471	382,720	92,773	2,106,418	-
Unamortized bond premium	473,003	-	75,380	397,623	75,380
Total Governmental Activities	\$ 51,079,108	\$ 7,374,313	\$ 3,617,667	\$ 54,835,754	\$ 2,480,522

Note 9: Pension Plan

Plan Description

Plan Description. The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of 738 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or at <https://www.tcdrs.org>.

Benefits Provided

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 20 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 9: Pension Plan (continued)

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the County's Board within certain guidelines.

Benefits Provided (continued)

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

Inactive employees or beneficiaries currently receiving benefits	346
Inactive employees entitled to but not yet receiving benefits	258
Active employees	582
	1,186

Contributions

The County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

	<u>Contribution Rates</u>	
	<u>2016</u>	<u>2017</u>
Member	7.0%	7.0%
Employers	13.79%	14.33%
Employer Contributions		\$ 4,074,113
Member Contributions		\$ 2,068,086

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.0 years
Asset Valuation Method	5 year smoothed market
Discount Rate	8.10%
Long-term expected Investment Rate of Return*	8.10%
Salary Increases*	4.90%, average
Payroll Growth Rate	3.50%

*Includes Inflation of 3%

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 9: Pension Plan (continued)

Except for the mortality assumptions, the actuarial assumptions were developed from an actuarial experience investigation of TCDRS over the years 2009 - 2012. Assumptions were recommended by Milliman, Inc., adopted by the TCDRS Board of Trustees in 2013 and first used in the December 31, 2013 actuarial valuation. The mortality assumptions were developed by Milliman, Inc. and adopted by the TCDRS Board of Trustees in 2015, and first used in the December 31, 2015 actuarial valuation.

There were no changes in assumptions reflected in the December 31, 2016 actuarial valuation, but there were changes in methods.

The asset valuation method for the December 31, 2016 actuarial valuation is to smooth each year's actuarial investment gains and losses. First, to the extent that there is a loss for the year and there are unrecognized gains from previous years, or to the extent that there is a gain for the year and there are unrecognized losses from previous years, the gain or loss for the year shall be used to offset unrecognized gains or losses from previous years in the order of the oldest to most recent. Any remaining gain or loss for the year is recognized over a five-year period. For the prior valuation, there was no offsetting of unrecognized gains and unrecognized losses, and all asset gains and losses for a year were recognized over a five-year period.

There was also a change in how extra plan contributions are treated effective with the December 31, 2016 actuarial valuation. For the current valuation, if extra lump-sum contributions are made to a plan during the year, the extra contributions are used to offset the unfunded actuarial accrued liability increase, if any, related to plan changes elected during the current year. Extra contributions over the required amount due to an elected rate and any remaining lump-sum contribution amounts are then used to pay down existing loss bases, in the order of the oldest to the most recent. For the prior valuation, extra contributions were first used to offset increases to the unfunded actuarial accrued liability, if any, related to plan changes elected during the year. Any remaining extra contributions were then incorporated into the actuarial gains or losses for the current year.

Refer to the most recent CAFR issued by TCDRS for a complete discussion of all assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used, we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under our funding policy and the legal requirements under the TCDRS Act:

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 9: Pension Plan (continued)

Discount Rate (continued)

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 2017 information for a 7 – 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is based on a 30-year time horizon; the most recent analysis was performed in 2013 based on the period January 1, 2009 – December 31, 2013. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index [3]	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging	MSCI World Ex USA (net)	7.00%	5.70%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Lending	Cambridge Associates Distressed Securities Index [4]	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index [5]	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

^[1] Target asset allocation adopted at the April 2017 TCDRS Board meeting.

^[2] Geometric real rates of return in addition to assumed inflation of 2.0%, per Cliffwater's 2017 capital market assumptions.

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

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

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

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 9: Pension Plan (continued)

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

At September 30, 2017, the County reported a net pension liability of \$22,886,003 measured at December 31, 2016. For the year ended September 30, 2017, the District recognized pension expense of \$92,410.

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

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

Changes in the net pension liability for the year ended December 31, 2016 are as follows:

<u>Changes in Net Pension Liability / (Asset)</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2015	\$ 162,652,206	\$ 139,878,786	\$ 22,773,420
Changes for the year:			
Service Cost	4,352,352	-	4,352,352
Interest on total pension liability (1)	13,037,017	-	13,037,017
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(1,265,495)	-	(1,265,495)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(590,251)	(590,251)	-
Benefit payments	(7,232,419)	(7,232,419)	-
Administrative expense	-	(112,476)	112,476
Member contributions	-	2,068,086	(2,068,086)
Net investment income	-	10,342,613	(10,342,613)
Employer contributions	-	4,074,113	(4,074,113)
Other (3)	-	(361,045)	361,045
Net changes	8,301,204	8,188,621	112,583
Balance at December 31, 2016	\$ 170,953,410	\$ 148,067,407	\$ 22,886,003

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

(2) No plan changes valued.

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

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 9: Pension Plan (continued)

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (7.10%)	Current Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Net pension liability	\$ 45,052,994	\$ 22,886,003	\$ 4,442,303

At December 31, 2016 the County reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 2,142,436	\$ -
Changes in actuarial assumptions	-	950,296
Difference between projected and actual investment earnings	-	8,752,878
Contributions subsequent to the measurement date	-	3,218,281
Total	\$ 2,142,436	\$ 12,921,455

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended September 30:	Pension Expense Amount
2018	\$ 2,647,280
2019	2,647,280
2020	2,338,787
2021	(72,609)
	\$ 7,560,738

Note 10: Health Care Coverage

The County has established the Health and Life Insurance Fund (an internal service fund) to account for its health and life program. The purpose of this fund is to finance and pay for the uninsured medical claims of the County employees and their covered dependents according to the plan document and minimize the total costs of insurance to the County and its employees. Dependent coverage is funded by charges to employees. The County contributed \$763 per month, per employee. The County's liability is limited to \$125,000 per covered person per year and an aggregate limit of \$5,726,952 per year under the present plan. The County has obtained stop loss insurance through a private insurance carrier for claims in excess of the above coverage. The County's third party administrator processes all the claims and bills the County weekly for processed claims that are within the coverage of the fund. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 10: Health Care Coverage (continued)

The premium amounts were based on calculations by the insurance carrier using experience factors to estimate what would be needed to cover claims and to establish a reserve for losses. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Changes in the County's claims liability amount were:

For the Year Ended	Beginning Balance	Claims and Changes In Estimates	Claims Payments	Ending Balance
September 30, 2015	\$ 438,464	\$ 4,037,555	\$ (4,246,439)	\$ 229,580
September 30, 2016	229,580	4,106,617	(4,114,903)	221,294
September 30, 2017	221,294	5,181,149	(5,063,129)	339,314

100% of claims and judgments are due within one year of September 30, 2017. The risk of loss on the life insurance program is completely carried by the insurance carrier and is included in this fund only for administrative purposes.

Note 11: Contingencies

Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Litigation

The County Attorney has indicated that there are various lawsuits filed and pending against the County but in his opinion none will result in a material effect on the County's financial position.

Note 12: Fund Balance

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. *Restricted* fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action, such as a resolution, of the Commissioners' Court (the County's highest level of decision-making authority).
4. *Assigned* fund balance classification includes amounts intended to be used by the County for specific purposes but does not meet the criteria to be classified as restricted or committed.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 12: Fund Balance (continued)

5. *Unassigned* fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. The County's general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Nonspendable Fund Balance

At September 30, 2017, the nonspendable fund balance is composed of the following:

Prepaid items	\$ 1,030,202
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Restricted Fund Balance

At September 30, 2017, the restricted fund balance is composed of the following:

Debt service	\$ 2,122,859
Sheriff Administration	9,757,295
Drug court programs	75,560
Preservation and restoration of County records	772,283
Continuing education of local law enforcement	9,923
Bail bond board	40,568
Victim assistance contributions	17,497
State criminal alien assistance program	46,917
Other purposes	157,545

Committed Fund Balance

The County's committed fund balance is the portion of the fund balance that may only be established and modified by a formal action of the Commissioners' Court. At September 30, 2017, the following amount of fund balance is committed by a formal action of the Commissioners' Court:

Capital replacement expenditures	\$ 2,098,100
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Assigned Fund Balance

Pursuant to the County's adopted fund balance policy in accordance with GASB 54, the Commissioners' Court has delegated the authority to assign fund balance for specific purposes to the County Auditor and County Judge when it has been determined to be appropriate for fund balance to be assigned. At September 30, 2017, the following amounts of fund balance have been assigned:

Other capital projects	\$9,544,378
Court security	29,218
Records management	172,232
Election administration	216,798
Technology	174,509
Forfeiture funds	1,737,842
Sheriff office commissary	575,301
Hot check funds	206,375
Other purposes	296,848

Order of Fund Balance Spending Policy

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: 1) Restricted; 2) Committed; 3) Assigned; and 4) Unassigned.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 12: Fund Balance (continued)

Minimum Fund Balance Policy

The County's financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The County shall strive to maintain a yearly fund balance in the general operating fund in which the total unassigned fund balance is not less than 25% of the total operating expenditures.

Note 13: Joint Venture

The Amarillo-Potter Events Venue District is a joint venture between Potter County and the City of Amarillo that was established as provided in Chapter 335 of the Texas Local Government Code. The seven member board of directors consists of three directors appointed by the County Judge and four directors appointed by the City Mayor. The amount of control exercised by each government is limited to its representation on the board.

The District operates certain facilities to be used for special events in the area. General operations are funded by user charges and typically require support for major improvements only.

The District has issued bonds under concurrent resolutions by the City Commission of the City of Amarillo and the Commissioners' Court of Potter County. These bonds were issued primarily for the construction of facilities. Debt service is secured by a 2% hotel occupancy tax and a 5% car rental tax. Additional security is provided by the City of Amarillo's pledge of its 7% hotel occupancy tax.

Due to the nature of the joint venture, none of the assets and liabilities have been reported by the County. The District is reported as a component unit by the City of Amarillo.

Note 14: Other Postemployment Benefits

Plan Description

The County provides postretirement benefits for employees who meet certain eligibility requirements through a single employer defined benefit plan. A separate audit report for the benefit plan is not available. For the year ended September 30, 2016, retirement eligibility criteria was the attainment of age 60 and 8 continuous years of service, 20 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Retirement benefits include eligibility to continue participation in the County's partially self-funded health insurance plan up to age 65.

Funding Policy

The contribution requirements of plan members and the County are established and may be amended by the Commissioners' Court. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the legislature. For fiscal year 2017, the County paid claims of \$209,933 for retirees receiving medical benefits under the plan. The County does not make a premium contribution for retirees, as the retirees are only eligible to continue participation in the plan, but must contribute 100% of the plan premium. Plan members receiving benefits contributed \$180,022 through their required contribution of \$833 per month for retiree-only coverage and \$1,027 for retiree and spouse coverage.

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 14: Other Postemployment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$	435,758
Interest on net OPEB obligation		72,659
Adjustment to annual required contribution		<u>(125,697)</u>
Annual OPEB cost (expense)		382,720
Contributions made		<u>(92,773)</u>
Increase in net OPEB obligation		289,947
Net OPEB obligation - beginning of year		<u>1,816,471</u>
Net OPEB obligation - end of year	\$	<u><u>2,106,418</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

For the Year Ended	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2015	\$ 383,530	20.8 %	1,561,611
September 30, 2016	375,760	32.2	1,816,471
September 30, 2017	382,720	24.2	2,106,418

Funded Status and Funding Progress

The funded status of the plan, under GASB Statement No. 45 as of October 1, 2016 (most recent actuarial valuation) is as follows:

Actuarial Valuation Date as of October 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
2014	\$ -	\$ 3,522,945	\$ 3,522,945	0.0%	\$ 28,296,592	12.5%
2015	-	3,522,945	3,522,945	0.0%	28,706,709	12.3%
2016	-	3,645,734	3,645,734	0.0%	29,544,082	12.3%

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 14: Other Postemployment Benefits (continued)

Funded Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the October 1, 2016 actuarial valuation, the most recent actuarial valuation date, the following significant methods and assumptions were used:

Actuarial cost method	Entry age normal actuarial cost method
Amortization method	Level dollar, closed
Amortization period	22 years
Asset valuation method	N/A
Discount rate for valuing liabilities	4.0 %
Projected salary increases	N/A
Inflation rate	2.3 %
Health care cost trend rate	7.4 %
Ultimate health care cost trend rate	4.1 %
Year ultimate health care cost trend rate reached	2073

The projected future benefit payments are as follows:

<u>Year Ended September 30,</u>	<u>Payments</u>
2018	\$ 134,848
2019	152,890
2020	171,008
2021	161,044
2022	190,353
2023 to 2027	1,139,900
2028 to 2032	1,486,724
2033 to 2037	1,644,897
2038 to 2040	1,066,505

POTTER COUNTY, TEXAS
Notes to Basic Financial Statements
September 30, 2017

Note 15: Unearned Revenues and Deferred Inflows of Resources

Unearned revenues reported on the Balance Sheet-Governmental Funds consisted of the following at year-end:

Description	Fund	Deferred Amount
County Attorney Seizures	General	\$ 33,181

Deferred inflows of resources reported on the Balance Sheet-Governmental Funds consisted of the following at year-end:

Description	Fund	Deferred Amount
Property taxes	General	\$ 744,479
Property taxes	Series 2012 Refunding Bond	31,918
Property taxes	Series 2016 Certificate of obligation	15,917
Fines, fees and court costs	General	867,421
		<u>\$ 1,659,735</u>

Note 16: Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and RSI about their OPEB liabilities. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017.

The County will fully analyze the impact of this new Statement prior to the effective dates for the Statement listed above.

REQUIRED SUPPLEMENTARY INFORMATION

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

POTTER COUNTY, TEXAS
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

	2017			Variance from Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 46,252,451	\$ 46,252,451	\$ 45,951,871	\$ (300,580)
License and fees	4,385,700	4,385,700	4,211,639	(174,061)
Intergovernmental	1,949,590	2,050,425	2,017,797	(32,628)
Fines and forfeitures	1,186,300	1,186,300	1,004,843	(181,457)
Rents and recoveries	531,400	714,264	1,174,942	460,678
Investment earnings	150,000	150,000	347,401	197,401
Miscellaneous	51,500	72,055	90,587	18,532
Total revenues	54,506,941	54,811,195	54,799,080	(12,115)
EXPENDITURES				
General administrative				
Current:				
County judge				
Salaries and fringe benefits	228,447	228,447	227,135	1,312
Travel	2,000	2,000	770	1,230
Contract services	1,000	1,000	-	-
General operations	3,800	3,800	3,519	281
Equipment/vehicle maintenance	800	800	625	175
	<u>236,047</u>	<u>236,047</u>	<u>232,049</u>	<u>3,998</u>
County commissioners				
Salaries and fringe benefits	227,192	227,192	206,853	20,339
Travel	12,000	12,000	4,498	7,502
General operations	4,700	4,700	3,664	1,036
	<u>243,892</u>	<u>243,892</u>	<u>215,015</u>	<u>28,877</u>
Human resources				
Salaries and fringe benefits	259,582	259,582	257,661	1,921
Travel	3,000	3,000	0	3,000
Contract services	-	2,163	592	1,571
General operations	4,630	4,630	2,726	1,904
Equipment/vehicle maintenance	3,500	3,500	3,287	213
	<u>270,712</u>	<u>272,875</u>	<u>264,266</u>	<u>8,609</u>
Information technology				
Salaries and fringe benefits	777,061	777,061	699,827	77,234
Travel	20,000	20,000	16,238	3,762
Contract services	620,471	204,836	193,419	11,417
General operations	303,847	309,415	282,316	27,099
Equipment/vehicle maintenance	1,360	1,360	1,157	203
	<u>1,722,739</u>	<u>1,312,672</u>	<u>1,192,957</u>	<u>119,715</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
Information and records management				
Salaries and fringe benefits	\$ 477,831	\$ 477,831	\$ 473,988	\$ 3,843
Travel and uniforms	4,048	4,048	2,505	1,543
Contract services	6,000	6,000	2,938	3,062
General operations	29,325	29,325	16,067	13,258
Equipment/vehicle maintenance	2,000	2,000	528	1,472
	<u>519,204</u>	<u>519,204</u>	<u>496,026</u>	<u>23,178</u>
General administrative				
Salaries and fringe benefits	30,000	30,000	2,328	27,672
Contract services	535,000	535,000	516,874	18,126
General operations	33,000	33,000	26,255	6,745
Equipment/vehicle maintenance	115,000	72,025	28,067	43,958
Miscellaneous	1,188,565	941,285	834,400	106,885
	<u>1,901,565</u>	<u>1,611,310</u>	<u>1,407,924</u>	<u>203,386</u>
County auditor				
Salaries and fringe benefits	525,378	525,378	509,947	15,431
Travel	10,000	10,000	3,153	6,847
Contract services	61,000	116,056	102,425	13,631
General operations	8,300	7,875	5,068	2,807
Equipment/vehicle maintenance	1,200	1,625	1,621	4
	<u>605,878</u>	<u>660,934</u>	<u>622,214</u>	<u>38,720</u>
County treasurer				
Salaries and fringe benefits	218,658	218,658	217,618	1,040
Travel	5,000	5,000	4,754	246
General operations	11,250	11,250	5,241	6,009
Equipment/vehicle maintenance	1,000	1,000	546	454
	<u>235,908</u>	<u>235,908</u>	<u>228,159</u>	<u>7,749</u>
Purchasing agent				
Salaries and fringe benefits	423,416	423,416	409,707	13,709
Travel	15,000	15,000	12,027	2,973
General operations	11,800	11,800	7,430	4,370
Equipment/vehicle maintenance	6,000	6,000	4,295	1,705
	<u>456,216</u>	<u>456,216</u>	<u>433,459</u>	<u>22,757</u>
Collections				
Salaries and fringe benefits	187,986	187,986	173,247	14,739
Travel	2,500	2,500	1,707	793
Contract services	-	3,745	3,600	145
General operations	17,650	17,650	14,988	2,662
Equipment/vehicle maintenance	1,500	1,500	1,067	433
	<u>209,636</u>	<u>213,381</u>	<u>194,609</u>	<u>18,772</u>

