

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT*

**COUNTY OF BANDERA,
TEXAS**

Bandera, Texas

**For the Year Ended
September 30, 2015**

COUNTY OF BANDERA, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2015

COUNTY OF BANDERA, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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Independent Auditor's Report

Honorable Judge and County Commissioners
County of Bandera
Bandera, TX 78003

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 Bandera County, Texas, as of and for the year ended September 30, 2015, 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 of 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 Bandera County, Texas, as of September 30, 2015, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3. I. to the financial statements, in 2015, the County adopted new accounting guidance prescribed by GASB #68 for its pension plan, a nontraditional defined benefit pension plan. Because GASB #68 implements new measurement criteria and reporting provisions, significant information has been added to the Government Wide Statements, Statement of Net Position and Governmental Funds Balance Sheet discloses the County's Net Pension Asset and some deferred resources inflows and deferred resources outflows related to the County's pension plan. The Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance discloses the adjustment to the County's Beginning Net Position. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 9), budgetary comparison information (pages 42 and 43), and the schedule of funding progress for the retirement plan (page 44), 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 Bandera County's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2016, on our consideration of Bandera County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Bandera County's internal control over financial reporting and compliance.

Neffendorf & Knopp, P.C.

NEFFENDORF & KNOPP, P.C.
Fredericksburg, Texas

March 18, 2016

**BANDERA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Within this section of the Bandera County (County) annual financial report, the Bandera County Commissioners' Court provides a narrative discussion and analysis of the financial activities of the County for the fiscal year ending September 30, 2015. The financial performance is discussed within the context of accompanying financial statements and disclosures, which begin on page 10.

Financial Highlights (thousands)

- The County's net position as indicated in the government-wide financial statements is \$17,798.
- Total net position is comprised of the following:
 1. Capital assets, net of related debt, of \$8,179 include property and equipment, net of accumulated depreciation.
 2. Net position of \$3,114 is restricted by debt covenants and or grantee laws or regulations and capital projects.
 3. Unrestricted net position of \$6,505 is available to meet obligations of creditors and citizens.
- The County refunded Texas General Obligation Bonds – Series 2007 and Series 2008. The County was able to save \$569 over the next 12 years.
- The County was able to house prisoners from surrounding counties and started receiving revenue from outside counties in January 2010. The County received \$279, a decrease of 36% from 2013-2014.
- The County spent a total of \$175 in services for court appointed attorneys. \$21 was spent in County and Juvenile Court, a 23% decrease from 2013-2014. \$154 was spent in District Court, a decrease of 24% from 2013-2014. The County received \$25 from the State Comptroller for Indigent Defense, a decrease from \$31 in 2013-2014.
- Indigent health care is an un-funded mandate from the State of Texas; the cost of that service for 2014-2015 was \$166, an increase of approximately 6% from 2013-2014. In order to fund this operation, Bandera County assessed a tax rate of .0060.
- Revenues exceeded expenditures for governmental activities by \$273.
- The unreserved fund balance in the general fund as shown in the fund financial statements on page 13 is \$6,540 or 62% of general fund expenditures. This amount is 37% higher than the guidelines recommended by the Commissioner's Court and the State Comptroller's Office.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 10 through 12) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also compare actual revenue collection and expenditures to budget. Notes to the financial statement are included to provide additional financial information.

Government-wide Financial Statements

Government-wide statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting methods used by most private-sector entities. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements include two statements. One is the *Statement of Net Position*; this statement presents all of the assets and liabilities of the County as a whole, with the difference reported as net position. It answers the question as to whether the financial condition of the County is better or worse as result of the of year's activities. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall financial condition of the County, one must also consider non-financial conditions such as property tax base and condition of assets.

The other government-wide financial statement is the *Statement of Activities*. This statement reports how each activity is funded by showing grants and program revenues related to each activity and how much reliance is placed on general revenues. The statement relates to the *Statement of Net Position* in that it shows how current operations have changed net position.

Fund Financial Statements

Funds are established to account for money that is designated for specific purposes by the Commissioners' Court or grantees such as the State of Texas. The fund financial statements differ from the government-wide statements in that they focus on significant funds rather than the County as a whole. Major funds are presented separately; others are aggregated into a single statement. The fund financial statements for major funds begin on page 13. Fund data for non-major funds is included in a combining statement on page 48. The basic funds are classified by type; each type used by the County is described in the following paragraphs.

Governmental funds – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information shows the amount of financial resources available in the near future to finance County programs.

In addition to the major government funds Balance Sheet and Statement of Revenues and Expenditures, budgetary comparison statements are included for the general fund and major special revenue fund. Comparison data is also included for all other special revenue funds and the debt service fund. These schedules compare actual revenue and expenditures with adopted and amended budgets.

Notes to the financial statements – The notes presented immediately following the basic financial statements to provide additional information to facilitate the understanding of the government-wide and fund financial statements. The notes explain accounting policies and disclose additional information concerning fixed assets, long-term liabilities, and the County retirement plan.

The County as a Whole

Our analysis of the County as a whole focuses on net position (Table 1) and changes in net position (Table 2). The Statement of Activities reports annual expenditures by major function along with the charges for services and grant proceeds available to support each function. This presentation shows the cost of services that must be offset by general revenue such as property and sales taxes.

The Summary of Net Position (Table 1) lists assets in the order of liquidity beginning with cash and ending in fixed assets. Receivables include unpaid property taxes and unpaid court cost and fines assessed by the courts. Each receivable is reported net of a reserve for uncollectable accounts. Historical collection data for property taxes shows an average annual collection rate of 98 percent. Total capital assets as reported in the *Statement of Net Position* is \$16,640, this amount is net of accumulated depreciation of \$12,470. With the exception of land, total countywide assets are approximately 43% depreciated. Assets such as machinery and equipment are reported at \$8,583 and are 79% depreciated. We have to conclude that many assets exist with limited useful life that must be replaced in the near future. Liabilities are all payable within one year. Net position at year-end is \$17,798. \$11,293 of net position is restricted for specific purposes as required by state law or by County policy. The \$6,505 in unrestricted net position is available for funding general operations.