POTTER COUNTY, TEXAS
General Fund
Budgetary Comparison Schedule - continued
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
Tax assessor/collector				
Salaries and fringe benefits	\$ 1,198,511	\$ 1,198,511	\$ 1,075,627	\$ 122,884
Travel	9,000	9,000	5,721	3,279
Contract services	23,000	64,837	60,140	4,697
General operations	114,000	114,000	74,724	39,276
Equipment/vehicle maintenance	4,200	4,200	3,875	325
	<u>1,348,711</u>	<u>1,390,548</u>	<u>1,220,087</u>	<u>170,461</u>
Total general administrative	<u>7,750,508</u>	<u>7,152,987</u>	<u>6,506,765</u>	<u>646,222</u>
Facilities maintenance				
Facilities maintenance department				
Salaries and fringe benefits	1,534,544	1,534,544	1,433,025	101,519
Travel	23,740	23,740	15,907	7,833
General operations	83,377	83,377	66,536	16,841
Equipment/vehicle maintenance	26,880	26,880	11,626	15,254
	<u>1,668,541</u>	<u>1,668,541</u>	<u>1,527,094</u>	<u>141,447</u>
Courthouse				
Building repair/maintenance	251,890	251,890	226,207	25,683
	<u>251,890</u>	<u>251,890</u>	<u>226,207</u>	<u>25,683</u>
Courts building				
General operations	2,650	2,650	-	2,650
Building repair/maintenance	275,925	275,925	207,871	68,054
	<u>278,575</u>	<u>278,575</u>	<u>207,871</u>	<u>70,704</u>
Library building				
Building repair/maintenance	10,100	10,100	7,500	2,600
	<u>10,100</u>	<u>10,100</u>	<u>7,500</u>	<u>2,600</u>
Extension service building				
Building repair/maintenance	16,950	48,625	43,383	5,242
	<u>16,950</u>	<u>48,625</u>	<u>43,383</u>	<u>5,242</u>
Santa Fe building				
Building repair/maintenance	515,884	797,275	670,960	126,315
	<u>515,884</u>	<u>797,275</u>	<u>670,960</u>	<u>126,315</u>
Lease Building				
Building repair/maintenance	-	12,381	1,792	10,589
	<u>-</u>	<u>12,381</u>	<u>1,792</u>	<u>10,589</u>
Baseball Stadium				
Building repair/maintenance	12,000	12,000	2,978	9,022
	<u>12,000</u>	<u>12,000</u>	<u>2,978</u>	<u>9,022</u>

POTTER COUNTY, TEXAS
 General Fund
 Budgetary Comparison Schedule - continued
 For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
JP#3 Office				
Building repair/maintenance	\$ 14,750	\$ 14,750	\$ 10,582	\$ 4,168
	<u>14,750</u>	<u>14,750</u>	<u>10,582</u>	<u>4,168</u>
Bowie Annex				
Building repair/maintenance	30,000	30,000	17,741	12,259
	<u>30,000</u>	<u>30,000</u>	<u>17,741</u>	<u>12,259</u>
West 6th Street Annex				
Building repair/maintenance	10,850	10,850	6,285	4,565
	<u>10,850</u>	<u>10,850</u>	<u>6,285</u>	<u>4,565</u>
Total facilities maintenance	<u>2,809,540</u>	<u>3,134,987</u>	<u>2,722,393</u>	<u>412,594</u>
Election administration				
Elections				
Salaries and fringe benefits	359,041	359,041	318,926	40,115
Travel	4,400	5,200	5,184	16.00
Contract services	46,300	45,500	41,749	3,751
General operations	81,600	92,671	63,750	28,921
Equipment/vehicle maintenance	2,800	2,800	1,965	835
	<u>494,141</u>	<u>505,212</u>	<u>431,574</u>	<u>73,638</u>
Total election administration	<u>494,141</u>	<u>505,212</u>	<u>431,574</u>	<u>73,638</u>
Judicial				
County clerk				
Salaries and fringe benefits	901,762	901,762	818,121	83,641
Travel	6,000	6,000	2,768	3,232
Contract services	-	164,609	155,642	8,967
General operations	50,850	50,850	28,538	22,312
Equipment/vehicle maintenance	10,000	10,000	6,237	3,763
	<u>968,612</u>	<u>1,133,221</u>	<u>1,011,306</u>	<u>121,915</u>
District clerk				
Salaries and fringe benefits	\$ 1,216,067	\$ 1,216,067	\$ 1,089,324	\$ 126,743
Travel	5,000	5,000	4,242	758
Contract services	250	34,115	20,553	13,562
General operations	67,200	67,200	57,867	9,333
Equipment/vehicle maintenance	14,000	14,000	13,820	180
Miscellaneous	4,150	4,150	3,341	809
	<u>1,306,667</u>	<u>1,340,532</u>	<u>1,189,147</u>	<u>151,385</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
Court of appeals				
Salaries and fringe benefits	10,936	10,936	8,784	2,152
	<u>10,936</u>	<u>10,936</u>	<u>8,784</u>	<u>2,152</u>
Bail bond board				
Travel	1,500	1,500	-	1,500
General operations	500	500	-	500
	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Specialty court				
Salaries and fringe benefits	55,482	56,707	56,657	50
Travel	1,000	1,000	513.00	487
Contract services	13,500	12,275	-	12,275
General operations	7,200	7,200	500	6,700
Equipment/vehicle maintenance	720	720	215	505
	<u>77,902</u>	<u>77,902</u>	<u>57,885</u>	<u>20,017</u>
47th district court				
Salaries and fringe benefits	332,314	332,314	313,841	18,473
Travel	11,750	11,750	718	11,032
General operations	9,500	9,500	6,957	2,543
Equipment/vehicle maintenance	1,500	1,500	718	782
	<u>355,064</u>	<u>355,064</u>	<u>322,234</u>	<u>32,830</u>
108th district court				
Salaries and fringe benefits	332,314	332,314	330,421	1,893
Travel	11,750	11,750	2,526	9,224
General operations	15,700	14,200	12,425	1,775
Equipment/vehicle maintenance	-	1,500	1,158	342
	<u>359,764</u>	<u>359,764</u>	<u>346,530</u>	<u>13,234</u>
181st district court				
Salaries and fringe benefits	332,314	332,314	308,549	23,765
Travel	11,750	11,750	4,010	7,740
General operations	9,500	9,500	9,189	311
Equipment/vehicle maintenance	1,500	1,500	551	949
	<u>355,064</u>	<u>355,064</u>	<u>322,299</u>	<u>32,765</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
251st district court				
Salaries and fringe benefits	\$ 332,314	\$ 332,314	\$ 327,234	\$ 5,080
Travel	11,750	11,750	1,426	10,324
General operations	9,500	10,482	8,157	2,325
Equipment/vehicle maintenance	1,500	1,500	674	826
	<u>355,064</u>	<u>356,046</u>	<u>337,491</u>	<u>18,555</u>
320th district court				
Salaries and fringe benefits	341,626	341,626	280,438	61,188
Travel	11,750	11,750	1,644	10,106
General operations	9,500	9,600	9,513	87
Equipment/vehicle maintenance	1,500	1,400	966	434
	<u>364,376</u>	<u>364,376</u>	<u>292,561</u>	<u>71,815</u>
Associate judge child support				
General operations	1,200	1,200	628	572
	<u>1,200</u>	<u>1,200</u>	<u>628</u>	<u>572</u>
Associate judge child abuse				
General operations	3,000	3,000	1,889	1,111
	<u>3,000</u>	<u>3,000</u>	<u>1,889</u>	<u>1,111</u>
County court at law #1				
Salaries and fringe benefits	566,974	566,974	558,958	8,016
Travel	8,150	8,150	4,871	3,279
General operations	8,675	8,675	7,707	968
Equipment/vehicle maintenance	600	600	579	21
	<u>584,399</u>	<u>584,399</u>	<u>572,115</u>	<u>12,284</u>
County court at law #2				
Salaries and fringe benefits	578,594	578,594	508,686	69,908
Travel	9,250	9,250	6,413	2,837
General operations	6,500	6,500	6,328	172
Equipment/vehicle maintenance	400	400	165	235
	<u>594,744</u>	<u>594,744</u>	<u>521,592</u>	<u>73,152</u>
Justice of the Peace, precinct #1				
Salaries and fringe benefits	259,045	259,045	252,779	6,266
Travel	4,500	4,500	682	3,818
Contract services	-	18,200	17,494	706
General operations	13,240	13,240	10,422	2,818
Equipment/vehicle maintenance	1,656	1,656	1,139	517
	<u>278,441</u>	<u>296,641</u>	<u>282,516</u>	<u>14,125</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
Justice of the Peace, precinct #2				
Salaries and fringe benefits	\$ 208,932	\$ 208,932	\$ 207,409	\$ 1,523
Travel	3,500	3,500	2,232	1,268
Contract services	-	18,200	17,494	706
General operations	10,830	10,830	8,148	2,682
Equipment/vehicle maintenance	850	850	740	110
	<u>224,112</u>	<u>242,312</u>	<u>236,023</u>	<u>6,289</u>
Justice of the Peace, precinct #3				
Salaries and fringe benefits	263,686	263,686	241,043	22,643
Travel	3,500	3,500	3,491	9
Contract services	-	18,200	17,494	706
General operations	12,530	12,530	11,902	628
Equipment/vehicle maintenance	2,500	2,500	2,248	252
	<u>282,216</u>	<u>300,416</u>	<u>276,178</u>	<u>24,238</u>
Justice of the Peace, precinct #4				
Salaries and fringe benefits	208,932	215,132	204,121	11,011
Travel	3,500	3,500	2,732	768
Contract services	-	17,650	17,494	156
General operations	8,660	9,210	9,206	4
Equipment/vehicle maintenance	1,200	1,200	1,014	186
	<u>222,292</u>	<u>246,692</u>	<u>234,567</u>	<u>12,125</u>
Jury and jury related				
Salaries and fringe benefits	173,932	173,932	154,017	19,915
Contract services	109,000	109,000	96,220	12,780
General operations	50,000	50,000	40,346	9,654
Equipment/vehicle maintenance	5,000	5,000	3,820	1,180
	<u>337,932</u>	<u>337,932</u>	<u>294,403</u>	<u>43,529</u>
County attorney				
Salaries and fringe benefits	2,173,648	2,347,349	2,289,060	58,289
Travel	30,094	43,868	24,651	19,217
Contract services	14,600	50,074	43,256	6,818
General operations	52,350	57,350	39,489	17,861
Equipment/vehicle maintenance	15,750	15,750	5,762	9,988
	<u>2,286,442</u>	<u>2,514,391</u>	<u>2,402,218</u>	<u>112,173</u>
District attorney				
Salaries and fringe benefits	3,103,512	3,103,512	2,966,877	136,635
Travel	25,800	37,780	33,537	4,243
Contract services	107,000	133,474	125,477	7,997
General operations	59,750	59,750	51,659	8,091
Equipment/vehicle maintenance	14,500	14,500	12,393	2,107
	<u>3,310,562</u>	<u>3,349,016</u>	<u>3,189,943</u>	<u>159,073</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
General judicial				
Travel	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Contract services	2,340,000	2,349,500	2,349,497	3
General operations	82,810	82,810	63,997	18,813
Miscellaneous	641,015	630,840	44,120	586,720
	<u>3,066,825</u>	<u>3,066,150</u>	<u>2,457,614</u>	<u>608,536</u>
Total judicial	<u>15,347,614</u>	<u>15,891,798</u>	<u>14,357,923</u>	<u>1,533,875</u>
Public safety				
Forensic science lab				
Contract services	525,000	525,000	465,762	59,238
	<u>525,000</u>	<u>525,000</u>	<u>465,762</u>	<u>59,238</u>
Constable, precinct #1				
Salaries and fringe benefits	73,074	73,074	72,420	654
Travel	2,000	3,640	1,306	2,334
Contract services	-	1,248	1,199	49
General operations	4,330	4,330	3,494	836
Equipment/vehicle maintenance	4,500	4,500	3,258	1,242
	<u>83,904</u>	<u>86,792</u>	<u>81,677</u>	<u>5,115</u>
Constable, precinct #2				
Salaries and fringe benefits	73,074	73,074	72,197	877
Travel	3,000	3,611	3,422	189
Contract services	-	1,248	1,199	49
General operations	4,130	4,130	3,956	174
Equipment/vehicle maintenance	5,000	5,000	3,258	1,742
	<u>85,204</u>	<u>87,063</u>	<u>84,032</u>	<u>3,031</u>
Constable, precinct #3				
Salaries and fringe benefits	73,074	73,074	72,401	673
Travel	2,000	4,830	2,710	2,120
Contract services	-	1,248	1,199	49
General operations	6,080	5,362	3,639	1,723
Equipment/vehicle maintenance	5,000	5,000	2,492	2,508
	<u>86,154</u>	<u>89,514</u>	<u>82,441</u>	<u>7,073</u>
Constable, precinct #4				
Salaries and fringe benefits	73,074	73,074	72,349	725
Travel	3,000	4,023	3,313	710
Contract services	-	1,248	1,199	49
General operations	4,440	5,640	4,842	798
Equipment/vehicle maintenance	4,000	4,000	861	3,139
	<u>84,514</u>	<u>87,985</u>	<u>82,564</u>	<u>5,421</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
Sheriff				
Salaries and fringe benefits	\$ 6,458,034	\$ 6,458,034	\$ 6,247,878	\$ 210,156
Travel	100,000	136,096	135,626	470
Contract services	18,000	114,641	107,271	7,370
General operations	130,610	135,639	101,723	33,916
Equipment/vehicle maintenance	323,500	323,500	204,878	118,622
	<u>7,030,144</u>	<u>7,167,910</u>	<u>6,797,376</u>	<u>370,534</u>
Special crimes unit				
General operations	750	750	401	349
	<u>750</u>	<u>750</u>	<u>401</u>	<u>349</u>
Sheriff offices				
Building repairs/maintenance	45,000	45,000	31,190	13,810
	<u>45,000</u>	<u>45,000</u>	<u>31,190</u>	<u>13,810</u>
Public service				
Building repair/maintenance	4,500	4,500	-	4,500
Miscellaneous	678,636	726,071	677,147	48,924
	<u>683,136</u>	<u>730,571</u>	<u>677,147</u>	<u>53,424</u>
Fire / rescue department				
Salaries and fringe benefits	330,376	330,376	323,659	6,717
Travel	56,000	87,159	86,075	1,084
Contract services	-	9,634	7,092	2,542
General operations	183,620	136,030	124,189	11,841
Equipment/vehicle maintenance	229,000	305,214	286,234	18,980
Building repair/maintenance	55,000	55,000	47,141	7,859
	<u>853,996</u>	<u>923,413</u>	<u>874,390</u>	<u>49,023</u>
Total public safety	<u>9,477,802</u>	<u>9,743,998</u>	<u>9,176,980</u>	<u>567,018</u>
Corrections and rehabilitation				
Detention center				
Salaries and fringe benefits	9,052,916	9,052,916	8,808,849	244,067
Contract services	45,230	55,042	42,750	12,292
General operations	56,520	56,520	53,663	2,857
Prisoner care	1,433,000	1,443,000	1,296,075	146,925
Equipment/vehicle maintenance	37,500	37,500	30,261	7,239
Building repairs/maintenance	456,000	525,763	508,676	17,087
	<u>11,081,166</u>	<u>11,170,741</u>	<u>10,740,274</u>	<u>430,467</u>
Community supervision and corrections				
General operations	-	1,460	538	922
Equipment/vehicle maintenance	15,000	15,000	12,442	2,558
	<u>15,000</u>	<u>16,460</u>	<u>12,980</u>	<u>3,480</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
Juvenile probation	\$ 3,772,996	\$ 3,772,996	\$ 3,610,104	\$ 162,892
	<u>3,772,996</u>	<u>3,772,996</u>	<u>3,610,104</u>	<u>162,892</u>
Total corrections and rehabilitation	<u>14,869,162</u>	<u>14,960,197</u>	<u>14,363,358</u>	<u>596,839</u>
Health and human services				
Mental health - community service				
Salaries and fringe benefits	63,349	64,024	64,021	3
Travel	2,000	2,000	-	2,000
Contract services	20,000	20,000	10,998	9,002
General operations	300	300	225	75
	<u>85,649</u>	<u>86,324</u>	<u>75,244</u>	<u>11,080</u>
County extension services				
Salaries and fringe benefits	200,759	200,759	132,729	68,030
Travel	10,500	10,500	7,227	3,273
General operations	14,190	14,290	14,289	1
Equipment/vehicle maintenance	19,000	18,900	15,551	3,349
Miscellaneous	2,200	2,200	1,537	663
	<u>246,649</u>	<u>246,649</u>	<u>171,333</u>	<u>75,316</u>
Family crime unit				
Salaries and fringe benefits	183,113	183,113	161,622	21,491
Travel	1,200	1,200	-	1,200
General operations	6,000	5,800	2,765	3,035
Equipment/vehicle maintenance	2,000	2,200	2,178	22
	<u>192,313</u>	<u>192,313</u>	<u>166,565</u>	<u>25,748</u>
Victim assistance - VOCA				
Salaries and fringe benefits	199,769	199,769	197,605	2,164
Travel	4,000	4,000	1,866	2,134
General operations	1,440	1,440	1,431	9
	<u>205,209</u>	<u>205,209</u>	<u>200,902</u>	<u>4,307</u>
Victim assistance - VLCC				
Salaries and fringe benefits	-	475	455	20
	<u>-</u>	<u>475</u>	<u>455</u>	<u>20</u>
Total health and human services	<u>729,820</u>	<u>730,970</u>	<u>614,499</u>	<u>116,471</u>

POTTER COUNTY, TEXAS

General Fund

Budgetary Comparison Schedule - continued

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget
Road and bridge expenditures				
Salaries and fringe benefits	\$ 1,335,542	\$ 1,335,542	\$ 1,201,729	\$ 133,813
Travel and uniforms	11,275	11,425	11,419	6
Contract services	30,432	30,432	10,296	20,136
General operations	624,366	627,216	508,234	118,982
Equipment/vehicle maintenance	322,254	322,254	194,269	127,985
Building repairs/maintenance	114,990	114,990	63,785	51,205
Total road and bridge expenditures	<u>2,438,859</u>	<u>2,441,859</u>	<u>1,989,732</u>	<u>452,127</u>
Capital outlay	531,785	740,059	661,365	78,694
Total expenditures	<u>54,449,231</u>	<u>55,302,067</u>	<u>50,824,589</u>	<u>4,477,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	57,710	(490,872)	3,974,491	4,465,363
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	-	-	(2,098,100)	(2,098,100)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(2,098,100)</u>	<u>(2,098,100)</u>
NET CHANGE IN FUND BALANCE	57,710	(490,872)	1,876,391	2,367,263
FUND BALANCE AT BEGINNING OF YEAR	<u>19,828,697</u>	<u>19,828,697</u>	<u>19,828,697</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 19,886,407</u>	<u>\$ 19,337,825</u>	<u>\$ 21,705,088</u>	<u>\$ 2,367,263</u>

POTTER COUNTY, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
Texas County & District Retirement System
For The Year Ended September 30, 2017

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability			
Service cost	\$ 4,352,352	\$ 4,127,523	\$ 4,108,621
Interest on total pension liability	13,037,017	12,402,512	11,669,923
Effect of plan changes	-	(728,256)	-
Effect of economic / demographic (gains) or losses	(1,265,495)	(1,704,163)	(268,856)
Effect of assumptions changes or inputs	-	1,583,826	-
Benefit payments/refunds of contributions	<u>(7,822,670)</u>	<u>(7,265,790)</u>	<u>(6,536,622)</u>
Net change in total pension liability	8,301,204	8,415,652	8,973,066
Total pension liability, beginning	<u>162,652,206</u>	<u>154,236,554</u>	<u>145,263,488</u>
Total pension liability, ending (a)	<u>\$ 170,953,410</u>	<u>\$ 162,652,206</u>	<u>\$ 154,236,554</u>
Fiduciary Net Position			
Contributions - Employer	\$ 4,074,113	\$ 3,944,278	\$ 3,899,238
Contributions - Employee	2,068,086	2,009,470	1,984,119
Net investment income	10,342,613	(641,794)	9,074,869
Benefit payments/refunds of contributions	(7,822,670)	(7,265,790)	(6,536,622)
Administrative expenses	(112,476)	(101,332)	(106,048)
Other	<u>(361,045)</u>	<u>143,195</u>	<u>29,017</u>
Net change in fiduciary net position	8,188,621	(1,911,973)	8,344,573
Fiduciary net position, beginning	<u>139,878,786</u>	<u>141,790,759</u>	<u>133,446,186</u>
Fiduciary net position, ending (b)	<u>\$ 148,067,407</u>	<u>\$ 139,878,786</u>	<u>\$ 141,790,759</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 22,886,003</u>	<u>\$ 22,773,420</u>	<u>\$ 12,445,795</u>
Fiduciary net position as a percentage of total pension liability	86.61%	86.00%	91.93%
Pensionable covered payroll	\$ 29,544,082	\$ 28,706,709	\$ 28,296,592
Net pension liability as a percentage of covered payroll	77.46%	79.33%	43.98%

The Schedule of Changes in Net Pension Liability and Related Ratios is intended to present information for ten years. Additional years' information will be presented as it becomes available.