The Changes in Net Position (Table 2) itemizes the basic sources of revenue and expenditures as to the services provided. Total revenue for governmental activities was \$17,946; approximately 77% is generated by general revenues. Total governmental expenditures were \$17,673, resulting in a net increase in net position of \$273. More detail about the increase is discussed in the *Financial Analysis of the County Funds*.

Revenues and expenditures for governmental activities are compared in Table 3 showing the relation between the cost of services and the revenue generated from users of the service. This table also shows how much general revenue (property and sales taxes) and grants are needed to provide each service. For the past several years the County has relied on the steady growth of property values and rate increases to meet the demand for services.

Table 1
Net Position (in Thousands)

| | Governmental Activities | |
|---|--------------------------------|-----------------|
| | 2015 | 2014 |
| Cash and Current Investments | \$9,905 | \$9,280 |
| Receivables | 1,269 | 1,418 |
| Capitalized Debt Issuance Costs | - | - |
| Capital Assets | 16,640 | 17,218 |
| Total Assets | <u>27,814</u> | <u>27,916</u> |
| Accounts Payable | 629 | 631 |
| Other Liabilities and Deferred Revenue | 11 | 49 |
| Short-term Debt (Due Within One Year) | 560 | 490 |
| Long-term Debt | 8,472 | 8,569 |
| Total Liabilities | <u>9,672</u> | <u>9,739</u> |
| Net Position: | | |
| Invested in capital assets, net of debt | 8,179 | 8,358 |
| Restricted | 3,114 | 2,840 |
| Unrestricted | 6,505 | 6,979 |
| Total Net Position | <u>\$17,798</u> | <u>\$18,177</u> |

Table 2
Changes in Net Position (in Thousands)

| | Governmental Activities | |
|----------------------------------|--------------------------------|------------------------|
| | <u>2015</u> | <u>2014</u> |
| Revenues: | | |
| Program Revenues | | |
| Charges For Services | \$3,415 | \$3,261 |
| Operating Grants & Contributions | 642 | 332 |
| Capital Grants & Contributions | 24 | 95 |
| General Revenues | | |
| Property Taxes | 12,297 | 11,991 |
| Other Taxes | 1,017 | 1,014 |
| Grants & Contributions | 37 | - |
| Investment Earnings | 19 | 18 |
| Other General Revenues | 495 | 300 |
| Total Revenues: | <u>17,946</u> | <u>17,011</u> |
| Expenditures: | | |
| General Government | 3,205 | 2,886 |
| Administration of Justice | 2,771 | 2,769 |
| Public Safety | 3,452 | 3,407 |
| Corrections | 1,497 | 1,496 |
| Road & Bridge | 2,887 | 2,903 |
| Health & Human Services | 2,093 | 2,042 |
| Comm & Economic Development | 1,076 | 1,048 |
| Infrastructure & Environmental | 250 | 12 |
| Interest on long-term Debt | 336 | 394 |
| Agent Fees | 3 | 1 |
| Issuance Costs | 103 | - |
| Total Expenditures: | <u>17,673</u> | <u>16,958</u> |
| Change in Net Position | 273 | 55 |
| Beginning Net Position | 18,177 | 18,123 |
| Prior Period Adjustments | (652) | - |
| Net Position | <u><u>\$17,798</u></u> | <u><u>\$18,178</u></u> |

Table 3
Governmental Activities (in Thousands)

| | Expenditures 2015 | Percent of Total Exp | Non-Tax Program Rev | | Operating Grants & Contributions | | General Revenue | |
|-----------------------------------|----------------------|----------------------------|------------------------|-----|--|----|--------------------|-----|
| | | | Amount | % | Amount | % | Amount | % |
| General Government | \$3,205 | 18% | \$803 | 25% | \$227 | 7% | \$2,175 | 68% |
| Administration of Justice | 2,771 | 16% | 242 | 9% | 98 | 4% | 2,431 | 88% |
| Public Safety | 3,452 | 20% | 269 | 8% | 7 | 0% | 3,176 | 92% |
| Corrections | 1,497 | 8% | 382 | 26% | - | 0% | 1,115 | 74% |
| Road & Bridge | 2,887 | 16% | 571 | 20% | 29 | 1% | 2,287 | 79% |
| Health & Human Services | 2,093 | 12% | 1,097 | 52% | 31 | 1% | 965 | 46% |
| Community & Economic Devlpmnt | 1,076 | 6% | 51 | 5% | - | 0% | 1,025 | 95% |
| Infrastructure & Environmental | 250 | 1% | - | 0% | 250 | 0% | - | 0% |
| Interest | 336 | 2% | - | - | - | - | - | - |
| Agent Fees | 3 | 0% | - | - | - | - | - | - |
| Issuance Costs | 103 | 1% | - | - | - | - | - | - |
| <i>Total Charges For Services</i> | <u>\$17,673</u> | | <u>\$3,415</u> | | <u>\$642</u> | | <u>\$13,174</u> | |

Capital Assets and Debt Administration

Capital Assets: Bandera County purchased several pieces of equipment and vehicles. The Animal Control facility was completed.

Table 4
Capital Assets at Year-End (in Thousands)

| | Governmental Activities | |
|--------------------------|----------------------------|-----------------|
| | 2015 | 2014 |
| Land | \$391 | \$391 |
| Buildings | 16,512 | 16,136 |
| Equipment | 8,583 | 8,224 |
| Construction in Progress | 25 | 265 |
| Infrastructure | 3,598 | 3,434 |
| Total | <u>\$29,109</u> | <u>\$28,450</u> |

Debt Administration: Bandera County has one type of debt. It includes Texas General Obligation Bonds – Series 2007, Series 2008, and Series 2015 for the construction of a new Jail/Justice Center. This debt will be retired in the year 2028.

**Table 5
Outstanding Debt at Year-End (in Thousands)**

| | 2015 | 2014 |
|---|----------------|----------------|
| Tx General Obligation Bonds-Series 2007 | \$880 | \$7,080 |
| Tx General Obligation Bonds-Series 2008 | 255 | 1,475 |
| Tx General Obligation Bonds-Series 2015 | 6,885 | - |
| Capital Leases | - | - |
| Total | \$8,020 | \$8,555 |

Financial Analysis of the County Funds (in thousands)

Governmental Funds

The governmental funds statements presented on pages 13 through 18 include the General Fund, Ambulance, Road and Bridge Fund, Jail/Justice Center Fund, and all other governmental funds combined. These statements focus on short-term transactions and the impact they have on financial resources for future financial requirements. The total of fund balances at year-end for all governmental funds are \$9,654, an increase of \$665 from the prior year.

The General Fund is the primary day-to-day operating fund that finances services such as the courts and law enforcement. In 2014-2015, General Fund operations had a fund balance of \$6,540 and are 61% of total expenditures; this percentage satisfies the 25% recommendation by the State Comptroller and the County’s policy to have a minimum operating reserve of 25%.

The Road and Bridge Fund is reported as a single major governmental fund because it represents a material percentage of the total revenue and expenditures of all governmental funds. The Road and Bridge Fund resulted in a \$414 increase in fund balance. The ending fund balance of \$1,144 is 50% of total expenditures; this percentage satisfies the recommended reserve.

The Ambulance Fund is also reported as a single major governmental fund because it represents a material percentage of the total revenue and expenditures of all governmental funds. The Ambulance Fund resulted in a \$202 decrease in fund balance. The ending fund balance of \$682 is 44% of total expenditures; this percentage satisfies the recommended reserve.

All other governmental funds are combined to form the non-major governmental fund category; the funds included in this combination are itemized in the combining statements on pages 48 through 59 of the report. Combined fund balances increased by \$92 to \$1,118 at 50% of total expenditures; this percentage satisfies the recommended reserve.

Budgetary Highlights

Budgetary statements of revenues and expenditures for the General Fund and Road and Bridge Fund are on pages 42 and 43. The statements report the original and final budget with actual amounts for each category. The variance is the difference between the actual and the final budget. The original budget was adopted by the County's Commissioners Court prior to the beginning of the fiscal year and amendments to the budget are approved by the court throughout the fiscal year. The plan for the General Fund budget was to spend \$1,224 of reserves; however, actual expenditures were under budgeted by \$1,086 and actual revenues were \$520 more than budget, so the County was able to end the year with \$1,606 more in reserves.

The final Ambulance budget anticipated expenditures to exceed revenues by \$393. Actual revenues were more than budgeted by \$130; actual expenditures were less than budget by \$61, so the County was able to add \$190 to Ambulance reserves.

The final Road and Bridge budget anticipated expenditures to exceed revenues by \$60. Actual revenues were more than budgeted by \$132; actual expenditures were less than budget by \$341, so the County was able to add \$473 to Road and Bridge reserves.

Budget for 2015-2016

For the 2015-2016 fiscal year, the County is able to function on the 2014-2015 adopted property tax rate of .6769 per hundred dollars of taxable value. The County distributed the Ad Valorem tax rate differently internally in order to operate using the same tax rate as the previous year.

The total budget for capital expenditures and capital improvements is \$653, an increase of \$97 from 2014-2015. Due to depreciating equipment, the County is purchasing several vehicles, road equipment, and computer equipment. The County budgeted to purchase property in Pipe Creek. The County currently pays for rent for the Sanitary Landfill and to store Road and Bridge equipment. The property acquisition is anticipated to be completed by Summer 2016.

Future Financial Issues

Bandera County has grown significantly in the last several years. Bandera County Commissioners Court will continue to anticipate growth and remain fiscally conservative in order to maintain a healthy fund balance.

As in previous years, the maintenance of county roads is and will be one of the most critical challenges. Until the State of Texas allows counties to participate in fuel tax revenues there is no hope for small rural counties to maintain and improve a failing road system. Ad Valorem property taxes will not provide adequate revenue to allow county government to function effectively.

The State of Texas continues to mandate that counties provide services with no financial support. If this trend continues, counties either raise taxes to support the unfunded mandates or discontinue service that they might otherwise provide.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Bandera County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Office of Bandera County Auditor or the Commissioners Court of Bandera County.

BASIC FINANCIAL STATEMENTS

BANDERA COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

EXHIBIT A-1

| | Primary Government |
|---|----------------------------|
| | Governmental Activities |
| ASSETS | |
| Cash and Cash Equivalents | \$ 9,905,208 |
| Receivables (net of allowance for uncollectibles) | 1,268,658 |
| Capital Assets: | |
| Land | 391,457 |
| Infrastructure, net | 1,439,413 |
| Buildings, net | 12,992,726 |
| Machinery and Equipment, net | 1,791,121 |
| Construction in Progress | 25,000 |
| Total Assets | 27,813,583 |
| DEFERRED OUTFLOW OF RESOURCES | |
| Deferred Charge for Refunding | 342,585 |
| Deferred Outflow Related to Pension Plan | 903,952 |
| Total Deferred Outflows of Resources | 1,246,537 |
| LIABILITIES | |
| Accounts Payable | 629,092 |
| Accrued Interest Payable | 10,970 |
| Noncurrent Liabilities | |
| Due Within One Year | 560,000 |
| Due in More Than One Year | 8,471,696 |
| Net Pension Liability | 1,589,873 |
| Total Liabilities | 11,261,631 |
| NET POSITION | |
| Net Investment in Capital Assets | 8,178,815 |
| Restricted for: | |
| Road & Bridge Construction & Maintenance | 1,143,847 |
| Debt Service | 170,207 |
| Ambulance Services | 682,493 |
| Other Special Revenue | 1,117,651 |
| Unrestricted Net Position | 6,505,476 |
| Total Net Position | \$ 17,798,489 |