POTTER COUNTY, TEXAS
Schedule of Employer Contributions
Texas County & District Retirement System
For Fiscal Year 2016

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2006	\$ 2,073,195	\$ 2,073,195	\$ -	\$ 22,510,260	\$ 9.2%
2007	2,358,076	2,358,076	-	23,580,763	10.0%
2008	2,445,105	2,445,105	-	24,698,031	9.9%
2009	2,526,779	2,526,779	-	25,394,759	9.9%
2010	2,811,788	2,811,788	-	25,492,185	11.0%
2011	2,949,729	2,949,729	-	26,196,785	11.3%
2012	3,267,656	3,267,656	-	27,005,912	12.1%
2013	3,633,934	3,633,934	-	28,018,224	13.0%
2014	3,899,238	3,899,238	-	28,296,592	13.8%
2015	3,944,278	3,944,278	-	28,706,709	13.7%
2016	4,074,113	4,074,113	-	29,544,082	13.8%

POTTER COUNTY, TEXAS

Exhibit B-4

Required Supplementary Information
Schedule of Funding Progress, Other Postretirement Benefits (1)
For the Year Ended September 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2008	\$ -	\$ 2,303,355	\$ 2,303,355	0.00%	\$ 21,128,711	10.90%
10/1/2010	-	2,400,350	2,400,350	0.00%	25,492,185	9.42%
10/1/2012	-	2,998,158	2,998,158	0.00%	27,005,912	11.10%
10/1/2013	-	2,998,158	2,998,158	0.00%	28,018,224	10.70%
10/1/2014	-	3,522,945	3,522,945	0.00%	28,296,592	12.45%
10/1/2015	-	3,522,945	3,522,945	0.00%	28,706,709	12.27%
10/1/2016	-	3,645,734	3,645,734	0.00%	29,544,082	12.34%

(1) 2009 was the first year of GASB 45 implementation. The plan has more than 200 members; therefore, the County has elected to obtain an actuarial valuation on a biennial basis.

POTTER COUNTY, TEXAS
Notes to Required Supplementary Information
For the Year Ended September 30, 2017

BUDGETARY INFORMATION

The budget is prepared in accordance with accounting principles generally accepted in the United States of America by the County Judge with the assistance of the County Auditor's Office and approved by the Commissioners' Court following a public hearing. The County maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's governing body and as such is a good management control device.

The budget law of the State of Texas provides that "the amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in said funds plus the anticipated revenues for the current year for which the budget is made as estimated by the County Auditor". In addition, the law provides that the Commissioners' Court "may, upon proper application, transfer an existing budget surplus during the year to a budget of like kind and fund but no such transfer shall increase the total budget".

Each year, all departments submit to the County Judge requests for appropriation. These requests are reviewed, compiled and presented to the Commissioners' Court for approval. The Commissioners' Court conducts departmental budget reviews, adjusts budget requests to final form and conducts a public hearing in the Commissioners' Courtroom. One copy of the proposed budget must be filed with the County Clerk and one with the County Auditor. A copy must be available to the public. The Commissioners' Court must provide for the public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 1st of the current fiscal year.

The County's legal level of control for appropriations is at the category level (i.e., salaries and fringe benefits, contract services, general operating, etc.) for each department/project within the General Fund. Administrative control is maintained through the establishment of more detailed accounts within each category. Appropriation transfers and budget increases may be made between categories or departments only with the approval of the Commissioners' Court. The original budgets presented in the report are the approved budgets before amendments and transfers. The final budgets presented in this report reflect the budgets as amended for all appropriation transfers and increases processed during the fiscal year.

There were no General Fund expenditures over appropriations at the legal level of control.

POTTER COUNTY, TEXAS
Notes to Required Supplementary Information
For The Year Ended September 30, 2017

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

Assumptions

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

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	13.0 years
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	4.9%, average, including inflation. Varies by age and service.
Investment rate of return	8.10%, including inflation
Cost-of-living adjustments	Cost-of-living adjustments for the County are not considered to be substantively automatic. Therefore, no assumption for cost-of-living adjustments is included in the calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Changes of Benefit Terms

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

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

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

COMBINING STATEMENTS AND BUDGETARY COMPARISON SCHEDULES AS SUPPLEMENTARY
INFORMATION

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

POTTER COUNTY, TEXAS
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2017

Exhibit C-1

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Funds
ASSETS			
Pooled cash and cash equivalents	\$ 3,075,467	\$ 2,110,305	\$ 5,185,772
Investments	808,018		808,018
Accounts receivable			
Taxes		53,943	53,943
Other	158,479	6,446	164,925
Due from other funds	134,963		134,963
 Total assets	\$ 4,176,927	\$ 2,170,694	\$ 6,347,621
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and other current liabilities	\$ 174,986	\$	\$ 174,986
Due to other funds	74,349		74,349
 Total liabilities	249,335	-	249,335
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes		47,835	47,835
 Total deferred inflows of resources	-	47,835	47,835
 Fund balances			
Restricted fund balances:			
Restricted for records management	500,713		500,713
Restricted for other purposes	41,854		41,854
Restricted for debt service		2,122,859	2,122,859
Assigned:			
Special revenue funds	3,409,123		3,409,123
Unassigned	(24,098)		(24,098)
 Total fund balance	3,927,592	2,122,859	6,050,451
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,176,927	\$ 2,170,694	\$ 6,347,621

POTTER COUNTY, TEXAS

Exhibit C-2

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended September 30, 2017

	Special Revenue	Debt Service	Total Nonmajor
REVENUES			
Taxes	\$	\$ 2,902,217	\$ 2,902,217
License and fees	561,264		561,264
Intergovernmental	734,037		734,037
Charges for services	5,436		5,436
Investment earnings	25,722	15,914	41,636
Miscellaneous	632,756		632,756
	<u>1,959,215</u>	<u>2,918,131</u>	<u>4,877,346</u>
Total revenues			
EXPENDITURES			
Current:			
General administrative	27,228	900	28,128
Facilities maintenance			
Election administration	112,632		112,632
Judicial	1,338,509		1,338,509
Public safety	38,527		38,527
Corrections and rehabilitation	307,399		307,399
Road and bridge			-
Debt service			
Principal		1,900,000	1,900,000
Interest and fiscal charges		908,327	908,327
Capital outlay	748,904		748,904
	<u>2,573,199</u>	<u>2,809,227</u>	<u>5,382,426</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(613,984)	108,904	(505,080)
OTHER FINANCING SOURCES			
Transfers in	598,100	-	598,100
Transfers out			
	<u>598,100</u>	<u>-</u>	<u>598,100</u>
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCES	(15,884)	108,904	93,020
FUND BALANCES AT BEGINNING OF YEAR	<u>3,943,476</u>	<u>2,013,955</u>	<u>5,957,431</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,927,592</u>	<u>\$ 2,122,859</u>	<u>\$ 6,050,451</u>

SPECIAL REVENUE FUNDS

POTTER COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2017

	210 Vehicle Inventory <u>Tax Interest</u>	215 Law Library	220 Courthouse Security	221 Justice Courts Building Security
ASSETS				
Pooled cash and cash equivalents	\$	\$ 52,306	\$ 2,184	\$ 36,915
Investments	160,078			
Accounts receivable (net)				
Other		6,446		
Due from other funds			14,405	63
			<u>14,405</u>	<u>63</u>
Total assets	<u>\$ 160,078</u>	<u>\$ 58,752</u>	<u>\$ 16,589</u>	<u>\$ 36,978</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and other current liabilities	\$	\$ 3,396	\$ 10,362	\$
Due to other funds			10,362	
			<u>10,362</u>	
Total liabilities	-	3,396	20,724	-
Fund balance				
Restricted				7,760
Assigned	160,078	55,356		29,218
Unassigned			(4,135)	
			<u>(4,135)</u>	
Total fund balance	<u>160,078</u>	<u>55,356</u>	<u>(4,135)</u>	<u>36,978</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 160,078</u>	<u>\$ 58,752</u>	<u>\$ 16,589</u>	<u>\$ 36,978</u>

225 Graffiti Eradication	226 Child Abuse Prevention	235 County Clerk Records Management	236 Election	237 Voter Registration	240 Court Records Management	245 District Clerk Records Management	250 Justice Court Technology
\$ 2,516	\$ 6,232	\$ 332,284	\$ 130,273	\$ 59,977	\$ 72,352	\$ 252,395	\$ 165,579
2	57	10,733	86,525		4,435	3,970	614
<u>\$ 2,518</u>	<u>\$ 6,289</u>	<u>\$ 343,017</u>	<u>\$ 216,798</u>	<u>\$ 59,977</u>	<u>\$ 76,787</u>	<u>\$ 256,365</u>	<u>\$ 166,193</u>
\$	\$	\$ 1,745	\$	\$ 29,525	\$ 739	\$	\$ 299
					740		987
-	-	1,745	-	29,525	1,479	-	1,286
2,518	6,289	341,272	216,798	30,452	41,518	117,923	2,269
					33,790	138,442	162,638
<u>2,518</u>	<u>6,289</u>	<u>341,272</u>	<u>216,798</u>	<u>30,452</u>	<u>75,308</u>	<u>256,365</u>	<u>164,907</u>
<u>\$ 2,518</u>	<u>\$ 6,289</u>	<u>\$ 343,017</u>	<u>\$ 216,798</u>	<u>\$ 59,977</u>	<u>\$ 76,787</u>	<u>\$ 256,365</u>	<u>\$ 166,193</u>

POTTER COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2017

	251 County Clerk / District Clerk Technology	255 County Attorney Hot Check	256 County Attorney Forfeiture	257 County Attorney Federal Forfeiture
ASSETS				
Pooled cash and cash equivalents	\$ 39,719	\$ 83,331	\$ 11,373	\$ 436,348
Investments				
Accounts receivable (net)				
Other	437			
Due from other funds		229	24,800	
Total assets	\$ 40,156	\$ 83,560	\$ 36,173	\$ 436,348
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and other current liabilities	\$	\$ 229	\$ 1,069	\$
Due to other funds		291		24,800
Total liabilities	-	520	1,069	24,800
Fund balance				
Restricted	28,285			
Assigned	11,871	83,040	35,104	411,548
Unassigned				
Total fund balance	40,156	83,040	35,104	411,548
TOTAL LIABILITIES AND FUND BALANCE	\$ 40,156	\$ 83,560	\$ 36,173	\$ 436,348

260 District Attorney Hot Check	261 District Attorney Payroll	262 DA Forfeiture Release	265 District Attorney Crime Victim	266 DA Federal Forfeiture	268 Auto Burglary and Theft Prevention	271 Sheriff Federal Forfeiture
\$ 123,612	\$ 3,012	\$ 226,113 647,940	\$ 38,242	\$ 12,884		\$ 358,686
	1,818	2,155			100,396 4,911	3,500
<u>\$ 123,612</u>	<u>\$ 4,830</u>	<u>\$ 876,208</u>	<u>\$ 38,242</u>	<u>\$ 12,884</u>	<u>\$ 105,307</u>	<u>\$ 362,186</u>
\$ 165 112	\$ 458 459	\$ 7,774 2,155	\$	\$	\$ 113,966 4,918	\$ 170
277	917	9,929	-	-	118,884	170
123,335	3,913	866,279	38,242	12,884	(13,577)	362,016
<u>123,335</u>	<u>3,913</u>	<u>866,279</u>	<u>38,242</u>	<u>12,884</u>	<u>(13,577)</u>	<u>362,016</u>
<u>\$ 123,612</u>	<u>\$ 4,830</u>	<u>\$ 876,208</u>	<u>\$ 38,242</u>	<u>\$ 12,884</u>	<u>\$ 105,307</u>	<u>\$ 362,186</u>

POTTER COUNTY, TEXAS
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 September 30, 2017

	272 Law Enforcement Grants	273 Sheriff Office Forfeiture	274 Sheriff Office Commissary	279 Drug Court	Total Nonmajor Special Revenue Funds
ASSETS					
Pooled cash and cash equivalents	\$ 3,540	\$ 50,011	\$ 575,583	\$	\$ 3,075,467
Investments					808,018
Accounts receivable (net)					
Other				27,946	158,479
Due from other funds					134,963
Total assets	\$ 3,540	\$ 50,011	\$ 575,583	\$ 27,946	\$ 4,176,927
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and other current liabilities	\$	\$	\$ 282	\$ 34,332	\$ 174,986
Due to other funds					74,349
Total liabilities	-	-	282	34,332	249,335
Fund balance					
Restricted	3,540				542,567
Assigned		50,011	575,301		3,409,123
Unassigned				(6,386)	(24,098)
Total fund balance	3,540	50,011	575,301	(6,386)	3,927,592
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,540	\$ 50,011	\$ 575,583	\$ 27,946	\$ 4,176,927

POTTER COUNTY, TEXAS
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended September 30, 2017

	210 Vehicle Inventory Tax Interest	215 Law Library	220 Courthouse Security	221 Justice Court Building Security
REVENUES				
Licenses and fees	\$	\$ 73,862	\$ 51,106	\$ 468
Intergovernmental				
Charges for services				
Investment earnings	1,120		15	
Miscellaneous				
Total revenues	<u>1,120</u>	<u>73,862</u>	<u>51,121</u>	<u>468</u>
Expenditures:				
Current:				
General administrative	7,002			
Election administration				
Judicial		62,907	576,957	203
Public safety				
Corrections				
Capital outlay				
Total expenditures	<u>7,002</u>	<u>62,907</u>	<u>576,957</u>	<u>203</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(5,882)</u>	<u>10,955</u>	<u>(525,836)</u>	<u>265</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			550,000	
Transfers out				
Total other financing sources (uses)	<u>-</u>		<u>550,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(5,882)	10,955	24,164	265
FUND BALANCES AT BEGINNING OF YEAR	<u>165,960</u>	<u>44,401</u>	<u>(28,299)</u>	<u>36,713</u>
FUND BALANCES AT END OF YEAR	<u>\$ 160,078</u>	<u>\$ 55,356</u>	<u>\$ (4,135)</u>	<u>\$ 36,978</u>

225 Graffiti Eradication	226 Child Abuse Prevention	235 County Clerk Records Management	236 Election	237 Voter Registration	240 Court Records Management	245 District Clerk Records Management	250 Justice Court Technology
\$ 82	\$ 1,715	\$ 106,734	\$ 15,708	\$ 25,224	\$ 48,680	\$ 37,092	\$ 12,942
		2,313	4,670	338		1,819	
		22,031	140,640				
<u>82</u>	<u>1,715</u>	<u>131,078</u>	<u>161,018</u>	<u>25,562</u>	<u>48,680</u>	<u>38,911</u>	<u>12,942</u>
		56,486	83,107	29,525	21,346		34,257
			450,000				
<u>-</u>	<u>-</u>	<u>56,486</u>	<u>533,107</u>	<u>29,525</u>	<u>21,346</u>	<u>-</u>	<u>34,257</u>
<u>82</u>	<u>1,715</u>	<u>74,592</u>	<u>(372,089)</u>	<u>(3,963)</u>	<u>27,334</u>	<u>38,911</u>	<u>(21,315)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>82</u>	<u>1,715</u>	<u>74,592</u>	<u>(372,089)</u>	<u>(3,963)</u>	<u>27,334</u>	<u>38,911</u>	<u>(21,315)</u>
<u>2,436</u>	<u>4,574</u>	<u>266,680</u>	<u>588,887</u>	<u>34,415</u>	<u>47,974</u>	<u>217,454</u>	<u>186,222</u>
<u>\$ 2,518</u>	<u>\$ 6,289</u>	<u>\$ 341,272</u>	<u>\$ 216,798</u>	<u>\$ 30,452</u>	<u>\$ 75,308</u>	<u>\$ 256,365</u>	<u>\$ 164,907</u>