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

BANDERA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Program Revenues | | |
|----------------------------------|-------------------------|--|-------------------|
| Expenses | Charges for Services | Operating Grants and Contributions | |
| Primary Government: | | | |
| GOVERNMENTAL ACTIVITIES: | | | |
| General Administration | \$ 3,204,897 | \$ 803,297 | \$ 226,921 |
| Law Enforcement | 3,451,972 | 268,680 | 6,520 |
| Corrections | 1,497,086 | 382,371 | - |
| Road and Bridge | 2,887,449 | 570,741 | 28,673 |
| Health & Human Services | 2,092,552 | 1,097,143 | 31,226 |
| Administration of Justice | 2,771,109 | 242,060 | 98,320 |
| Community & Economic Development | 1,075,946 | 50,495 | - |
| Infrastructure & Environmental | 250,457 | - | 250,457 |
| Interest | 335,584 | - | - |
| Fiscal Agent's Fees | 2,950 | - | - |
| Issuance Costs | 102,745 | - | - |
| TOTAL PRIMARY GOVERNMENT: | \$ 17,672,747 | \$ 3,414,787 | \$ 642,117 |

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Other Taxes

Grants and Contributions Not Restricted

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Assets - Beginning

Prior Period Adjustment

Net Position--Ending

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

| Net (Expense) Revenue and Changes in Net Position | |
|--|------------------------------------|
| Capital Grants and Contributions | Primary Government Governmental |
| \$ - | \$ (2,174,679) |
| 18,033 | (3,158,739) |
| - | (1,114,715) |
| - | (2,288,035) |
| 5,792 | (958,391) |
| - | (2,430,729) |
| - | (1,025,451) |
| - | - |
| - | (335,584) |
| - | (2,950) |
| - | (102,745) |
| <u>\$ 23,825</u> | <u>(13,592,018)</u> |

| |
|----------------------|
| 11,459,263 |
| 837,660 |
| 567,400 |
| 449,661 |
| 36,690 |
| 495,019 |
| 19,019 |
| <u>13,864,712</u> |
| 272,694 |
| 18,177,440 |
| (651,645) |
| <u>\$ 17,798,489</u> |

BANDERA COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

| | General Fund | Road & Bridge Fund | Ambulance Fund |
|---|---------------------|-----------------------|-------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 6,629,545 | \$ 1,305,345 | \$ 659,697 |
| Taxes Receivable | 733,840 | 152,736 | 36,943 |
| Allowance for Uncollectible Taxes (credit) | (239,076) | (57,215) | (12,036) |
| Receivables (Net) | 134,776 | 13,239 | 78,836 |
| Total Assets | <u>\$ 7,259,085</u> | <u>\$ 1,414,105</u> | <u>\$ 763,440</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ 106,655 | \$ 154,381 | \$ 19,350 |
| Wages and Salaries Payable | 209,113 | 35,786 | 41,272 |
| Total Liabilities | <u>315,768</u> | <u>190,167</u> | <u>60,622</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue - Property Taxes | 403,756 | 80,091 | 20,325 |
| Total Deferred Inflows of Resources | <u>403,756</u> | <u>80,091</u> | <u>20,325</u> |
| FUND BALANCES | | | |
| Restricted Fund Balance: | | | |
| Road & Bridge Construction & Maintenance | - | 1,143,847 | - |
| Retirement of Long-Term Debt | - | - | - |
| Special Revenue | - | - | - |
| Committed Fund Balance: | | | |
| Ambulance Services | - | - | 682,493 |
| Special Revenue | - | - | - |
| Unassigned Fund Balance | 6,539,561 | - | - |
| Total Fund Balances | <u>6,539,561</u> | <u>1,143,847</u> | <u>682,493</u> |
| Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 7,259,085</u> | <u>\$ 1,414,105</u> | <u>\$ 763,440</u> |

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

| Debt Service Fund | Other Funds | Total Governmental Funds |
|----------------------|---------------------|--------------------------------|
| \$ 158,406 | \$ 1,152,213 | \$ 9,905,206 |
| 66,924 | 41,166 | 1,031,609 |
| (17,477) | (13,411) | (339,215) |
| 2,529 | 22,866 | 252,246 |
| <u>\$ 210,382</u> | <u>\$ 1,202,834</u> | <u>\$ 10,849,846</u> |
| \$ - | \$ 40,263 | \$ 320,649 |
| - | 22,271 | 308,442 |
| <u>-</u> | <u>62,534</u> | <u>629,091</u> |
| 40,174 | 22,650 | 566,996 |
| <u>40,174</u> | <u>22,650</u> | <u>566,996</u> |
| - | - | 1,143,847 |
| 170,208 | - | 170,208 |
| - | 526,948 | 526,948 |
| - | - | 682,493 |
| - | 590,702 | 590,702 |
| - | - | 6,539,561 |
| <u>170,208</u> | <u>1,117,650</u> | <u>9,653,759</u> |
| <u>\$ 210,382</u> | <u>\$ 1,202,834</u> | <u>\$ 10,849,846</u> |

BANDERA COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

| | | |
|--|-----------|-------------------|
| Total Fund Balances - Governmental Funds | \$ | 9,653,759 |
| <p>The implementation of GASB 68 for this fiscal year required that the county report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$1,589,873 and a Deferred Resource Inflow of \$973,952. The net effect of these is to decrease net position by \$685,921.</p> | | |
| | | (685,921) |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$28,450,522 and the accumulated depreciation was \$11,232,665. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.</p> | | |
| | | 8,427,413 |
| <p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase net position.</p> | | |
| | | 1,256,787 |
| <p>The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p> | | |
| | | (1,344,927) |
| <p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.</p> | | |
| | | 491,378 |
| Net Position of Governmental Activities | \$ | 17,798,489 |

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

BANDERA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | General Fund | Road & Bridge Fund | Ambulance Fund |
|--|---------------------|-----------------------|-------------------|
| REVENUES: | | | |
| Taxes: | | | |
| Property Taxes | \$ 8,604,787 | \$ 2,016,371 | \$ 432,369 |
| General Sales and Use Taxes | 567,400 | - | - |
| Other Taxes | 15,545 | - | - |
| Licenses and Permits | 56,639 | 570,741 | - |
| Intergovernmental Revenue and Grants | 180,224 | 28,673 | 37,018 |
| Charges for Services | 1,170,877 | 745 | 847,369 |
| Fines | 242,060 | - | - |
| Investment Earnings | 14,949 | 1,637 | 774 |
| Contributions & Donations from Private Sources | 15 | - | - |
| Other Revenue | 142,369 | 46,191 | 3,153 |
| Total Revenues | 10,994,865 | 2,664,358 | 1,320,683 |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government: | | | |
| General Administration | 2,463,292 | - | - |
| Public Safety: | | | |
| Law Enforcement | 3,301,471 | - | - |
| Corrections | 1,486,800 | - | - |
| Road and Bridge | 222,651 | 2,250,803 | - |
| Health & Human Services | 385,041 | - | 1,523,080 |
| Administration of Justice | 2,370,129 | - | - |
| Conservation and Development: | | | |
| Community & Economic Development | 383,718 | - | - |
| Infrastructure & Environmental | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Fiscal Agent's Fees | - | - | - |
| Issuance Costs | - | - | - |
| Total Expenditures | 10,613,102 | 2,250,803 | 1,523,080 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 381,763 | 413,555 | (202,397) |
| OTHER FINANCING SOURCES (USES): | | | |
| Sale of Real and Personal Property | 9,507 | - | - |
| Premium or Discount on Issuance of Bonds | - | - | - |
| Other Resources | - | - | - |
| Other (Uses) | - | - | - |
| Total Other Financing Sources (Uses) | 9,507 | - | - |
| Net Change in Fund Balances | 391,270 | 413,555 | (202,397) |
| Fund Balance - October 1 (Beginning) | 6,148,291 | 730,292 | 884,890 |
| Fund Balance - September 30 (Ending) | \$ 6,539,561 | \$ 1,143,847 | \$ 682,493 |

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

| Debt Service Fund | Other Funds | Total Governmental Funds |
|----------------------|---------------------|--------------------------------|
| \$ 845,939 | \$ 482,483 | \$ 12,381,949 |
| - | - | 567,400 |
| - | 434,116 | 449,661 |
| - | - | 627,380 |
| - | 456,702 | 702,617 |
| - | 920,281 | 2,939,272 |
| - | - | 242,060 |
| 541 | 1,117 | 19,018 |
| - | - | 15 |
| - | 2,670 | 194,383 |
| <u>846,480</u> | <u>2,297,369</u> | <u>18,123,755</u> |
| - | 445,243 | 2,908,535 |
| - | 48,939 | 3,350,410 |
| - | - | 1,486,800 |
| - | 250,015 | 2,723,469 |
| - | 165,988 | 2,074,109 |
| - | 372,769 | 2,742,898 |
| - | 672,193 | 1,055,911 |
| - | 250,457 | 250,457 |
| 490,000 | - | 490,000 |
| 391,620 | - | 391,620 |
| 2,950 | - | 2,950 |
| 102,745 | - | 102,745 |
| <u>987,315</u> | <u>2,205,604</u> | <u>17,579,904</u> |
| <u>(140,835)</u> | <u>91,765</u> | <u>543,851</u> |
| - | - | 9,507 |
| 716,480 | - | 716,480 |
| 6,885,000 | - | 6,885,000 |
| <u>(7,489,976)</u> | <u>-</u> | <u>(7,489,976)</u> |
| <u>111,504</u> | <u>-</u> | <u>121,011</u> |
| <u>(29,331)</u> | <u>91,765</u> | <u>664,862</u> |
| <u>199,539</u> | <u>1,025,885</u> | <u>8,988,897</u> |
| <u>\$ 170,208</u> | <u>\$ 1,117,650</u> | <u>\$ 9,653,759</u> |

BANDERA COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | | |
|---|-----------|----------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | 664,862 |
| <p>The implementation of the requirements for GASB 68 for this fiscal year resulted in a prior period adjustment to record the retroactive impact. This is not included in the explanation as to why the change in net position is different on Exhibit B-1 than the change in fund balance on Exhibit C-3. The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expense were \$741,623 and total debits to expense were \$775,899. The net effect on the change in net position on exhibit B-1 is a decrease of \$34,726.</p> | | |
| | | (34,276) |
| <p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to increase the change in net position.</p> | | |
| | | 1,256,787 |
| <p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.</p> | | |
| | | (1,344,927) |
| <p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.</p> | | |
| | | (269,752) |
| Change in Net Position of Governmental Activities | \$ | 272,694 |

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

BANDERA COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

| | Private Purpose Trust Funds | Agency Funds |
|---------------------------|-----------------------------------|-------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 169,346 | \$ 832,691 |
| Investments - Current | - | 77,646 |
| Other Receivables | - | 57 |
| Total Assets | <u>169,346</u> | <u>\$ 910,394</u> |
| LIABILITIES | | |
| Accounts Payable | - | \$ 54,864 |
| Intergovernmental Payable | - | 776,991 |
| Due to Others | - | 78,539 |
| Total Liabilities | <u>-</u> | <u>\$ 910,394</u> |
| NET POSITION | | |
| Unrestricted Net Position | <u>169,346</u> | |
| Total Net Position | <u>\$ 169,346</u> | |

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

BANDERA COUNTY, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Private Purpose Trust Funds |
|---|-----------------------------------|
| ADDITIONS: | |
| Charges for Services | \$ 315 |
| Investment Earnings | 167 |
| Rents and Royalties | 2,849 |
| Contributions & Donations from Private Source | 2,585 |
| Total Additions | <u>5,916</u> |
| DEDUCTIONS: | |
| Publications and Notices | 1,062 |
| Supplies | 699 |
| Total Deductions | <u>1,761</u> |
| Change in Net Position | 4,155 |
| Total Net Position -October 1 (Beginning) | <u>165,191</u> |
| Total Net Position September 30 (Ending) | <u>\$ 169,346</u> |

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

COUNTY OF BANDERA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Bandera have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

1. A. REPORTING ENTITY

The County is an independent unit and is managed by a governing body of elected officials. The accompanying financial statements present the County's primary government.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report. Also, the County is not included as a part of any other reporting entity.

1. B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria.

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund, the primary operating fund of the County, is always classified as a major fund. It is the basic fund of the County and covers all activities for which a separate fund has not been established.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds

The Debt Service Fund accounts for the accumulation of financial resources for and the payment of principal and interest on general long-term debt of the County other than debt service payments made by enterprise funds. Ad valorem taxes and interest earnings are used for the payment of principal and interest on the County's debt.