POTTER COUNTY, TEXAS
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 2017

	251 County Clerk / District Clerk Technology	255 County Attorney Hot Check	256 County Attorney Forfeiture	257 County Attorney Federal Forfeiture
REVENUES				
Licenses and fees	\$	\$ 30,033	\$	\$
Intergovernmental				
Charges for services	5,436			
Investment earnings				2,645
Miscellaneous			23,091	252,708
Total revenues	<u>5,436</u>	<u>30,033</u>	<u>23,091</u>	<u>255,353</u>
Expenditures:				
Current:				
General administrative				
Election administration				
Judicial		57,615	44,954	4,844
Public safety				
Corrections				
Capital outlay				213,609
Total expenditures	<u>-</u>	<u>57,615</u>	<u>44,954</u>	<u>218,453</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>5,436</u>	<u>(27,582)</u>	<u>(21,863)</u>	<u>36,900</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	5,436	(27,582)	(21,863)	36,900
FUND BALANCES AT BEGINNING OF YEAR	<u>34,720</u>	<u>110,622</u>	<u>56,967</u>	<u>374,648</u>
FUND BALANCES AT END OF YEAR	<u>\$ 40,156</u>	<u>\$ 83,040</u>	<u>\$ 35,104</u>	<u>\$ 411,548</u>

260 District Attorney Hot Check	261 District Attorney Payroll	262 DA Forfeiture Release	265 District Attorney Crime Victim	266 DA Federal Forfeiture	268 Auto Burglary and Theft Prevention	271 Sheriff Federal Forfeiture
\$ 766	\$ 22,500	\$	\$	\$	\$ 494,932	\$
		6,158	284	99		2,687
		66,292	2,532	7,002	14,000	104,460
766	22,500	72,450	2,816	7,101	508,932	107,147
3,416	22,500	67,336		6,144	400,890	5,635
						62,003
3,416	22,500	67,336	-	6,144	400,890	67,638
(2,650)	-	5,114	2,816	957	108,042	39,509
					48,100	
-	-	-	-	-	48,100	-
(2,650)	-	5,114	2,816	957	156,142	39,509
125,985	3,913	861,165	35,426	11,927	(169,719)	322,507
\$ 123,335	\$ 3,913	\$ 866,279	\$ 38,242	\$ 12,884	\$ (13,577)	\$ 362,016

POTTER COUNTY, TEXAS

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended September 30, 2017

	272 Law Enforcement Grants	273 Sheriff Office Forfeiture	274 Sheriff Office Commissary	279 Drug Court	Total Nonmajor Special Revenue Funds
REVENUES					
Licenses and fees	\$	\$	\$ 182,076	\$	\$ 561,264
Intergovernmental	52,609			138,772	734,037
Charges for services					5,436
Investment earnings	168	408	4,118		25,722
Miscellaneous					632,756
Total revenues	<u>52,777</u>	<u>408</u>	<u>186,194</u>	<u>138,772</u>	<u>1,959,215</u>
Expenditures:					
Current:					
General administrative					27,228
Election administration					112,632
Judicial					1,338,509
Public safety	27,220	5,672			38,527
Corrections			170,866	136,533	307,399
Capital outlay	23,292				748,904
Total expenditures	<u>50,512</u>	<u>5,672</u>	<u>170,866</u>	<u>136,533</u>	<u>2,573,199</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>2,265</u>	<u>(5,264)</u>	<u>15,328</u>	<u>2,239</u>	<u>(613,984)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					598,100
Transfers out					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>598,100</u>
NET CHANGE IN FUND BALANCE	2,265	(5,264)	15,328	2,239	(15,884)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,275</u>	<u>55,275</u>	<u>559,973</u>	<u>(8,625)</u>	<u>3,943,476</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,540</u>	<u>\$ 50,011</u>	<u>\$ 575,301</u>	<u>\$ (6,386)</u>	<u>\$ 3,927,592</u>

POTTER COUNTY, TEXAS
 Vehicle Inventory Tax Interest Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-5

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ 500	\$ 500	\$ 1,120	\$ 620
Total revenues	<u>500</u>	<u>500</u>	<u>1,120</u>	<u>620</u>
EXPENDITURES				
Current				
General administrative				
General operations	<u>1,500</u>	<u>1,500</u>	<u>7,002</u>	<u>(5,502)</u>
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>7,002</u>	<u>(5,502)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,000)</u>	<u>(1,000)</u>	<u>(5,882)</u>	<u>(4,882)</u>
NET CHANGE IN FUND BALANCE	(1,000)	(1,000)	(5,882)	(4,882)
FUND BALANCE AT BEGINNING OF YEAR	<u>165,960</u>	<u>165,960</u>	<u>165,960</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 164,960</u>	<u>\$ 164,960</u>	<u>\$ 160,078</u>	<u>\$ (4,882)</u>

POTTER COUNTY, TEXAS
Law Library Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-6

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 81,000	\$ 81,000	\$ 73,862	\$ (7,138)
Total revenues	<u>81,000</u>	<u>81,000</u>	<u>73,862</u>	<u>(7,138)</u>
EXPENDITURES				
Current				
Judicial				
Salaries and fringe benefits	-	-	-	-
General operations	<u>66,000</u>	<u>66,000</u>	<u>62,907</u>	<u>3,093</u>
Total expenditures	<u>66,000</u>	<u>66,000</u>	<u>62,907</u>	<u>3,093</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,000	15,000	10,955	(4,045)
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	15,000	15,000	10,955	(4,045)
FUND BALANCE AT BEGINNING OF YEAR	<u>44,401</u>	<u>44,401</u>	<u>44,401</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 59,401</u>	<u>\$ 59,401</u>	<u>\$ 55,356</u>	<u>\$ (4,045)</u>

POTTER COUNTY, TEXAS
Courthouse Security Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-7

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 55,000	\$ 55,000	\$ 51,106	\$ (3,894)
Investment earnings	375	375	15	(360)
Total revenue	<u>55,375</u>	<u>55,375</u>	<u>51,121</u>	<u>(4,254)</u>
EXPENDITURES				
Current				
Judicial				
Salaries and fringe benefits	574,802	574,802	573,074	1,728
General operations	5,360	5,360	3,528	1,832
Building repairs and maintenance	2,000	2,000	355	1,645
Capital outlay	6,000	6,000	-	6,000
Total expenditures	<u>588,162</u>	<u>588,162</u>	<u>576,957</u>	<u>11,205</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(532,787)	(532,787)	(525,836)	6,951
OTHER FINANCING SOURCES				
Transfers in	-	-	550,000	550,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>550,000</u>
NET CHANGE IN FUND BALANCE	(532,787)	(532,787)	24,164	556,951
FUND BALANCE AT BEGINNING OF YEAR	<u>(28,299)</u>	<u>(28,299)</u>	<u>(28,299)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (561,086)</u>	<u>\$ (561,086)</u>	<u>\$ (4,135)</u>	<u>\$ 556,951</u>

POTTER COUNTY, TEXAS
 Justice Court Building Security Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-8

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Licenses and fees	\$ 4,500	\$ 4,500	\$ 468	\$ (4,032)
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>468</u>	<u>(4,032)</u>
EXPENDITURES				
Current				
Judicial				
Salaries and fringe benefits	-	-	-	-
General operations	5,000	5,000	203	4,797
Building repairs and maintenance	5,000	5,000	-	5,000
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>203</u>	<u>9,797</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,500)</u>	<u>(5,500)</u>	<u>265</u>	<u>5,765</u>
NET CHANGE IN FUND BALANCE	(5,500)	(5,500)	265	5,765
FUND BALANCE AT BEGINNING OF YEAR	<u>36,713</u>	<u>36,713</u>	<u>36,713</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 31,213</u>	<u>\$ 31,213</u>	<u>\$ 36,978</u>	<u>\$ 5,765</u>

POTTER COUNTY, TEXAS
Graffiti Eradication Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-9

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Graffiti eradication fee	\$ 200	\$ 200	\$ 82	\$ (118)
Total revenues	<u>200</u>	<u>200</u>	<u>82</u>	<u>(118)</u>
EXPENDITURES				
Current:				
General administrative				
General operations	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(300)</u>	<u>(300)</u>	<u>82</u>	<u>382</u>
NET CHANGE IN FUND BALANCE	(300)	(300)	82	382
FUND BALANCE AT BEGINNING OF YEAR	<u>2,436</u>	<u>2,436</u>	<u>2,436</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,136</u>	<u>\$ 2,136</u>	<u>\$ 2,518</u>	<u>\$ 382</u>

POTTER COUNTY, TEXAS
Child Abuse Prevention Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-10

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Child abuse prevention fee	\$ 2,000	\$ 2,000	\$ 1,715	\$ (285)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>1,715</u>	<u>(285)</u>
EXPENDITURES				
Public Safety				
General operations	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			<u>1,715</u>	<u>1,715</u>
NET CHANGE IN FUND BALANCE			1,715	1,715
FUND BALANCE AT BEGINNING OF YEAR	<u>4,574</u>	<u>4,574</u>	<u>4,574</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,574</u>	<u>\$ 4,574</u>	<u>\$ 6,289</u>	<u>\$ 1,715</u>

POTTER COUNTY, TEXAS
 County Clerk Records Management Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-11

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 110,000	\$ 110,000	\$ 106,734	\$ (3,266)
Investment earnings	750	750	2,313	1,563
Miscellaneous	20,000	20,000	22,031	2,031
Total revenues	<u>130,750</u>	<u>130,750</u>	<u>131,078</u>	<u>328</u>
EXPENDITURES				
Current:				
Judicial				
Travel	2,200	2,200	-	2,200
Contract services	78,000	78,000	45,596	32,404
General operations	10,000	10,000	8,059	1,941
Equipment/vehicle maintenance	3,500	3,500	2,831	669
Capital outlay	41,500	41,500	-	41,500
Total expenditures	<u>135,200</u>	<u>135,200</u>	<u>56,486</u>	<u>78,714</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,450)</u>	<u>(4,450)</u>	<u>74,592</u>	<u>79,042</u>
NET CHANGE IN FUND BALANCE	(4,450)	(4,450)	74,592	79,042
FUND BALANCE AT BEGINNING OF YEAR	<u>266,680</u>	<u>266,680</u>	<u>266,680</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 262,230</u>	<u>\$ 262,230</u>	<u>\$ 341,272</u>	<u>\$ 79,042</u>

POTTER COUNTY, TEXAS
Election Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-12

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 5,500	\$ 5,500	\$ 15,708	\$ 10,208
Investment earnings	1,000	1,000	4,670	3,670
Miscellaneous	<u>75,000</u>	<u>75,000</u>	<u>140,640</u>	<u>65,640</u>
Total revenues	<u>81,500</u>	<u>81,500</u>	<u>161,018</u>	<u>79,518</u>
EXPENDITURES				
Current:				
Election administration				
Salaries and fringe benefits	55,000	62,500	62,164	336
Contract services	-	200	200	-
General operations	25,000	24,800	20,743	4,057
Building repair and maintenance	2,000	2,000	-	2,000
Capital outlay	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Total expenditures	<u>532,000</u>	<u>539,500</u>	<u>533,107</u>	<u>6,393</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(450,500)</u>	<u>(458,000)</u>	<u>(372,089)</u>	<u>85,911</u>
NET CHANGE IN FUND BALANCE	(450,500)	(458,000)	(372,089)	85,911
FUND BALANCE AT BEGINNING OF YEAR	<u>588,887</u>	<u>588,887</u>	<u>588,887</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 138,387</u>	<u>\$ 130,887</u>	<u>\$ 216,798</u>	<u>\$ 85,911</u>

POTTER COUNTY, TEXAS
Voter Registration Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-13

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 21,000	\$ 21,000	\$ 25,224	\$ 4,224
Investment earnings	50	50	338	288
Total revenues	<u>21,050</u>	<u>21,050</u>	<u>25,562</u>	<u>4,512</u>
EXPENDITURES				
Current:				
Election administration				
Travel	2,352	2,352	-	2,352
General operations	<u>35,648</u>	<u>35,648</u>	<u>29,525</u>	<u>6,123</u>
Total expenditures	<u>38,000</u>	<u>38,000</u>	<u>29,525</u>	<u>8,475</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,950)</u>	<u>(16,950)</u>	<u>(3,963)</u>	<u>12,987</u>
NET CHANGE IN FUND BALANCE	(16,950)	(16,950)	(3,963)	12,987
FUND BALANCE AT BEGINNING OF YEAR	<u>34,415</u>	<u>34,415</u>	<u>34,415</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 17,465</u>	<u>\$ 17,465</u>	<u>\$ 30,452</u>	<u>\$ 12,987</u>

POTTER COUNTY, TEXAS
Court Records Management Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-14

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
License and fees	\$ 60,000	\$ 60,000	\$ 48,680	\$ (11,320)
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>48,680</u>	<u>(11,320)</u>
EXPENDITURES				
Current:				
General administrative				
Salaries and fringe benefits	48,015	48,015	21,346	26,669
Travel	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>50,015</u>	<u>50,015</u>	<u>21,346</u>	<u>28,669</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,985</u>	<u>9,985</u>	<u>27,334</u>	<u>17,349</u>
NET CHANGE IN FUND BALANCE	9,985	9,985	27,334	17,349
FUND BALANCE AT BEGINNING OF YEAR	<u>47,974</u>	<u>47,974</u>	<u>47,974</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 57,959</u>	<u>\$ 57,959</u>	<u>\$ 75,308</u>	<u>\$ 17,349</u>

POTTER COUNTY, TEXAS
 District Clerk Records Management Fund
 Budgetary Comparison Fund
 For the Year Ended September 30, 2017

Exhibit C-15

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
License and fees	\$ 45,000	\$ 45,000	\$ 37,092	\$ (7,908)
Investment earnings	550	550	1,819	1,269
Total revenues	<u>45,550</u>	<u>45,550</u>	<u>38,911</u>	<u>(6,639)</u>
EXPENDITURES				
Current:				
Judicial				
Salaries and fringe benefits	29,431	29,431	-	29,431
Travel	5,000	5,000	-	5,000
Contract services	30,000	30,000	-	30,000
General operations	<u>10,000</u>	<u>67,463</u>	<u>-</u>	<u>67,463</u>
Total expenditures	<u>74,431</u>	<u>131,894</u>	<u>-</u>	<u>131,894</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENCITURES	<u>(28,881)</u>	<u>(86,344)</u>	<u>38,911</u>	<u>125,255</u>
NET CHANGE IN FUND BALANCE	(28,881)	(86,344)	38,911	125,255
FUND BALANCE AT BEGINNING OF YEAR	<u>217,454</u>	<u>217,454</u>	<u>217,454</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 188,573</u>	<u>\$ 131,110</u>	<u>\$ 256,365</u>	<u>\$ 125,255</u>

POTTER COUNTY, TEXAS
Justice Court Technology Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-16

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 19,000	\$ 19,000	\$ 12,942	\$ (6,058)
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>12,942</u>	<u>(6,058)</u>
EXPENDITURES				
Current:				
Judicial				
Travel	12,000	12,000	2,599	9,401
Contract services	-	30,000	30,000	-
General operations	<u>14,500</u>	<u>14,500</u>	<u>1,658</u>	<u>12,842</u>
Total expenditures	<u>26,500</u>	<u>56,500</u>	<u>34,257</u>	<u>22,243</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,500)</u>	<u>(37,500)</u>	<u>(21,315)</u>	<u>16,185</u>
NET CHANGE IN FUND BALANCE	(7,500)	(37,500)	(21,315)	16,185
FUND BALANCE AT BEGINNING OF YEAR	<u>186,222</u>	<u>186,222</u>	<u>186,222</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 178,722</u>	<u>\$ 148,722</u>	<u>\$ 164,907</u>	<u>\$ 16,185</u>

POTTER COUNTY, TEXAS
 County Clerk / District Clerk Technology Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-17

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 6,000	\$ 6,000	\$ 5,436	\$ (564)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>5,436</u>	<u>(564)</u>
EXPENDITURES				
Judicial				
General operations	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,000)</u>	<u>(4,000)</u>	<u>5,436</u>	<u>9,436</u>
NET CHANGE IN FUND BALANCE	(4,000)	(4,000)	5,436	9,436
FUND BALANCE AT BEGINNING OF YEAR	<u>34,720</u>	<u>34,720</u>	<u>34,720</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 30,720</u>	<u>\$ 30,720</u>	<u>\$ 40,156</u>	<u>\$ 9,436</u>

POTTER COUNTY, TEXAS
 County Attorney Hot Check Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-18

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 55,000	\$ 55,000	\$ 30,033	\$ (24,967)
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>30,033</u>	<u>(24,967)</u>
EXPENDITURES				
Current:				
Judicial				
Salaries and fringe benefits	105,199	105,199	56,593	48,606
General operations	10,000	10,000	1,022	8,978
Equipment/vehicle maintenance	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>125,199</u>	<u>125,199</u>	<u>57,615</u>	<u>67,584</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(70,199)</u>	<u>(70,199)</u>	<u>(27,582)</u>	<u>42,617</u>
NET CHANGE IN FUND BALANCE	(70,199)	(70,199)	(27,582)	42,617
FUND BALANCE AT BEGINNING OF YEAR	<u>110,622</u>	<u>110,622</u>	<u>110,622</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 40,423</u>	<u>\$ 40,423</u>	<u>\$ 83,040</u>	<u>\$ 42,617</u>

POTTER COUNTY, TEXAS
 County Attorney Forfeiture Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-19

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Miscellaneous	\$ 130,000	\$ 130,000	\$ 23,091	\$ (106,909)
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>23,091</u>	<u>(106,909)</u>
EXPENDITURES				
Current:				
Judicial				
Salaries and fringe benefits	-	-	-	-
Travel expenses	4,500	6,950	6,933	17
General operations	15,390	19,765	19,753	12
Equipment/vehicle maintenance	<u>13,000</u>	<u>18,575</u>	<u>18,268</u>	<u>307</u>
Total expenditures	<u>32,890</u>	<u>45,290</u>	<u>44,954</u>	<u>336</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>97,110</u>	<u>84,710</u>	<u>(21,863)</u>	<u>(106,573)</u>
NET CHANGE IN FUND BALANCE	97,110	84,710	(21,863)	(106,573)
FUND BALANCE AT BEGINNING OF YEAR	<u>56,967</u>	<u>56,967</u>	<u>56,967</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 154,077</u>	<u>\$ 141,677</u>	<u>\$ 35,104</u>	<u>\$ (106,573)</u>

POTTER COUNTY, TEXAS
 County Attorney Federal Forfeiture Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-20

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Miscellaneous	\$ 200,000	\$ 200,000	\$ 252,708	\$ 52,708
Investment earnings	-	-	2,645	2,645
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>255,353</u>	<u>55,353</u>
EXPENDITURES				
Current:				
Judicial				
Salaries and fringe benefits	173,701	-	-	-
Travel expenses	10,000	-	-	-
General operations	25,000	20,000	4,844	15,156
Capital outlay	-	213,701	213,609	92
Total expenditures	<u>208,701</u>	<u>233,701</u>	<u>218,453</u>	<u>15,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,701)</u>	<u>(33,701)</u>	<u>36,900</u>	<u>70,601</u>
NET CHANGE IN FUND BALANCE	(8,701)	(33,701)	36,900	70,601
FUND BALANCE AT BEGINNING OF YEAR	<u>374,648</u>	<u>374,648</u>	<u>374,648</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 365,947</u>	<u>\$ 340,947</u>	<u>\$ 411,548</u>	<u>\$ 70,601</u>

POTTER COUNTY, TEXAS
 District Attorney Hot Check Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-21

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 2,000	\$ 2,000	\$ 766	\$ (1,234)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>766</u>	<u>(1,234)</u>
EXPENDITURES				
Current:				
Judicial				
Travel expenses	800	375	-	375
General operations	<u>3,000</u>	<u>3,425</u>	<u>3,416</u>	<u>9</u>
Total expenditures	<u>3,800</u>	<u>3,800</u>	<u>3,416</u>	<u>384</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,800)</u>	<u>(1,800)</u>	<u>(2,650)</u>	<u>(850)</u>
NET CHANGE IN FUND BALANCE	(1,800)	(1,800)	(2,650)	(850)
FUND BALANCE AT BEGINNING OF YEAR	<u>125,985</u>	<u>125,985</u>	<u>125,985</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 124,185</u>	<u>\$ 124,185</u>	<u>\$ 123,335</u>	<u>\$ (850)</u>

POTTER COUNTY, TEXAS
 District Attorney Payroll Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-22

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ 22,500	\$ 22,500	\$ -
Total revenues	<u>-</u>	<u>22,500</u>	<u>22,500</u>	<u>-</u>
EXPENDITURES				
Current:				
Judicial				
Salaries and fringe benefits	-	22,500	22,500	-
Total expenditures	<u>-</u>	<u>22,500</u>	<u>22,500</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	<u>3,913</u>	<u>3,913</u>	<u>3,913</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,913</u>	<u>\$ 3,913</u>	<u>\$ 3,913</u>	<u>\$ -</u>

POTTER COUNTY, TEXAS
District Attorney Forfeiture Release Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-23

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ 2,000	\$ 2,000	\$ 6,158	\$ 4,158
Miscellaneous	<u>12,000</u>	<u>12,000</u>	<u>66,292</u>	<u>54,292</u>
Total revenues	<u>14,000</u>	<u>14,000</u>	<u>72,450</u>	<u>58,450</u>
EXPENDITURES				
Current:				
Judicial				
Salaries and fringe benefits	49,372	50,797	50,780	17
Travel and uniforms	8,000	8,000	2,270	5,730
Contract services	10,000	8,575	-	8,575
General operations	80,000	80,000	(7,714)	87,714
Equipment/vehicle maintenance	5,000	5,000	-	5,000
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>22,000</u>	<u>28,000</u>
Total expenditures	<u>202,372</u>	<u>202,372</u>	<u>67,336</u>	<u>135,036</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(188,372)</u>	<u>(188,372)</u>	<u>5,114</u>	<u>193,486</u>
NET CHANGE IN FUND BALANCE	(188,372)	(188,372)	5,114	193,486
FUND BALANCE AT BEGINNING OF YEAR	<u>861,165</u>	<u>861,165</u>	<u>861,165</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 672,793</u>	<u>\$ 672,793</u>	<u>\$ 866,279</u>	<u>\$ 193,486</u>

POTTER COUNTY, TEXAS
District Attorney Federal Forfeiture Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-24

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ -	\$ -	\$ 99	\$ 99
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>7,002</u>	<u>5,002</u>
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>7,101</u>	<u>5,101</u>
EXPENDITURES				
Current:				
Judicial				
Travel	5,000	5,000	4,590	410
Contract services	-	400	400	-
General operations	<u>2,500</u>	<u>2,100</u>	<u>1,154</u>	<u>946</u>
Total expenditures	<u>7,500</u>	<u>7,500</u>	<u>6,144</u>	<u>1,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,500)</u>	<u>(5,500)</u>	<u>957</u>	<u>6,457</u>
NET CHANGE IN FUND BALANCE	(5,500)	(5,500)	957	6,457
FUND BALANCE AT BEGINNING OF YEAR	<u>11,927</u>	<u>11,927</u>	<u>11,927</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,427</u>	<u>\$ 6,427</u>	<u>\$ 12,884</u>	<u>\$ 6,457</u>

POTTER COUNTY, TEXAS
Auto Burglary and Theft Prevention Authority Grants Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-25

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 361,705	\$ 361,705	\$ 494,932	\$ 133,227
Miscellaneous	-	-	14,000	14,000
Total revenues	<u>361,705</u>	<u>361,705</u>	<u>508,932</u>	<u>147,227</u>
EXPENDITURES				
Current:				
Public safety				
Salaries and fringe benefits	363,449	363,449	356,838	6,611
Travel	15,000	10,959	9,766	1,193
General operations	19,355	23,396	23,195	201
Equipment/vehicle maintenance	12,000	12,000	11,091	909
Total expenditures	<u>409,804</u>	<u>409,804</u>	<u>400,890</u>	<u>8,914</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(48,099)</u>	<u>(48,099)</u>	<u>108,042</u>	<u>156,141</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	48,100	48,100
Total other financing sources	<u>-</u>	<u>-</u>	<u>48,100</u>	<u>48,100</u>
NET CHANGE IN FUND BALANCE	(48,099)	(48,099)	156,142	204,241
FUND BALANCE AT BEGINNING OF YEAR	<u>(169,719)</u>	<u>(169,719)</u>	<u>(169,719)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (217,818)</u>	<u>\$ (217,818)</u>	<u>\$ (13,577)</u>	<u>\$ 204,241</u>

POTTER COUNTY, TEXAS
Sheriff Federal Forfeiture Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-26

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ 500	\$ 500	\$ 2,687	\$ 2,187
Miscellaneous	75,000	75,000	104,460	29,460
Total revenues	<u>75,500</u>	<u>75,500</u>	<u>107,147</u>	<u>31,647</u>
EXPENDITURES				
Current:				
Public safety				
Travel and uniforms	30,000	30,000	-	30,000
General operations	50,000	22,900	4,593	18,307
Equipment/vehicle maintenance	25,000	15,000	1,042	13,958
Capital outlay	25,000	62,100	62,003	97
Total expenditures	<u>130,000</u>	<u>130,000</u>	<u>67,638</u>	<u>62,362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(54,500)</u>	<u>(54,500)</u>	<u>39,509</u>	<u>94,009</u>
NET CHANGE IN FUND BALANCE	(54,500)	(54,500)	39,509	94,009
FUND BALANCE AT BEGINNING OF YEAR	<u>322,507</u>	<u>322,507</u>	<u>322,507</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 268,007</u>	<u>\$ 268,007</u>	<u>\$ 362,016</u>	<u>\$ 94,009</u>

POTTER COUNTY, TEXAS
Law Enforcement Grants Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-27

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 52,609	\$ 52,609	\$ 52,609	\$ -
Investment earnings	-	-	168	168
Total revenues	<u>52,609</u>	<u>52,609</u>	<u>52,777</u>	<u>168</u>
EXPENDITURES				
Current:				
Public safety				
Travel	15,000	9,719	9,720	(1)
General operations	12,609	17,890	17,500	390
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>23,292</u>	<u>1,708</u>
Total expenditures	<u>52,609</u>	<u>52,609</u>	<u>50,512</u>	<u>2,097</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		<u>-</u>	<u>2,265</u>	<u>2,265</u>
NET CHANGE IN FUND BALANCE		-	2,265	2,265
FUND BALANCE AT BEGINNING OF YEAR	<u>1,275</u>	<u>1,275</u>	<u>1,275</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,275</u>	<u>\$ 1,275</u>	<u>\$ 3,540</u>	<u>\$ 2,265</u>

POTTER COUNTY, TEXAS
Sheriff Office Forfeiture Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-28

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Interest on investments	\$ -	\$ -	\$ 408	\$ 408
Miscellaneous	2,000	2,000	-	(2,000)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>408</u>	<u>(1,592)</u>
EXPENDITURES				
Current:				
Public safety				
Uniforms	1,000	1,000	-	1,000
General operations	6,000	6,000	5,672	328
Equipment/vehicle maintenance	1,000	1,000	-	1,000
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>5,672</u>	<u>2,328</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,000)</u>	<u>(6,000)</u>	<u>(5,264)</u>	<u>736</u>
NET CHANGE IN FUND BALANCE	(6,000)	(6,000)	(5,264)	736
FUND BALANCE AT BEGINNING OF YEAR	<u>55,275</u>	<u>55,275</u>	<u>55,275</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 49,275</u>	<u>\$ 49,275</u>	<u>\$ 50,011</u>	<u>\$ 736</u>

POTTER COUNTY, TEXAS
Drug Court Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-29

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 154,982	\$ 154,982	\$ 138,772	\$ (16,210)
Total revenues	<u>154,982</u>	<u>154,982</u>	<u>138,772</u>	<u>(16,210)</u>
EXPENDITURES				
Current:				
Corrections				
Salaries and fringe benefits	65,072	65,072	65,498	(426)
Contract services	78,160	76,270	59,097	17,173
General operations	<u>11,750</u>	<u>13,640</u>	<u>11,938</u>	<u>1,702</u>
Total expenditures	<u>154,982</u>	<u>154,982</u>	<u>136,533</u>	<u>18,449</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>2,239</u>	<u>2,239</u>
NET CHANGE IN FUND BALANCE			2,239	2,239
FUND BALANCE AT BEGINNING OF YEAR	<u>(8,625)</u>	<u>(8,625)</u>	<u>(8,625)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (8,625)</u>	<u>\$ (8,625)</u>	<u>\$ (6,386)</u>	<u>\$ 2,239</u>

DEBT SERVICE FUNDS

POTTER COUNTY, TEXAS
 Nonmajor Debt Service Funds
 Combining Balance Sheet
 September 30, 2017

Exhibit C-30

	345 Series 2012 Refunding Bond	350 Series 2016 Certificate of Obligation	Total Nonmajor Debt Service Funds
ASSETS			
Pooled cash and cash equivalents	\$ 1,985,475	\$ 124,830	\$ 2,110,305
Receivables (net)			
Taxes	35,993	17,950	53,943
Other	4,301	2,145	6,446
Total assets	\$ 2,025,769	\$ 144,925	\$ 2,170,694
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Unavailable revenue			
Property Taxes	\$ 31,918	\$ 15,917	\$ 47,835
Total deferred inflows of resources	31,918	15,917	47,835
Fund Balances:			
Restricted:			
Restricted for debt service	1,993,851	129,008	2,122,859
Total fund balance	1,993,851	129,008	2,122,859
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,025,769	\$ 144,925	\$ 2,170,694

POTTER COUNTY, TEXAS

Exhibit C-31

Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended September 30, 2017

	345 Series 2012 Refunding Bond	350 Series 2016 Certificate of Obligation	Total Nonmajor Debt Service Funds
REVENUES			
Taxes	\$ 1,934,344	\$ 967,873	\$ 2,902,217
Investment earnings	15,914		15,914
Total revenues	<u>1,950,258</u>	<u>967,873</u>	<u>2,918,131</u>
EXPENDITURES			
General administrative			
General operations	500	400	900
Debt service:			
Principal	1,900,000		1,900,000
Interest and fiscal charges	40,500	867,827	908,327
Total expenditures	<u>1,941,000</u>	<u>868,227</u>	<u>2,809,227</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>9,258</u>	<u>99,646</u>	<u>108,904</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	9,258	99,646	108,904
FUND BALANCES			
AT BEGINNING OF YEAR	<u>1,984,593</u>	<u>29,362</u>	<u>2,013,955</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,993,851</u>	<u>\$ 129,008</u>	<u>\$ 2,122,859</u>

POTTER COUNTY, TEXAS
Series 2012 Refunding Bond
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

Exhibit C-32

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes	\$ 1,740,500	\$ 1,740,500	\$ 1,934,344	\$ 193,844
Investment earnings	1,000	1,000	15,914	14,914
Total revenues	<u>1,741,500</u>	<u>1,741,500</u>	<u>1,950,258</u>	<u>208,758</u>
EXPENDITURES				
General administrative				
General operations	1,000	1,000	500	500
Debt service:				
Principal	1,900,000	1,900,000	1,900,000	-
Interest and fiscal charges	40,500	40,500	40,500	-
Total expenditures	<u>1,941,500</u>	<u>1,941,500</u>	<u>1,941,000</u>	<u>500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(200,000)</u>	<u>(200,000)</u>	<u>9,258</u>	<u>209,258</u>
NET CHANGE IN FUND BALANCE	(200,000)	(200,000)	9,258	209,258
FUND BALANCE AT BEGINNING OF YEAR	<u>1,984,593</u>	<u>1,984,593</u>	<u>1,984,593</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,784,593</u>	<u>\$ 1,784,593</u>	<u>\$ 1,993,851</u>	<u>\$ 209,258</u>

POTTER COUNTY, TEXAS
 Series 2016 Certificate of Obligation
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-33

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Taxes	\$ 867,830	\$ 867,830	\$ 967,873	\$ 100,043
Investment earnings	1,000	1,000	0	(1,000)
Total revenues	<u>868,830</u>	<u>868,830</u>	<u>967,873</u>	<u>99,043</u>
EXPENDITURES				
General administrative				
General operations	1,000	1,000	400	600
Debt service:				
Interest and fiscal charges	<u>867,830</u>	<u>867,830</u>	<u>867,827</u>	<u>3</u>
Total expenditures	<u>868,830</u>	<u>868,830</u>	<u>868,227</u>	<u>603</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>99,646</u>	<u>99,646</u>
NET CHANGE IN FUND BALANCE	-	-	99,646	99,646
FUND BALANCE AT BEGINNING OF YEAR	<u>29,362</u>	<u>29,362</u>	<u>29,362</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 29,362</u>	<u>\$ 29,362</u>	<u>\$ 129,008</u>	<u>\$ 99,646</u>

CAPITAL PROJECTS FUNDS

POTTER COUNTY, TEXAS
 Capital Projects Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-34

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ 30,000	\$ 30,000	\$ 80,098	\$ 50,098
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>80,098</u>	<u>50,098</u>
EXPENDITURES				
Current:				
Building repairs and maintenance	500,000	500,000	19,500	480,500
Capital outlay	<u>850,000</u>	<u>8,167,984</u>	<u>5,433,708</u>	<u>2,734,276</u>
Total expenditures	<u>1,350,000</u>	<u>8,667,984</u>	<u>5,453,208</u>	<u>3,214,776</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,320,000)</u>	<u>(8,637,984)</u>	<u>(5,373,110)</u>	<u>3,264,874</u>
OTHER FINANCING SOURCES (USES)				
Issuance of tax notes	-	5,540,000	5,625,000	85,000
Issuance costs on tax notes	-	-	(61,250)	(61,250)
Transfers in	-	-	1,500,000	1,500,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>5,540,000</u>	<u>7,063,750</u>	<u>1,523,750</u>
NET CHANGE IN FUND BALANCE	(1,320,000)	(3,097,984)	1,690,640	4,788,624
FUND BALANCE AT BEGINNING OF YEAR	<u>7,853,738</u>	<u>7,853,738</u>	<u>7,853,738</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,533,738</u>	<u>\$ 4,755,754</u>	<u>\$ 9,544,378</u>	<u>\$ 4,788,624</u>

POTTER COUNTY, TEXAS
 Sheriff Admin Construction Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

Exhibit C-35

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Investment earnings	\$ 75,000	\$ 75,000	\$ 172,376	\$ 97,376
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>172,376</u>	<u>97,376</u>
EXPENDITURES				
Public safety:				
Contract services	200,000	315,525	315,524	1
Capital outlay	<u>18,950,000</u>	<u>18,834,475</u>	<u>9,643,089</u>	<u>9,191,386</u>
Total expenditures	<u>19,150,000</u>	<u>19,150,000</u>	<u>9,958,613</u>	<u>9,191,387</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,075,000)</u>	<u>(19,075,000)</u>	<u>(9,786,237)</u>	<u>9,288,763</u>
NET CHANGE IN FUND BALANCE	(19,075,000)	(19,075,000)	(9,786,237)	9,288,763
FUND BALANCE AT BEGINNING OF YEAR	<u>19,543,532</u>	<u>19,543,532</u>	<u>19,543,532</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 468,532</u>	<u>\$ 468,532</u>	<u>\$ 9,757,295</u>	<u>\$ 9,288,763</u>

FIDUCIARY FUNDS

POTTER COUNTY, TEXAS
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2017

	700 State and County Collections	701 Tax Collector	704 Bail Security Fund	710 State Court Costs	716 District Registry Fund	717 County Registry Fund
ASSETS:						
Pooled cash and cash equivalents	\$ 421,255	\$ 1,828,903	\$ 32,500	\$ 154,582	\$ 2,765,274	\$ 264,885
Accounts receivable						
Other	<u>7,697</u>	<u>225</u>	<u> </u>	<u>73,258</u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 428,952</u>	<u>\$ 1,829,128</u>	<u>\$ 32,500</u>	<u>\$ 227,840</u>	<u>\$ 2,765,274</u>	<u>\$ 264,885</u>
LIABILITIES:						
Accounts payable and other current liabilities	\$ 96,574	\$	\$ 32,500	\$ 208,866	\$	\$
Due to other governments	332,378	1,829,128		18,974		
Due to trust beneficiaries					2,765,274	264,885
Due to other entities	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 428,952</u>	<u>\$ 1,829,128</u>	<u>\$ 32,500</u>	<u>\$ 227,840</u>	<u>\$ 2,765,274</u>	<u>\$ 264,885</u>

<u>730</u> <u>Retainage</u> <u>Fund</u>	<u>740</u> <u>County</u> <u>Attorney</u> <u>Restitution</u>	<u>750</u> <u>District</u> <u>Attorney</u> <u>Restitution</u>	<u>760</u> <u>District</u> <u>Attorney</u> <u>Seizure</u>	<u>771</u> <u>Detention</u> <u>Center</u> <u>Trust Fund</u>	<u>772</u> <u>Detention</u> <u>Center Bond</u> <u>Fund</u>	<u>200</u> <u>Unclaimed</u> <u>Property</u>	<u>Total</u> <u>Agency</u> <u>Funds</u>
\$ 893,614	\$ 71,287	\$ 2,421	\$ 103,120	\$ 88,120	\$ 40,000	\$ 213,032	\$ 6,878,993
	<u>1,636</u>						<u>82,816</u>
<u>\$ 893,614</u>	<u>\$ 72,923</u>	<u>\$ 2,421</u>	<u>\$ 103,120</u>	<u>\$ 88,120</u>	<u>\$ 40,000</u>	<u>\$ 213,032</u>	<u>\$ 6,961,809</u>
\$ 893,614	\$ 72,923	\$ 2,421	\$ 103,120	\$ 88,120	\$ 40,000	\$ 213,032	\$ 569,180
							3,074,094
							3,105,503
							213,032
							213,032
<u>\$ 893,614</u>	<u>\$ 72,923</u>	<u>\$ 2,421</u>	<u>\$ 103,120</u>	<u>\$ 88,120</u>	<u>\$ 40,000</u>	<u>\$ 213,032</u>	<u>\$ 6,961,809</u>