Capital Projects Fund - To account for financial resources to be used for the acquisition and construction of major capital facilities.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. The reporting entity includes three agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Private Purpose Trust Funds

Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The reporting entity includes five private purpose trust funds.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor. The major funds are as follows:

| Major Fund | Brief Description |
|---|--|
| General | See above for description. |
| Special Revenue Fund: Road and Bridge | Accounts for all road and bridge construction and maintenance activity. |
| Special Revenue Fund: Ambulance | Accounts for all EMS operations and activities. |
| Debt Service Fund: Jail/Justice Center I&S Fund | Accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. |

Nonmajor funds consist of special revenue funds and are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

1. C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Agency and Permanent Trust Funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statement, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized revenues when both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within 60 days after year end. Also under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

1. D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Investments

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes demand deposit accounts and government investment pools. All amounts are considered available upon demand and are considered to be "cash equivalents."

Several funds may be invested in an investment account and each fund has an equity interest therein. Interest earned on the Investment of these monies is allocated based upon relative equity at month end.

Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities relate to property taxes and court fines and fees.

All trade and property tax receivables are shown net of an allowance for uncollectable. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectable.

Ad valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable on October 1, and are delinquent on February 1. The majority of the County's property tax collections occur during December and early January each year. To the extent that County property tax revenue results in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

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

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Infrastructure assets include County owned roads, bridges, signs, and improvements to land. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets and infrastructure is depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 20 - 50 |
| Vehicles | 3 - 10 |
| Machinery and Equipment | 5 - 15 |
| Infrastructure | 5 - 50 |

Compensated Absences

Full time employees who work 40 hours per week average are granted vacation benefits in varying amounts to specified maximums depending on tenure with the County. Accumulated vacation time may be taken in pay upon termination or retirement up to a maximum of twenty (20) days. Non-exempt full time employees who work over 40 hours per week may choose to accrue comp time in lieu of overtime payments. Accumulated comp time may be taken in pay upon termination or retirement up to a maximum of thirty (30) days. Sick leave accrues to full time employees to specified maximums; however neither the vacation or comp time accrual policy applies to accumulated sick leave. The liability for accrued compensated absences is not accrued in governmental funds using the modified accrual basis of accounting, but is reflected in 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity

Beginning with fiscal year end September 30, 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are in non-spendable form (such as inventory and prepaids) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. County Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the County Commissioners or by an official or body to which the County Commissioners delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Beginning fund balances for the County’s governmental funds have been restated to reflect the above classifications.

The County Commissioners establish (and modify or rescind) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the County Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

Net Position

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

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Deferred Inflows of Resources and Deferred Outflows of Resources

The County has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Under GASB 63 and 65, amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred inflows of resources.

The implementation resulted in the reporting of \$566,996 (deferred ad valorem tax revenue which is expected to be collected in future years) as a deferred inflow of resources in the Governmental Funds Balance Sheet.

1. E. REVENUES, EXPENDITURES AND EXPENSES

Property Taxes

The County contracted with the County of Bandera Appraisal District for the appraisal of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2014 tax roll, the total assessed valuation was \$1,930,536,125 and the taxes assessed amounted to \$13,067,799. The total tax rate was \$.6769 per \$100 valuation and allocated \$.5193 for Maintenance and Operations, \$.1116 to the Road and Bridge Fund and \$.046 to the Debt Service Fund. The maximum tax levy allowed by State law for the above purposes is \$.80 per \$100 valuation.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

| | |
|------------------------------------|--|
| Governmental Funds - by Character: | Current (further classified by function) |
| | Debt Service |
| | Capital Outlay |

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets, as required by state statute, are adopted on a basis consistent with generally accepted accounting principles for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

The County Judge and staff prepare the proposed budget, using revenue estimates furnished by the County Auditor and submit the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, expenditures for current operating funds cannot exceed the estimated available cash balances in such funds on October 1, plus the estimate of revenues for the ensuing year.

For each budgeted fund, budgetary control is maintained at the expenditure line item level. This is the level at which expenditures cannot legally exceed appropriated amounts. The County Auditor is required to monitor the expenditures of the various funds. Any expenditures in excess of the total budgeted amount of a fund must be approved by the Commissioners' Court and the budget appropriately amended. It is the amended budget that is presented in the budget versus actual financial statement disclosure.

Encumbrance accounting, under which funds are reserved for purchase orders, contracts, and other commitments, is not utilized by County of Bandera.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

3. A. DEPOSITS AND INVESTMENTS

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

At September 30, 2015, the carrying amount of the County's deposits was \$814,573 and the bank balance was \$961,658. The County's cash deposits held at Bandera First State Bank at September 30, 2015 and during the year ended September 30, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Temporary investments consisted of certificates of deposits and government pool investments as follows:

| <u>Name</u> | <u>Carrying Amount</u> | <u>Fair Value</u> | <u>Days to Maturity</u> | <u>FDIC Coverage</u> | <u>Pledged Securities</u> |
|---|------------------------|----------------------|-------------------------|----------------------|---------------------------|
| <u>Bandera Bank -</u> Certificate of Deposit | \$ 203,787 | \$ 203,787 | 251 | \$ 203,787 | \$ - |
| <u>Texas Hill Country Bank-</u> Certificate of Deposit | 1,009,035 | 1,009,035 | 360 | 250,000 | 4,257,300 |
| <u>Hondo National Bank -</u> Certificate of Deposit | 204,307 | 204,307 | 188 | 204,307 | - |
| <u>Liquid Asset Portfolio -</u> Logic | <u>8,711,420</u> | <u>8,711,420</u> | 1 | <u>*</u> | <u>*</u> |
| Total Governmental Activities | <u>\$ 10,128,549</u> | <u>\$ 10,128,549</u> | | | |

*The County invests in Logic (a Local Government Investment Pool) to provide its primary liquidity needs. Logic is established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. Logic is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. Logic is rated AAA and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2015, Logic had a weighted average maturity of 49 days. The County considers the holdings in these funds to have a one-day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value.

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

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County 's policy regarding types of deposits allowed and collateral requirements is to deposit funds in FDIC insurance banks which have sufficient pledged collateral if needed. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2015, was covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, Logic Investment Pool invests only in investments authorized under the Public Funds Investment Act. Logic's portfolio has low marker (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. At September 30, 2015, the County was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

3. B. RECEIVABLES

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

| | General Fund | Road & Bridge Fund | Ambulance Fund | Debt Service Fund | Other Governmental Funds | TOTAL |
|---------------------------------------|-------------------|--------------------------|-------------------|-------------------------|--------------------------------|-------------------|
| Receivables: | | | | | | |
| Property Taxes | \$ 733,840 | \$ 152,736 | \$ 36,943 | \$ 66,924 | \$ 41,166 | \$ 1,031,609 |
| Other Receivables | <u>134,776</u> | <u>13,239</u> | <u>78,836</u> | <u>2,529</u> | <u>22,867</u> | <u>252,247</u> |
| Gross Receivables | \$ 868,616 | \$ 165,975 | \$ 115,779 | \$ 69,453 | \$ 64,033 | \$ 1,283,856 |
| Less: Allowance for Uncollectibles | <u>239,076</u> | <u>57,215</u> | <u>12,036</u> | <u>17,477</u> | <u>13,411</u> | <u>339,215</u> |
| Net Total Receivables | <u>\$ 629,540</u> | <u>\$ 108,760</u> | <u>\$ 103,743</u> | <u>\$ 51,976</u> | <u>\$ 50,622</u> | <u>\$ 944,641</u> |

Governmental funds report *unavailable revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unavailable revenues* reported in the governmental funds were as follows:

| | |
|--------------------------------------|-----------------------|
| General Fund - | |
| Unavailable Revenue – Property Taxes | \$ 403,756 |
| Road and Bridge Fund - | |
| Unavailable Revenue – Property Taxes | 80,091 |
| Ambulance Fund - | |
| Unavailable Revenue – Property Taxes | 20,325 |
| Debt Service Fund - | |
| Unavailable Revenue – Property Taxes | 40,174 |
| Other Governmental Funds - | |
| Unavailable Revenue – Property Taxes | <u>22,650</u> |
| TOTAL UNAVAILABLE REVENUES | <u>\$ 566,996</u> |

3. C. COURT FINES, FEES AND EMS BILLINGS RECEIVABLE

In accordance with GASB Statement Number 34, the County has determined the amount of court fines, fees and EMS billings receivable to be \$1,760,142, which represents amounts owed and outstanding for the last 10 years. Based on historical collection rates for the various courts and the EMS Department, the County has booked an allowance for uncollectible accounts of \$1,436,124, resulting in a net receivable of \$324,018.

3. D. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

Primary Government

| | Balance 10/1/14 | Increases | Decreases | Balance 9/30/15 |
|---|----------------------|---------------------|------------------|----------------------|
| <i>Governmental Activities:</i> | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 391,457 | \$ - | \$ - | \$ 391,457 |
| Construction in Progress | 264,622 | - | 239,622 | 25,000 |
| Total Assets Not Being Depreciated | <u>656,079</u> | <u>-</u> | <u>239,622</u> | <u>416,457</u> |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Improvements | 16,136,410 | 375,544 | - | 16,511,954 |
| Equipment and Machinery | 8,224,359 | 466,222 | 107,401 | 8,583,180 |
| Infrastructure | 3,433,674 | 164,643 | - | 3,598,317 |
| Total Capital Assets Being Depreciated | <u>27,794,443</u> | <u>1,006,409</u> | <u>107,401</u> | <u>28,693,451</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (3,070,497) | (448,731) | - | (3,519,228) |
| Equipment and Machinery | (6,256,095) | (643,365) | (107,401) | (6,792,059) |
| Infrastructure | (1,906,073) | (252,831) | - | (2,158,904) |
| Total Accumulated Depreciation | <u>(11,232,665)</u> | <u>(1,344,927)</u> | <u>(107,401)</u> | <u>(12,470,191)</u> |
| Total Capital Assets Being Depreciated, Net | <u>16,561,778</u> | <u>(338,518)</u> | <u>-</u> | <u>16,223,260</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 17,217,857</u> | <u>\$ (338,518)</u> | <u>239,622</u> | <u>\$ 16,639,717</u> |

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

| | |
|---|---------------------|
| Governmental Activities: | |
| General Administration | \$ 461,323 |
| Law Enforcement | 240,280 |
| Administration of Justice | 21,708 |
| Roads and Bridges | 457,199 |
| Community & Economic Development | 17,475 |
| Corrections | 12,069 |
| Health & Human Services | <u>134,873</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,344,927</u> |

3. E. LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions of the County for the year ended September 30, 2015.

| | Balance 10/01/14 | Issued | Retired | Balance 9/30/15 | Due Within One Year |
|--|---------------------|---------------------|---------------------|---------------------|------------------------|
| Texas General Obligation Bonds - Series 2007 | \$ 7,080,000 | \$ - | \$ 6,200,000 | \$ 880,000 | \$ 430,000 |
| Texas General Obligation Bonds - Series 2008 | 1,475,000 | - | 1,220,000 | 255,000 | 80,000 |
| Texas General Obligation Refunding Bonds Series 2015 | - | 6,885,000 | - | 6,885,000 | 50,000 |
| Capital Lease Obligations | - | - | - | - | - |
| SUBTOTAL | \$ 8,555,000 | \$ 6,885,000 | \$ 7,420,000 | \$ 8,020,000 | \$ 560,000 |
| Compensated Absences | 268,753 | 66,656 | 40,193 | 295,216 | - |
| Premium on Bonds | 235,444 | 716,480 | 235,444 | 716,480 | - |
| TOTAL | \$ 9,059,197 | \$ 7,668,136 | \$ 7,695,637 | \$ 9,031,696 | \$ 560,000 |

Certificates of Obligation

The County issued Texas General Obligation Bonds - Series 2007 for \$9,425,000 at interest rates from 4.25% to 5.25% with a final maturity date of August 17, 2027. The bonds are payable from the collection of an ad valorem tax levied on all taxable property. Proceeds from the sale of the bonds will be used for the construction and equipping of a new County Jail and Justice Center to house a county jail, sheriff's office and judicial facilities.