POTTER COUNTY, TEXAS
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2017

	Balance 10/1/2016	Additions	Deductions	Balance 9/30/2017
STATE & COUNTY COLLECTIONS				
ASSETS				
Cash and cash equivalents	\$ 536,012	\$ 4,242,007	\$ 4,356,764	\$ 421,255
Accounts receivable	8,566	9,493	10,362	7,697
Total assets	<u>\$ 544,578</u>	<u>\$ 4,251,500</u>	<u>\$ 4,367,126</u>	<u>\$ 428,952</u>
LIABILITIES				
Accounts payable	\$ 121,816	\$ 314,252	\$ 339,494	\$ 96,574
Due to other governments	422,762	332,378	422,762	332,378
Total liabilities	<u>\$ 544,578</u>	<u>\$ 646,630</u>	<u>\$ 762,256</u>	<u>\$ 428,952</u>
TAX ASSESSOR/COLLECTOR				
ASSETS				
Cash and cash equivalents	\$ 1,853,996	\$ 572,960,662	\$ 572,985,755	\$ 1,828,903
Accounts receivable	225	-	-	225
Total assets	<u>\$ 1,854,221</u>	<u>\$ 572,960,662</u>	<u>\$ 572,985,755</u>	<u>\$ 1,829,128</u>
LIABILITIES				
Due to other governments	\$ 1,854,221	\$ 572,960,662	\$ 572,985,755	\$ 1,829,128
Total liabilities	<u>\$ 1,854,221</u>	<u>\$ 572,960,662</u>	<u>\$ 572,985,755</u>	<u>\$ 1,829,128</u>
BAIL SECURITY FUND				
ASSETS				
Cash and cash equivalents	\$ 32,500	\$ -	\$ -	\$ 32,500
Total assets	<u>\$ 32,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,500</u>
LIABILITIES				
Accounts payable	\$ 32,500	\$ -	\$ -	\$ 32,500
Total liabilities	<u>\$ 32,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,500</u>

POTTER COUNTY, TEXAS
Combining Statement of Changes in Assets and Liabilities - continued
All Agency Funds
For the Year Ended September 30, 2017

	Balance 10/1/2016	Additions	Deductions	Balance 9/30/2017
STATE COURT COSTS				
ASSETS				
Cash and cash equivalents	\$ 170,215	\$ 985,274	\$ 1,000,907	\$ 154,582
Accounts receivable	78,571	73,258	78,571	73,258
Total assets	<u>\$ 248,786</u>	<u>\$ 1,058,532</u>	<u>\$ 1,079,478</u>	<u>\$ 227,840</u>
LIABILITIES				
Accounts payable	\$ 225,468	\$ 889,004	\$ 905,606	\$ 208,866
Due to other governments	23,318	18,974	23,318	18,974
Total liabilities	<u>\$ 248,786</u>	<u>\$ 907,978</u>	<u>\$ 928,924</u>	<u>\$ 227,840</u>
DISTRICT CLERK REGISTRY FUND				
ASSETS				
Cash and cash equivalents	\$ 2,658,784	\$ 1,275,069	\$ 1,168,579	\$ 2,765,274
Total assets	<u>\$ 2,658,784</u>	<u>\$ 1,275,069</u>	<u>\$ 1,168,579</u>	<u>\$ 2,765,274</u>
LIABILITIES				
Due to trust beneficiaries	\$ 2,658,784	\$ 1,275,069	\$ 1,168,579	\$ 2,765,274
Total liabilities	<u>\$ 2,658,784</u>	<u>\$ 1,275,069</u>	<u>\$ 1,168,579</u>	<u>\$ 2,765,274</u>
COUNTY CLERK REGISTRY FUND				
ASSETS				
Cash and cash equivalents	\$ 352,744	\$ 60,543	\$ 148,402	\$ 264,885
Total assets	<u>\$ 352,744</u>	<u>\$ 60,543</u>	<u>\$ 148,402</u>	<u>\$ 264,885</u>
LIABILITIES				
Due to trust beneficiaries	\$ 352,744	\$ 60,543	\$ 148,402	\$ 264,885
Total liabilities	<u>\$ 352,744</u>	<u>\$ 60,543</u>	<u>\$ 148,402</u>	<u>\$ 264,885</u>
RETAINAGE FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 893,614	\$ -	\$ 893,614
Total assets	<u>\$ -</u>	<u>\$ 893,614</u>	<u>\$ -</u>	<u>\$ 893,614</u>
LIABILITIES				
Due to other governments	\$ -	\$ 893,614	\$ -	\$ 893,614
Total liabilities	<u>\$ -</u>	<u>\$ 893,614</u>	<u>\$ -</u>	<u>\$ 893,614</u>

Combining Statement of Changes in Assets and Liabilities - continued
All Agency Funds
For the Year Ended September 30, 2017

	Balance 10/1/2016	Additions	Deductions	Balance 9/30/2017
COUNTY ATTORNEY RESTITUTION				
ASSETS				
Cash and cash equivalents	\$ 47,295	\$ 418,671	\$ 394,679	\$ 71,287
Accounts receivable	2,322	1,636	2,322	1,636
Total assets	<u>\$ 49,617</u>	<u>\$ 420,307</u>	<u>\$ 397,001</u>	<u>\$ 72,923</u>
LIABILITIES				
Due to trust beneficiaries	<u>\$ 49,617</u>	<u>\$ 420,307</u>	<u>\$ 397,001</u>	<u>\$ 72,923</u>
Total liabilities	<u>\$ 49,617</u>	<u>\$ 420,307</u>	<u>\$ 397,001</u>	<u>\$ 72,923</u>
DISTRICT ATTORNEY RESTITUTION				
ASSETS				
Cash and cash equivalents	\$ 21	\$ 2,400	\$ -	\$ 2,421
Total assets	<u>\$ 21</u>	<u>\$ 2,400</u>	<u>\$ -</u>	<u>\$ 2,421</u>
LIABILITIES				
Due to beneficiaries	<u>\$ 21</u>	<u>\$ 2,400</u>	<u>\$ -</u>	<u>\$ 2,421</u>
Total liabilities	<u>\$ 21</u>	<u>\$ 2,400</u>	<u>\$ -</u>	<u>\$ 2,421</u>
DISTRICT ATTORNEY SEIZURE				
ASSETS				
Cash and cash equivalents	\$ 146,203	\$ 95,405	\$ 138,488	\$ 103,120
Total assets	<u>\$ 146,203</u>	<u>\$ 95,405</u>	<u>\$ 138,488</u>	<u>\$ 103,120</u>
LIABILITIES				
Accounts payable	<u>\$ 146,203</u>	<u>\$ 95,405</u>	<u>\$ 138,488</u>	<u>\$ 103,120</u>
Total liabilities	<u>\$ 146,203</u>	<u>\$ 95,405</u>	<u>\$ 138,488</u>	<u>\$ 103,120</u>
DETENTION CENTER INMATE TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 88,253	\$ 871,630	\$ 871,763	\$ 88,120
Total assets	<u>\$ 88,253</u>	<u>\$ 871,630</u>	<u>\$ 871,763</u>	<u>\$ 88,120</u>
LIABILITIES				
Accounts payable	<u>\$ 88,253</u>	<u>\$ 871,630</u>	<u>\$ 871,763</u>	<u>\$ 88,120</u>
Total liabilities	<u>\$ 88,253</u>	<u>\$ 871,630</u>	<u>\$ 871,763</u>	<u>\$ 88,120</u>

POTTER COUNTY, TEXAS
Combining Statement of Changes in Assets and Liabilities - continued
All Agency Funds
For the Year Ended September 30, 2017

	Balance 10/1/2016	Additions	Deductions	Balance 9/30/2017
DETENTION CENTER BOND FUND				
ASSETS				
Cash and cash equivalents	\$ 52,000	\$ 95,668	\$ 107,668	\$ 40,000
Total assets	<u>\$ 52,000</u>	<u>\$ 95,668</u>	<u>\$ 107,668</u>	<u>\$ 40,000</u>
LIABILITIES				
Accounts payable	\$ 52,000	\$ 95,668	\$ 107,668	\$ 40,000
Total liabilities	<u>\$ 52,000</u>	<u>\$ 95,668</u>	<u>\$ 107,668</u>	<u>\$ 40,000</u>
UNCLAIMED PROPERTY				
ASSETS				
Cash and cash equivalents	\$ 211,787	\$ 1,313	\$ 68	\$ 213,032
Total assets	<u>\$ 211,787</u>	<u>\$ 1,313</u>	<u>\$ 68</u>	<u>\$ 213,032</u>
LIABILITIES				
Due to other entities	\$ 211,787	\$ 1,371	\$ 126	\$ 213,032
Total liabilities	<u>\$ 211,787</u>	<u>\$ 1,371</u>	<u>\$ 126</u>	<u>\$ 213,032</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 6,149,810	\$ 581,902,256	\$ 581,173,073	\$ 6,878,993
Accounts receivable	89,684	84,387	91,255	82,816
Total assets	<u>\$ 6,239,494</u>	<u>\$ 581,986,643</u>	<u>\$ 581,264,328</u>	<u>\$ 6,961,809</u>
LIABILITIES				
Accounts payable	\$ 666,240	\$ 2,265,959	\$ 2,363,019	\$ 569,180
Due to other governments	2,300,301	574,205,628	573,431,835	3,074,094
Due to trust beneficiaries	3,061,166	1,758,319	1,713,982	3,105,503
Due to other entities	211,787	1,371	126	213,032
Total liabilities	<u>\$ 6,239,494</u>	<u>\$ 578,231,277</u>	<u>\$ 577,508,962</u>	<u>\$ 6,961,809</u>

STATISTICAL SECTION

POTTER COUNTY, TEXAS
Net Position by Component
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities					
Net invested in capital assets	\$ 42,873,285	\$ 43,565,161	\$ 49,746,604	\$ 56,126,465	\$ 63,177,320
Restricted	1,074,466	1,447,462	2,049,256	2,439,212	2,178,182
Unrestricted	26,736,887	29,552,344	28,372,058	24,775,385	22,079,761
Total governmental activities net position	<u>\$ 70,684,638</u>	<u>\$ 74,564,967</u>	<u>\$ 80,167,918</u>	<u>\$ 83,341,062</u>	<u>\$ 87,435,263</u>
Primary government					
Net invested in capital assets	\$ 42,873,285	\$ 43,565,161	\$ 49,746,604	\$ 56,126,465	\$ 63,177,320
Restricted	1,074,466	1,447,462	2,049,256	2,439,212	2,178,182
Unrestricted	26,736,887	29,552,344	28,372,058	24,775,385	22,079,761
Total primary government net position	<u>\$ 70,684,638</u>	<u>\$ 74,564,967</u>	<u>\$ 80,167,918</u>	<u>\$ 83,341,062</u>	<u>\$ 87,435,263</u>

Source: County financial statements

Fiscal Year				
2013	2014	2015	2016	2017
\$ 61,999,277	\$ 65,492,484	\$ 66,473,229	\$ 68,306,983	\$ 67,558,894
2,758,943	3,226,294	4,038,120	3,915,418	3,906,123
25,100,759	27,408,567	19,228,367	19,493,902	20,179,553
<u>\$ 89,858,979</u>	<u>\$ 96,127,345</u>	<u>\$ 89,739,716</u>	<u>\$ 91,716,303</u>	<u>\$ 91,644,570</u>
\$ 61,999,277	\$ 65,492,484	\$ 66,473,229	\$ 68,306,983	\$ 67,558,894
2,758,943	3,226,294	4,038,120	3,915,418	3,906,123
25,100,759	27,408,567	19,228,367	19,493,902	20,179,553
<u>\$ 89,858,979</u>	<u>\$ 96,127,345</u>	<u>\$ 89,739,716</u>	<u>\$ 91,716,303</u>	<u>\$ 91,644,570</u>

POTTER COUNTY, TEXAS
Changes in Net Position
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities					
General administrative	\$ 4,716,743	\$ 4,878,648	\$ 4,894,116	\$ 5,327,965	\$ 6,237,219
Facilities maintenance	3,233,525	2,880,638	3,049,154	3,227,551	3,106,581
Election administration	212,444	252,589	311,674	335,654	333,261
Judicial	11,586,395	12,088,428	12,505,640	12,958,440	13,705,026
Public safety	7,107,000	7,531,800	7,904,306	7,846,797	7,804,487
Corrections and rehabilitation	11,177,365	11,463,293	11,504,942	12,136,464	12,918,829
Health and human services	579,078	595,105	602,072	659,153	751,915
Road and bridge	3,073,675	2,810,403	2,898,176	3,289,488	3,790,135
Interest and fiscal charges	750,445	543,890	500,346	445,151	563,688
Total governmental activities expenses	<u>42,436,670</u>	<u>43,044,794</u>	<u>44,170,426</u>	<u>46,226,663</u>	<u>49,211,141</u>
Program Revenues					
Governmental activities					
Charges for services					
General administrative	1,089,631	979,641	1,121,886	779,092	855,609
Facilities maintenance	-	-	-	-	-
Election administration	-	-	-	-	203
Judicial	3,634,570	3,276,434	3,579,564	3,632,345	3,578,840
Public safety	747,184	748,658	763,450	738,341	891,934
Corrections and rehabilitation	87,677	56,579	53,917	37,384	37,536
Health and human services	8,213	8,167	8,280	8,614	9,650
Road and bridge	1,999,896	1,986,477	1,757,544	1,823,296	1,915,038
Operating grants and contributions	1,420,446	1,509,675	1,597,284	1,637,501	1,679,624
Capital grants and contributions	56,445	191,617	2,177,997	1,886,767	3,266,348
Total governmental activities program revenues	<u>9,044,062</u>	<u>8,757,248</u>	<u>11,059,922</u>	<u>10,543,340</u>	<u>12,234,782</u>
Net (expense) revenue					
Governmental activities	(33,392,608)	(34,287,546)	(33,110,504)	(35,683,323)	(36,976,359)
Total primary government net expense	<u>\$ (33,392,608)</u>	<u>\$ (34,287,546)</u>	<u>\$ (33,110,504)</u>	<u>\$ (35,683,323)</u>	<u>\$ (36,976,359)</u>

		Fiscal Year							
		2013	2014	2015	2016	2017			
\$	5,843,096	\$	6,966,432	\$	6,665,962	\$	7,264,224	\$	7,884,841
	3,891,407		3,940,745		3,743,189		4,579,935		4,298,440
	343,204		399,450		445,008		485,788		684,434
	13,432,209		14,145,048		14,606,765		15,209,074		16,951,402
	8,674,589		9,129,698		8,805,956		11,527,462		10,816,396
	12,970,815		13,994,064		13,764,889		15,061,379		15,739,324
	745,435		799,112		757,696		636,165		660,817
	3,413,410		3,876,443		3,302,840		2,570,451		2,530,923
	138,799		86,454		58,330		569,840		469,663
	<u>49,452,964</u>		<u>53,337,446</u>		<u>52,150,635</u>		<u>57,904,318</u>		<u>60,036,240</u>
	1,013,504		1,676,695		1,028,289		2,091,454		1,518,500
	-		-		-		-		-
	233		689		660		318		704
	3,734,494		3,784,998		3,622,668		3,585,073		3,255,174
	813,947		792,836		810,363		721,002		726,530
	74,628		109,480		431,524		355,587		255,596
	18,301		14,496		20,914		21,364		20,773
	1,990,123		2,094,405		2,110,225		2,110,719		2,049,816
	1,457,688		1,847,566		1,661,597		3,093,621		2,307,331
	581,456		5,538,985		10,000		231,116		62,480
	<u>9,684,374</u>		<u>15,860,150</u>		<u>9,696,240</u>		<u>12,210,254</u>		<u>10,196,904</u>
	(39,768,590)		(37,477,296)		(42,454,395)		(45,694,064)		(49,839,336)
\$	<u>(39,768,590)</u>	\$	<u>(37,477,296)</u>	\$	<u>(42,454,395)</u>	\$	<u>(45,694,064)</u>	\$	<u>(49,839,336)</u>

POTTER COUNTY, TEXAS
 Last Ten Fiscal Years
 Changes in Net Position
 Since implementation of GASB 34 (Modified Accrual Basis of Accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes, levied					
for general purposes	\$ 32,885,969	\$ 34,717,944	\$ 34,927,427	\$ 35,437,310	\$ 38,071,717
Property taxes, levied					
for debt purposes	2,151,785	2,269,041	2,316,528	2,331,124	2,308,480
Property taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
Mixed drink tax	396,055	406,726	404,397	428,519	387,758
Vehicle inventory tax	2,603	7,925	10,920	11,047	2,852
Bingo tax proceeds	195,213	206,297	208,384	207,010	210,328
Investment income	1,079,408	379,686	218,336	71,349	89,425
Gain (loss) on					
sale of capital assets	(83,303)	53,110	(3,759)	-	-
Miscellaneous	480,558	127,146	631,222	370,108	-
Total governmental activities	<u>37,108,288</u>	<u>38,167,875</u>	<u>38,713,455</u>	<u>38,856,467</u>	<u>41,070,560</u>
Total primary government	<u>\$ 37,108,288</u>	<u>\$ 38,167,875</u>	<u>\$ 38,713,455</u>	<u>\$ 38,856,467</u>	<u>\$ 41,070,560</u>
Changes in Net Position					
Governmental activities	<u>\$ 3,715,680</u>	<u>\$ 3,880,329</u>	<u>\$ 5,602,951</u>	<u>\$ 3,173,144</u>	<u>\$ 4,094,201</u>
Total primary government	<u>\$ 3,715,680</u>	<u>\$ 3,880,329</u>	<u>\$ 5,602,951</u>	<u>\$ 3,173,144</u>	<u>\$ 4,094,201</u>

Source: Statement of Activities from County CAFRs

Fiscal Year				
2013	2014	2015	2016	2017
\$ 38,770,264	\$ 40,523,681	\$ 41,867,636	\$ 44,377,950	\$ 45,341,155
2,198,926	2,090,642	2,165,610	2,162,817	2,905,570
-	-	-	-	-
-	-	-	-	-
435,541	556,096	593,951	611,365	598,081
28,997	19,738	15,587	14,651	47,609
211,210	216,162	212,810	221,210	222,251
88,932	75,942	90,894	282,658	652,937
90,150	28,256	-	-	-
368,286	235,145	60,069	-	-
<u>42,192,306</u>	<u>43,745,662</u>	<u>45,006,557</u>	<u>47,670,651</u>	<u>49,767,603</u>
\$ <u>42,192,306</u>	\$ <u>43,745,662</u>	\$ <u>45,006,557</u>	\$ <u>47,670,651</u>	\$ <u>49,767,603</u>
\$ <u>2,423,716</u>	\$ <u>6,268,366</u>	\$ <u>2,552,162</u>	\$ <u>1,976,587</u>	\$ <u>(71,733)</u>
\$ <u>2,423,716</u>	\$ <u>6,268,366</u>	\$ <u>2,552,162</u>	\$ <u>1,976,587</u>	\$ <u>(71,733)</u>

POTTER COUNTY, TEXAS
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year				
	2008	2009	2010	2011 (1)	2012
General Fund					
Reserved	\$ 116,685	\$ 131,550	\$ 425,469	\$ -	\$ -
Nonspendable	-	-	-	62,109	52,004
Restricted	-	-	-	297,123	308,426
Committed	-	-	-	3,000,000	2,000,000
Assigned	-	-	-	-	-
Unreserved/Unassigned	<u>16,047,905</u>	<u>16,918,011</u>	<u>16,817,279</u>	<u>12,607,617</u>	<u>14,021,844</u>
Total General Fund	<u>\$ 16,164,590</u>	<u>\$ 17,049,561</u>	<u>\$ 17,242,748</u>	<u>\$ 15,966,849</u>	<u>\$ 16,382,274</u>
All Other Governmental Funds					
Reserved					
Debt service funds	\$ 534,661	\$ 732,268	\$ 989,366	\$ -	\$ -
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Encumbrances	1,253,119	395,122	479,476	-	-
Restricted					
Debt service funds	-	-	-	1,260,106	1,031,222
Special revenue funds	-	-	-	20,216	20,339
Capital projects funds	-	-	-	-	-
Assigned					
Capital projects funds	-	-	-	5,129,931	3,097,475
Special revenue funds	-	-	-	3,351,928	3,218,732
Unreserved, reported in:					
Special revenue funds	2,781,788	2,721,110	2,952,805	-	-
Capital projects funds	<u>6,767,146</u>	<u>8,860,744</u>	<u>7,228,505</u>	-	-
Total all other governmental funds	<u>\$ 11,336,714</u>	<u>\$ 12,709,244</u>	<u>\$ 11,650,152</u>	<u>\$ 9,762,181</u>	<u>\$ 7,367,768</u>

Source: County financial statements.

(1) 2011 was the first year of GASB 54 implementation.

Table 3

Fiscal Year				
2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -
53,134	23,245	17,110	520,165	1,030,202
353,110	655,805	864,229	813,272	577,726
2,700,000	3,000,000	3,000,000	2,098,100	2,098,100
-	-	-	-	-
<u>14,495,590</u>	<u>14,102,331</u>	<u>13,236,882</u>	<u>16,397,160</u>	<u>17,999,060</u>
\$ <u>17,601,834</u>	\$ <u>17,781,381</u>	\$ <u>17,118,221</u>	\$ <u>19,828,697</u>	\$ <u>21,705,088</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,283,520	1,517,693	1,753,489	2,013,955	2,122,859
206,381	382,433	518,177	415,079	542,567
-	-	-	19,543,532	9,757,295
5,059,469	7,679,758	9,223,342	7,853,738	9,544,378
3,351,666	3,522,336	3,350,640	3,735,040	3,409,123
(2,522)	-	(34,503)	(206,643)	(24,098)
-	-	-	-	-
\$ <u>9,898,514</u>	\$ <u>13,102,220</u>	\$ <u>14,811,145</u>	\$ <u>33,354,701</u>	\$ <u>25,352,124</u>

POTTER COUNTY, TEXAS
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
Revenue					
Taxes	\$ 35,373,010	\$ 37,220,666	\$ 37,617,375	\$ 38,143,874	\$ 40,803,354
Licenses and fees	4,782,390	4,744,096	4,724,465	4,824,188	4,921,922
Intergovernmental	1,672,104	1,701,292	3,983,665	3,636,198	3,314,546
Fines and forfeitures	1,630,752	1,386,758	1,410,844	1,414,392	1,215,965
Charges for services	1,042,421	946,385	887,002	817,292	882,704
Investment earnings	1,058,154	374,434	216,028	68,799	87,376
Miscellaneous	664,826	329,658	844,620	355,451	403,384
Total revenues	46,223,657	46,703,289	49,683,999	49,260,194	51,629,251
Expenditures					
General administrative	4,620,124	4,769,440	4,845,930	5,083,324	5,266,137
Facilities maintenance	2,741,042	2,142,823	2,385,538	2,549,165	2,062,923
Election administration	212,444	252,124	312,223	334,758	326,743
Judicial	11,624,598	12,022,407	12,480,138	12,887,673	13,368,693
Public safety and correctional	6,807,111	7,186,687	7,546,648	7,280,056	7,501,439
Corrections and rehabilitation	11,031,909	11,267,983	11,322,711	11,895,403	12,479,813
Health and human services	583,017	593,662	603,442	657,032	735,533
Road and bridge	1,707,486	1,843,461	1,904,364	1,851,470	1,905,658
Debt service					
Principal	1,460,900	1,559,400	1,540,000	1,595,000	1,650,000
Interest and fiscal charges	816,721	572,206	517,817	462,955	392,210
Capital outlay	1,663,975	1,470,595	7,091,093	7,827,228	7,397,913
Total expenditures	43,269,327	43,680,788	50,549,904	52,424,064	53,087,062
Excess of revenues over (under) expenditures	2,954,330	3,022,501	(865,905)	(3,163,870)	(1,457,811)
Other financing sources (uses)					
Refunding bonds issued	9,120,000	-	-	-	7,220,000
Issuance of bonds	-	-	-	-	-
Issuance of tax notes	-	-	-	-	-
Premium on bonds	151,329	-	-	-	306,365
Issuance costs on bonds	-	-	-	-	-
Payment to refunded bond escrow agent	(9,182,340)	-	-	-	(8,047,542)
Transfers in	3,713,937	2,316,262	3,285,291	3,785,747	3,627,173
Transfers out	(3,713,937)	(2,316,262)	(3,285,291)	(3,785,747)	(3,627,173)
Capital leases	-	-	-	-	-
Total other financing sources (uses)	88,989	-	-	-	(521,177)
Net change in fund balances	\$ 3,043,319	\$ 3,022,501	\$ (865,905)	\$ (3,163,870)	\$ (1,978,988)
Debt service as a percentage of noncapital expenditures	5.52%	5.13%	4.80%	4.60%	4.46%

Source: Statement of Activities from County CAFRs

		Fiscal Year				
		2013	2014	2015	2016	2017
\$	41,539,743	\$ 43,249,022	\$ 44,666,123	\$ 47,172,428	\$ 48,854,088	
	5,145,257	5,278,496	5,349,635	5,093,948	4,772,903	
	2,291,646	2,116,903	2,022,231	3,314,831	2,751,834	
	1,232,042	1,216,979	1,210,983	1,141,708	1,004,843	
	1,011,174	1,689,100	807,248	1,971,122	1,180,378	
	86,616	73,550	88,345	277,312	642,631	
	613,037	496,001	591,810	877,121	723,343	
	<u>51,919,515</u>	<u>54,120,051</u>	<u>54,736,375</u>	<u>59,848,470</u>	<u>59,930,020</u>	
	5,470,342	6,468,387	6,224,416	6,575,305	6,555,513	
	2,592,756	2,387,130	2,463,133	3,240,600	2,722,393	
	342,414	388,101	448,712	474,215	544,206	
	13,306,483	13,881,739	14,556,061	14,645,248	15,696,432	
	8,005,241	8,317,540	8,364,568	10,364,770	9,531,031	
	12,734,733	13,627,840	13,678,450	14,620,355	14,670,757	
	743,590	788,055	765,410	620,897	614,499	
	1,966,392	1,973,601	1,967,957	2,019,637	1,989,732	
	1,710,000	1,705,000	1,820,000	1,860,000	1,900,000	
	244,883	161,525	114,901	78,101	969,577	
	1,052,375	1,037,880	3,252,499	5,595,310	16,487,066	
	<u>48,169,209</u>	<u>50,736,798</u>	<u>53,656,107</u>	<u>60,094,438</u>	<u>71,681,206</u>	
	<u>3,750,306</u>	<u>3,383,253</u>	<u>1,080,268</u>	<u>(245,968)</u>	<u>(11,751,186)</u>	
	-	-	-	-	-	
	-	-	-	21,470,000	-	
	-	-	-	-	5,625,000	
	-	-	-	405,189	-	
	-	-	-	(375,189)	-	
	-	-	-	-	-	
	2,456,304	5,250,556	3,600,000	2,494,002	2,098,100	
	(2,456,304)	(5,250,556)	(3,600,000)	(2,494,002)	(2,098,100)	
	-	-	-	-	-	
	-	-	-	21,500,000	5,625,000	
\$	<u>3,750,306</u>	<u>3,383,253</u>	<u>1,080,268</u>	<u>21,254,032</u>	<u>(6,126,186)</u>	
	4.15%	3.76%	3.86%	3.57%	5.18%	

POTTER COUNTY, TEXAS
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Table 5

Fiscal Year	Property Taxes	Mixed Drink Tax	Vehicle Inventory Tax	Bingo Tax	Total
2008	35,037,754	396,055	2,603	195,213	35,631,625
2009	36,986,985	406,726	7,925	206,297	37,607,933
2010	37,243,955	404,397	10,920	208,384	37,867,656
2011	37,768,434	428,519	11,047	207,010	38,415,010
2012	40,380,197	387,758	2,852	210,328	40,981,135
2013	40,969,190	435,541	28,997	211,210	41,644,938
2014	42,673,188	556,096	19,738	216,162	43,465,184
2015	44,033,246	593,951	15,587	212,810	44,855,594
2016	46,540,767	611,365	14,651	221,210	47,387,993
2017	48,246,725	598,081	47,609	222,251	49,114,666

Source: County financial statements.

POTTER COUNTY, TEXAS
 Assessed and Estimated Actual Value of Property
 Last Ten Fiscal Years (1)

Table 6

Fiscal Year	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual value	
2008	5,250,250	5,250,250	1,983,443	1,983,443	7,233,693	7,233,693	0.60
2009	5,481,032	5,675,043	2,223,926	2,224,201	7,704,958	7,899,244	0.60
2010	6,144,595	6,186,664	1,467,480	1,600,943	7,612,075	7,787,607	0.60
2011	6,257,274	6,506,527	1,469,795	1,469,829	7,727,069	7,976,356	0.60
2012	6,499,571	6,754,319	1,626,148	1,625,163	8,125,719	8,379,482	0.63
2013	6,647,265	6,893,284	1,687,907	1,687,907	8,335,172	8,581,191	0.63
2014	6,690,462	6,935,556	1,631,586	1,631,586	8,322,048	8,567,142	0.63
2015	6,921,060	7,172,364	1,727,791	1,727,791	8,648,851	8,900,155	0.63
2016	7,107,807	7,357,630	1,752,791	1,752,791	8,860,082	9,109,905	0.66
2017	7,192,330	7,449,131	1,848,664	1,848,664	9,040,994	9,297,795	0.66

(1) Stated in Thousands

Source: Potter-Randall Appraisal District

POTTER COUNTY, TEXAS
Property Tax Rates
District and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Potter County	City of Amarillo	Amarillo ISD	Amarillo College District	River Road ISD
TAX RATES / \$100 ASSESSED VALUATION					
2008	0.596740	0.283710	1.172000	0.160430	1.323000
2009	0.596740	0.310090	1.170000	0.183950	1.323000
2010	0.596270	0.310090	1.170000	0.184130	1.317000
2011	0.599110	0.310090	1.170000	0.189960	1.360000
2012	0.633500	0.320090	1.170000	0.189380	1.350000
2013	0.627070	0.320090	1.170000	0.189380	1.350000
2014	0.634020	0.345090	1.189000	0.199500	1.350000
2015	0.634020	0.345090	1.189000	0.207500	1.350000
2016	0.664020	0.350720	1.189000	0.207500	1.350000
2017	0.664020	0.350720	1.189000	0.207500	1.350000

Underground Water Conservation District	Bushland ISD	Highland Park ISD	Bishop Hills	Total
TAX RATES / \$100 ASSESSED VALUATION				
0.017940	1.187950	1.194210	0.080000	6.01598
0.016840	1.183000	1.190810	0.080000	6.05443
0.016840	1.249500	1.185440	0.080000	6.10927
0.016910	1.268620	1.182520	0.080000	6.17721
0.016410	1.269600	1.172890	0.080000	6.20187
0.016410	1.269600	1.167440	0.080000	6.18999
0.016040	1.294400	1.167500	0.080000	6.27555
0.016040	1.268040	1.161900	0.080000	6.25159
0.015926	1.268040	1.161900	0.080000	6.28711
0.016520	1.254330	1.161900	0.080000	6.27399

POTTER COUNTY, TEXAS

Principal Taxpayers

September 30, 2017

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2016 Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Southwestern Public Service (Xcel)	Electric Utility	\$ 334,110,190	1	4.59%
Linde Gas North America	Helium	119,261,089	2	1.64%
BSA Hospital LLC	Healthcare	118,678,763	3	1.63%
BNSF Railway Company	Railroad	115,951,380	4	1.59%
Northwest Texas Healthcare	Healthcare	89,048,264	5	1.22%
Tyson Fresh Meats Inc.	Food Distribution	70,652,183	6	0.97%
Asarco Inc.	Copper Refinery	68,039,189	7	0.93%
Bell Helicopter Textron	Osprey Production	64,616,901	8	0.89%
Amarillo Mall, LLC	Shopping Mall	61,084,580	9	0.84%
Wal Mart Real Estate	Retailer	<u>56,634,426</u>	10	0.79%
		<u>\$ 1,098,076,965</u>		<u>15.08%</u>
Pioneer Natural Resources (USA)	Natural Gas Utility			
Amarillo Partners, LLP	Real Estate			
Pioneer Natural Resources (GPC)	Natural Gas Utility			
Ben E. Keith Company	Food Distribution			

	2007 Valuation	Rank	Percentage of Total Assessed Valuation
\$	237,487,395	1	4.38%
	-		
	-		
	58,742,596	7	1.08%
	83,820,831	5	1.55%
	93,246,791	4	1.72%
	94,634,694	3	1.75%
	-		
	-		
	43,151,076	8	0.80%
	102,416,400	2	1.89%
	60,846,903	6	1.12
	36,844,140	9	0.68%
	<u>34,550,435</u>	10	0.64%
\$	<u><u>845,741,261</u></u>		<u><u>14.94%</u></u>

POTTER COUNTY, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 9

Fiscal Year	Total Tax Levy	Collected within the Fiscal year of Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2008	34,619,979	34,022,680	98.27%	532,926	34,555,606	99.81%
2009	36,435,657	35,668,444	97.89%	691,723	36,360,167	99.79%
2010	36,838,767	35,810,722	97.21%	944,069	36,754,791	99.77%
2011	37,151,855	36,511,897	98.28%	549,485	37,061,382	99.76%
2012	39,788,918	39,101,638	98.27%	594,228	39,695,866	99.77%
2013	40,409,642	39,698,578	98.24%	594,531	40,293,109	99.71%
2014	42,066,200	41,545,818	98.76%	374,943	41,920,761	99.65%
2015	43,446,569	42,961,582	98.88%	301,704	43,263,286	99.58%
2016	46,009,549	45,445,342	98.77%	284,197	45,729,539	99.39%
2017	47,820,877	47,232,286	98.77%	-	47,232,286	98.77%

Source: Potter County Tax Office

POTTER COUNTY, TEXAS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 10

Fiscal Year	General Obligation Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2008	17,070,184	74,399	17,144,583	0.45%	143
2009	15,555,546	-	15,555,546	0.42%	130
2010	13,985,909	-	13,985,909	0.37%	115
2011	12,361,272	-	12,361,272	0.30%	101
2012	10,407,628	-	10,407,628	0.24%	85
2013	8,616,985	-	8,616,985	0.20%	71
2014	6,845,324	-	6,845,324	0.14%	56
2015	4,970,254	-	4,970,254	0.10%	41
2016	24,918,003	-	24,918,003	0.47%	206
2017	28,567,623	-	28,567,623	0.55%	216

Source: Potter County records and the Schedule of Demographic and Economic Statistics

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

POTTER COUNTY, TEXAS

Table 11

Ratio of Net General Obligation Bonded Debt to Assessed Value
and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Percentage of Estimated Assessed Actual Taxable Value of Property (1)	Net Bonded Debt Per Capita (2)
2008	16,890,000	534,661	16,355,339	0.23%	137
2009	15,405,000	732,268	14,672,732	0.19%	122
2010	13,985,909	989,366	12,996,543	0.17%	107
2011	12,361,272	1,260,106	11,101,166	0.14%	91
2012	10,407,628	1,031,222	9,376,406	0.11%	77
2013	8,616,985	1,283,520	7,333,465	0.09%	60
2014	6,655,000	1,517,693	5,137,307	0.06%	42
2015	4,835,000	1,753,489	3,081,511	0.03%	25
2016	24,445,000	2,013,955	22,431,045	0.25%	184
2017	28,170,000	2,028,346	26,141,654	0.28%	217

(1) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 112 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 120.

Source: Potter County financial records

POTTER COUNTY, TEXAS
 Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds
 September 30, 2017

Table 12

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable To Government (1)	Government's Share of Overlapping Debt
Debt repaid with property taxes			
Amarillo Independent School District	\$ 168,425,000	54.59%	\$ 91,943,208
Amarillo College District	58,905,000	49.80%	29,334,690
River Road Independent School District	10,491,776	100.00%	10,491,776
Highland Park Independent School District	12,830,000	100.00%	12,830,000
Bushland Independent School District	22,900,000	90.57%	20,740,530
City of Amarillo	140,307,242	49.51%	<u>69,466,116</u>
Subtotal, overlapping debt			234,806,318
Potter County, Texas	28,567,623	100.00%	<u>28,567,623</u>
Total direct and overlapping debt			<u>\$ 263,373,941</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Potter County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the government's taxable assessed value that is within the government's boundaries and dividing it by the government's total taxable assessed value.

Sources include the finance offices of the various entities and Potter-Randall Appraisal District

POTTER COUNTY, TEXAS
Computation of Legal Debt Margin
Last Ten Fiscal Years (1)

Table 13

Total assessed value less exemptions - 2016 roll					\$ <u>7,280,286,985</u>
Legal debt margin					
Debt limitation - 5% of total assessed value					\$ 364,014,349
Debt applicable to limitation:					
Total bonded debt			28,170,000		
Less: debt service funds			<u>(2,028,346)</u>		
Total debt applicable to limitation					<u>26,141,654</u>
Legal debt margin					\$ <u>337,872,695</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 290,075,905	\$ 306,952,196	\$ 306,060,172	\$ 310,385,535	\$ 316,787,646
Total net debt applicable to limit	<u>16,355,339</u>	<u>14,672,732</u>	<u>12,875,634</u>	<u>11,009,894</u>	<u>9,038,778</u>
Legal debt margin	<u>\$ 273,720,566</u>	<u>\$ 292,279,464</u>	<u>\$ 293,184,538</u>	<u>\$ 299,375,641</u>	<u>\$ 307,748,868</u>
Total net debt applicable to the limit as a percentage of debt limit	5.64%	4.78%	4.21%	3.55%	2.85%
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 324,502,416	\$ 334,013,008	\$ 344,960,488	\$ 350,204,733	\$ 364,014,349
Total net debt applicable to limit	<u>7,076,480</u>	<u>5,152,339</u>	<u>3,081,511</u>	<u>22,431,045</u>	<u>26,141,654</u>
Legal debt margin	<u>\$ 317,425,936</u>	<u>\$ 328,860,669</u>	<u>\$ 341,878,977</u>	<u>\$ 327,773,688</u>	<u>\$ 337,872,695</u>
Total net debt applicable to the limit as a percentage of debt limit	2.18%	1.54%	0.89%	6.41%	7.18%

Note: Under state finance law, Potter County's outstanding general obligation debt should not exceed 5% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

POTTER COUNTY, TEXAS
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 14

Fiscal Year	Population	Personal Income	Per Capita Personal income	Unemployment Rate
2008	119,740	\$ 3,846,102,000	\$ 32,120	4.00%
2009	120,118	3,680,610,000	30,642	6.00%
2010	121,448	3,831,073,000	31,563	6.30%
2011	122,285	4,071,704,000	33,358	5.90%
2012	122,335	4,248,586,000	34,707	5.30%
2013	122,146	4,344,796,000	35,712	5.00%
2014	121,627	4,950,948,662	40,706	4.10%
2015	121,857	4,950,948,662	42,334	3.20%
2016	122,082	5,341,958,164	43,749	3.19%
2017	120,436 *	5,220,202,900 *	43,249 *	2.90%

Source: Texas Workforce Commission Tracer

*Estimates for 2016 are based on the average growth of the previous 9 years.

POTTER COUNTY, TEXAS
Principal Employers
Last Ten Fiscal Years

Table 15

2017			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Amarillo ISD	4,158	1	3.47%
Tyson Foods	3,700	2	3.09%
CNS Pantex	3,150	3	2.63%
Baptist St. Anthony's Health Care System	2,700	4	2.25%
City of Amarillo	2,012	5	1.68%
Northwest Texas Healthcare System	1,950	6	1.63%
Xcel Energy/Southwester Public Service	1,431	7	1.19%
Texas Department of Criminal Justice	1,303	8	1.09%
Bell Helicopter Textron, Inc.	1,251	9	1.04%
Affiliated Foods	1,250	10	1.04%
Total	22,905		19.13%

2007			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Amarillo ISD	4,435	1	3.40%
Tyson Foods	3,615	2	2.77%
BWXT Pantex	3,340	3	2.56%
Baptist St. Anthony's Health Care System	2,900	4	2.22%
Wal-Mart	2,042	5	1.57%
City of Amarillo	1,909	6	1.46%
Northwest Texas Healthcare System	1,804	7	1.38%
Texas Department of Criminal Justice	1,348	8	1.03%
Affiliated Foods	1,110	9	0.85%
AIF-American General Annuity Insurance	978	10	0.75%
Total	23,481		17.99%

Source: Amarillo Chamber of Commerce

POTTER COUNTY, TEXAS
 Full-time Equivalent County Employees by Function
 Last Ten Fiscal Years (1)

Table 16
 Page 1 of 2

Budgeted Full-time Equivalent Employees as of September 30,										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
County Judge	3	3	3	3	3	3	3	3	3	3
County Commissioners	4	4	4	4	4	4	4	4	4	4
Human Resources	4	4	4	4	4	4	4	4	4	4
Information Technology	7	7	7	8	8	8	8	10	9	11
Information and Records Mgmt	6	6	7	7	7	7	7	7	8	8
County Auditor	6	6	6	6	6	6	6	6	6	6
County Treasurer	3	3	3	3	3	3	3	3	3	3
Purchasing Agent	6	6	6	6	6	6	6	6	6	6
Collections	3	3	3	3.5	3.5	3.75	3.75	3.75	3.75	3.75
Tax Assessor/Collector	21	21	21	21	21	21	21	21	21	21
Facilities Maintenance	26	26	26	26	26	27	27	28	28	28
Elections Administrator	-	-	4	4.5	4.5	4.5	4.5	4.5	4.5	4.5
County Clerk	22.5	21.5	18	17.5	17.5	17.5	17	17	17	15
District Clerk	21.5	21.5	21.5	21.5	21.5	21.5	21	22	22.5	22.5
Court of Appeals	4	4	4	4	4	4	4	4	4	4
47th District Court	4	4	4	4	4	4	4	4	4	4
108th District Court	4	4	4	4	4	4	4	4	4	4
181st District Court	4	4	4	4	4	4	4	4	4	4
251st District Court	4	4	4	4	4	4	4	4	4	4
320th District Court	4	4	4	4	4	4	4	4	4	4
Specialty Court	0	0	0	0	0	0	0	0	1	1
County Court at Law #1	5	5	5	5	5	5	5	5	5	5
County Court at Law #2	5	5	5	5	5	5	5	5	5	5
Justice of the Peace, #1	4	4	4	4	4	4	4	4	4	4
Justice of the Peace, #2	3	3	3	3	3	3	3	3	3	3
Justice of the Peace, #3	4	4	4	4	4	4	4	4	4	4
Justice of the Peace, #4	3	3	3	3	3	3	3	3	3	3
Jury and Jury Related	3.5	3.5	3.5	3.5	4	3.5	3.5	3.0	3	3
County Attorney	28.5	28.5	29.5	27	27	27	26.5	29.0	28	28
Family Crime Unit	2	2	2	2	1	1	2	2	2	2
District Attorney	32	32	32	32	32	32	32	33	32	32
Indigent Defense	1	1	1	1	1	1	1	1	-	-
Constables	4	4	4	3	3	4	4	4	4	4
Sheriff	81	81	80	80	80	79	81	81	81	81
Fire/Rescue Department	3.5	3.5	3.5	3.5	3.5	4	4	4	4	4
Detention Center	122.2	122.2	123	123	123	126	129	131	130	130
County Extension Services	5	5	5	5	5	5	5	5	5	5
Welfare	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-	1
Victim Assistance	3	3	3	3	3	3	3	3	3	3
Road and Bridge	19	19	19	19	19	19	19	19	27	26
Total General Fund	486.2	485.2	487.5	485.5	485.0	489.3	493.8	501.8	507.8	507.8

Source: Potter County employee records

POTTER COUNTY, TEXAS
 Full-time Equivalent County Employees by Function
 Last Ten Fiscal Years (1)

Table 16
 Page 2 of 2

Budgeted Full-time Equivalent Employees as of September 30,										
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Other Governmental Funds										
Law Library	1	1	1	1	1	1	1	1	-	-
Courthouse Security	1	2	4	5	5	5	6	6	7	7
County Clerk Record Mgmt	2	2	2	2	1	1	-	-	-	-
Court Records Management	3	2	1	1	1	1	1	1	1	1
District Clerk Record Management	-	-	-	-	-	-	-	-	1	-
Juvenile Probation	22	22	22	22	22	22	22	22	22	22
Sheriff Commissary	1	1	1	-	-	-	-	-	-	1.5
County Attorney Check	3	4	4	2	3	3	3	2	1	2
County Attorney Forfeiture Release	-	-	-	3	3	3	3	3	3	-
District Attorney State Payroll	1	-	-	-	-	-	-	-	0.25	0.5
District Attorney Forfeiture Release	-	-	2	2	3	3	1	1	1.25	0.5
District Attorney Welfare Fraud	-	1	1	-	-	-	-	-	-	-
Panhandle Auto Burglary and Theft	-	-	-	-	-	-	-	3	3	3
Local Law Enforcement Block Grant	-	-	-	-	-	-	-	-	-	-
Total Other										
Governmental Funds	<u>32.3</u>	<u>33.3</u>	<u>36</u>	<u>37</u>	<u>37.5</u>	<u>37.5</u>	<u>35.5</u>	<u>38</u>	<u>39</u>	<u>37.5</u>
Total Governmental Funds	<u>518.5</u>	<u>518.5</u>	<u>523.5</u>	<u>522.5</u>	<u>522.5</u>	<u>526.8</u>	<u>529.3</u>	<u>539.8</u>	<u>546.8</u>	<u>545.3</u>

Source: Potter County employee records

POTTER COUNTY, TEXAS
Operating Indicators by Function
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Function	2008	2009	2010	2011	2012
General Government					
Tax Office					
Auto titles issued ⁽¹⁾	34,621	30,168	30,180	31,083	30,820
Auto registrations ⁽²⁾	102,910	99,845	104,539	101,487	101,571
County Clerk ⁽³⁾					
Marriage license applications	1,582	1,458	1,431	1,424	1,606
Real property documents filed	23,793	23,734	21,537	19,393	20,315
Registered voters	55,144	56,451	49,053	-	-
Elections Administration					
Registered voters				49,689	48,265
Administration of Justice ⁽⁴⁾					
District Court Level					
Civil cases filed	2,910	3,031	3,441	3,548	3,412
Civil case dispositions	3,128	2,995	2,730	3,851	3,578
Criminal cases filed	2,753	2,475	2,043	2,474	2,111
Criminal case dispositions	2,677	2,533	2,136	2,450	2,371
County Court Level					
Civil cases filed	1,042	1,052	1,047	1,109	1,070
Civil case dispositions	1,212	962	962	1,133	1,134
Criminal cases filed	3,267	2,930	3,206	3,103	3,319
Criminal case dispositions	3,158	2,557	2,943	3,151	3,339
Justice of the Peace Court Level					
Civil cases filed	2,521	2,293	2,281	1,819	2,045
Civil case dispositions	2,376	2,096	2,356	4,249	2,324
Criminal cases filed	10,241	10,298	8,753	7,420	8,316
Criminal case dispositions	9,516	9,561	10,078	9,176	8,508
Public Safety and Correctional					
Sheriff ⁽⁵⁾					
Average daily jail population	545	488	522	529	471
Average daily prisoner cost	\$ 41.00	\$ 46.42	\$ 45.05	\$ 45.86	\$ 52.72
Human Services					
County Extension					
Number of programs	523	305	350	508	390
Number of contacts at programs	21,533	22,038	7,198	12,997	10,290
Number of individual, newsletter, and volunteer contacts	47,967	31,595	45,562	55,590	28,775

(1) Source: TxDOT Registration & Title Bulletins - based on fiscal year ending August 31.

(2) Source: TxDOT Registration & Title Bulletins - based on calendar year

(3) Source: Potter County Clerk

(4) Source: Office of Court Administration

(5) Source: Potter County Sheriff

2013	2014	2015	2016	2017
32,260	31,956	31,122	31,307	29,818
102,890	104,225	108,774	102,417	105,128
1,476	1,529	1,540	1,501	1,429
21,359	19,822	18,617	19,517	22,300
-	-	-	-	-
51,003	52,666	54,120	54,999	54,024
3,426	3,472	3,981	3,212	3,953
3,259	3,477	3,229	3,420	2,971
2,202	2,385	2,019	2,165	2,243
2,151	2,449	2,212	1,987	2,161
922	1,065	977	805	834
876	1,080	870	776	722
3,011	2,342	2,816	2,556	2,231
3,200	3,189	2,597	2,793	1,991
2,117	2,032	2,291	2,517	2,386
2,058	1,962	2,063	1,842	2,045
8,038	9,209	6,954	5,716	4,588
8,374	7,680	9,617	5,249	7,244
491	501	477	495	527
\$ 52.55	\$ 57.05	\$ 60.32	\$ 60.15	\$ 57.69
375	453	769	-	-
8,017	19,617	37,695	-	-
10,786	98,564	75,885	-	-

POTTER COUNTY, TEXAS
Capital Assets by Function
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Table 18

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Office buildings / courthouses	7	7	7	7	7	7	7	7	7	7
Public safety and correctional										
Constables										
Patrol vehicles	3	3	3	2	2	4	4	4	4	4
Sheriff										
Enforcement vehicles	29	29	29	29	41	43	43	46	46	46
Corrections vehicles	9	11	11	11	11	10	10	8	8	8
Fire / Rescue										
Fire stations	7	7	7	7	7	7	7	7	7	7
Transportation										
County roads (miles)	260.7	299	300.8	301.1	282.6	287.9	291.6	291.6	291.4	291.4
Bridges	2	2	2	2	2	2	2	2	2	2

Source: Various County departments and County fixed asset reports.

OTHER REPORTING

This section includes other reporting required by *Government Auditing Standards*.



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

To the Honorable Judge and
Members of the Commissioners’ Court
Potter County, Texas:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Potter County, Texas (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated April 26, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: Finding 2017-A.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Potter County, Texas' Response to Finding

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

Purpose of this Report

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
April 26, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

To the Honorable Judge and
Members of the Commissioners' Court
Potter County, Texas:

Report on Compliance for Each Major State Program

We have audited Potter County, Texas' (the County) compliance with the types of compliance requirements described in the *State of Texas Single Audit Circular (TSAC)* that could have a direct and material effect on each of its major state programs for the year ended September 30, 2017. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors Responsibility

Our responsibility is to express an opinion on the compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *State of Texas Single Audit Circular*. Those standards and TSAC require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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



Abilene, Texas
April 26, 2018

POTTER COUNTY, TEXAS
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2017

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material Weakness identified? • Significant deficiencies identified that are not considered to be material weaknesses? 	<p>Yes</p> <p>None reported</p>
Noncompliance material to financial statements noted?	No

State Awards

Internal control over major programs:	
<ul style="list-style-type: none"> • Material Weakness identified? • Significant deficiencies identified that are not considered to be material weaknesses? 	<p>No</p> <p>None reported</p>
Type of auditor's report issued on compliance for major state award programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with State of Texas Single Audit Circular?	No

Major State Programs:

Grantor Agency: Program:	Department of Motor Vehicles Auto Burglary and Theft Prevention Authority
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Dollar threshold considered between Type A and Type B Federal Programs	\$300,000
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High Risk Auditee	The County was classified as a high-risk auditee in the context of State of Texas Single Audit Circular.
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POTTER COUNTY, TEXAS
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

B. Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2017-A:	Financial Reporting
Type of Finding:	Material Weakness
Criteria or Specific Requirement:	Management of the County is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements.
Statement of Condition:	In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements. Additionally, we recorded approximately 19 audit adjustments to the County's recorded account balances, which if not recorded, would have resulted in a material misstatement of the County's financial statements.
Cause:	The County does not prepare and has not developed an internal control system to provide for the preparation of certain journal entries and the preparation of the financial statements and related disclosures in a timely manner.
Effect:	Although this circumstance is not unusual for an organization of your size, the preparation of financial statements and adjusting journal entries as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by County personnel. The need for the audit adjustments indicates that the County's interim financial information is not materially correct, which may affect managements decisions made during the course of the year.
Recommendations:	Auditing standards require that auditors communicate this deficiency; however, the County prepares budgetary and other financial reports for Members of the Commissioners' Court review on a routine basis. It is the responsibility of management and those charged with governance to determine whether to accept the risk associate with this condition because of cost or other considerations.
View of Responsible Officials:	Management appreciates the necessity for strong controls and believes that the current system of internal controls with the adoption of the corrective action plan is sufficient to the risk/cost of other considerations.

C. Findings and Questioned Costs for Major State Award Programs

None

POTTER COUNTY, TEXAS
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2017

Status of Prior Year's Finding/Noncompliance

None

POTTER COUNTY, TEXAS
Corrective Action Plan
Year Ended September 30, 2017

N/A There were no findings reported in the current year.

POTTER COUNTY, TEXAS
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2017

<u>State Awards</u>	<u>Pass-Through Entity Identifying Number</u>	<u>State Expenditures</u>
Passed through Governor's Office		
Adult Drug Court	2761603	\$ 138,771
National Incident Based Reporting System	2017-NB-ST-00024	37,738
Nody-Worn Camera Program	2016-BC-ST-0020	41,408
Total Passed Through Governor's Office		<u>217,917</u>
Passed through Office of Court Administration		
Indigent Defense Formula Grant	N/A	130,050
Total Passed Through Office of Court Administration		<u>130,050</u>
Passed through Office of the Attorney General		
Victim Information & Notification Everyday (V.I.N.E.)	1660364	27,715
Total Passed Through Office of the Attorney General		<u>27,715</u>
Passed through the Department of Motor Vehicles		
Auto Burglary and Theft Prevention Authority	N/A	400,891
Total Passed Through the Department of Motor Vehicles		<u>400,891</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u><u>\$ 776,573</u></u>

The accompanying notes are an integral part of this schedule.

POTTER COUNTY, TEXAS
Notes to the Schedule of Expenditures of State Awards
For the Year Ended September 30, 2017

Note 1: General

The Schedule of Expenditures of State Awards presents the activity of all applicable state awards of Potter County (the County). The County's reporting entity is defined in Note 1 of the basic financial statements. State awards received directly from state agencies, as well as state awards passed through other governmental agencies, are included on the Schedule of Expenditures of State Awards.

The information in the Schedule of Expenditures of State Awards is presented in accordance with requirements of the State of Texas Single Audit Circular. Because the schedule of Expenditures of State Awards presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the County.

Note 2: Basis of Accounting

The Schedule of Expenditures of State Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. Such expenditures are recognized following the cost principles contained in the State of Texas Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. State grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

Note 3: State Award Guidelines

State awards are subject to the Office of the Governor's *State of Texas Single Audit Circular*. Such guidelines are consistent with those required under the Single Audit Act of 1996, the *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* and *Government Auditing Standards*, issued by the Comptroller General of the United States.