The County issued Texas General Obligation Bonds - Series 2008 for \$1,875,000 at interest rates from 3% to 5% with a final maturity date of August 15, 2028. The bonds are payable from the collection of an ad valorem tax levied on all taxable property. Proceeds from the sale of the bonds will be used for the construction and equipping of a new County Jail and Justice Center to house a county jail, sheriff's office and judicial facilities.

The County issued General Obligation Refunding Bonds - Series 2015 for \$6,885,000 at interest rates from 2.0% to 4.0% with a final maturity date of August 15, 2028. The bonds are payable from the collection of an ad valorem tax levied on all taxable property. Proceeds from the sale of the bonds will be used to finance the remaining callable obligations from the County's Series 2007 Certificates of Obligation and the Series 2008 Certificates of Obligation. The bonds were called and were redeemed by depositing \$7,489,976 into an escrow account on September 25, 2015. The financial gain on these refunding bonds was \$644,734 and the economic gain was \$568,633. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

| Description | Refunded Amount | Balance 9/30/15 |
|--|---------------------|---------------------|
| Bandera County Certificates of Obligation: | | |
| Series 2007 | \$ 5,790,000 | 880,000 |
| Series 2008 | 1,140,000 | 255,000 |
| TOTAL AMOUNT REFUNDED | \$ 6,930,000 | \$ 1,135,000 |

Debt service requirements for the Texas General Obligation Bonds - Series 2007 and 2008 are as follows:

| Year Ending September 30, | Principal | Interest | Annual Requirements |
|------------------------------|---------------------|---------------------|------------------------|
| 2016 | \$ 560,000 | \$ 270,119 | \$ 830,119 |
| 2017 | 555,000 | 269,702 | 824,702 |
| 2018 | 590,000 | 242,700 | 832,700 |
| 2019 | 605,000 | 223,200 | 828,200 |
| 2020 | 620,000 | 205,050 | 825,050 |
| 2021-2025 | 3,430,000 | 396,338 | 3,826,338 |
| 2026-2030 | 1,660,000 | 55,100 | 1,715,100 |
| TOTAL | <u>\$ 8,020,000</u> | <u>\$ 1,662,209</u> | <u>\$ 9,682,209</u> |

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2015, as follows:

| Year Ended September 30 | |
|-------------------------|-------------------|
| 2016 | \$ 80,632 |
| 2017 | 70,840 |
| 2018 | 63,001 |
| 2019 | 1,251 |
| Total Minimum Rentals | <u>\$ 215,724</u> |

Rental Expenditures in Fiscal Year 2015 \$ 82,682

3. F. CONTINGENT LIABILITIES

The County is subject to various litigation and claims arising out of the normal course of operations. Although the outcome of these claims is not presently determinable, in the opinion of the government's management, the resolution of these matters will not have a material adverse effect on the accompanying financial statements. Therefore, no provision for any liability, if any, has been made in the accompanying financial statements.

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

3. G. RISK MANAGEMENT

County of Bandera is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers' compensation. The County contracts in the form of interlocal agreements with the Texas Association of Counties (TAC) to provide the aforementioned types of insurance coverage through an intergovernmental risk pool. These multi-employer accounts provide for a combination of modified self-insurance and stop loss coverage. Contributions are set annually by Texas Association of Counties. Liability by the County is generally limited to the amounts calculated by the County interlocal agreements.

3. H. HEALTH INSURANCE

The County provides group health, dental and life insurance coverage for regular, full-time employees through TAC, Ameritas, and TCDRS. The County pays the premium for eligible employees. Employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

3. I. EMPLOYEE RETIREMENT PLAN

Plan Description

TCDRS is a statewide, agent multiple-employer, public-employee retirement system. The system serves 677 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the governing body of each employer, within the options available in the TCDRS Act. Because of that, employers have the flexibility and local control to select benefits and pay for those benefits based on their needs and budgets. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on 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.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan.

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

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

The required contribution was determined as part of the December 31, 2014 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2014 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2014 was 6.6 years.

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 84 |
| Inactive employees entitled to but not yet receiving benefits | 104 |
| Active employees | <u>204</u> |
| | 392 |

Contributions

A combination of three elements fund each employer’s plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer’s governing body.
- Participating employers are required, by law, to contribute at actuarially determined rates, which are determined annually.
- Investment income funds a large part of the benefits employees earn.

Employers have the option of paying more than the required contribution rate each year. Extra contributions can help employers “pre-fund” benefit increases, such as a cost-of-living adjustment to retirees, and they can be used to help offset or mitigate future increases in the required rate due to negative plan experience. There are two approaches for making extra contributions: (a) paying an elected contribution rate higher than the required rate and (b) making an extra lump-sum contribution to the employer account.

The contribution rate payable by the employee members for calendar year 2014 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County’s contributions to TCDRS for the year ended September 30, 2015 were \$741,623, and were equal to the required contributions.

Net Pension Liability

The County’s Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

| | |
|----------------------------|--|
| Valuation Timing | Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. |
| Actuarial Cost Method | Entry Age Normal ⁽¹⁾ |
| Asset Valuation Method | |
| Smooth Period | 5 years |
| Recognition Method | Non-asymptotic |
| Corridor | None |
| Inflation | 3.0% |
| Salary Increases | 4.9% |
| Investment Rate of Return | 8.10% |
| Cost of Living Adjustments | Cost-of-Living Adjustments for Bandera County are not considered to be substantively automatic under GASB 68. Therefore, a biennial 1% cost-of-living adjustment is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation. |
| Retirement Age | Deferred members are assumed to retire (100% probability) at the later of: a) age 60; b) earliest retirement eligibility. |
| Turnover | New employees are assumed to replace any terminated members and have similar entry ages. |
| Mortality | RP-2000 Mortality Tables |

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

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 2015 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 set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2013 for more details.

| Asset Class | Benchmark | Target Allocation (1) | Geometric Real Rate of Return (Expected Minus Inflation) (2) |
|------------------------------------|--|--------------------------|--|
| U.S. Equities | Dow Jones U.S. Total Stock Market Index | 16.50% | 5.35% |
| Private Equity | Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾ | 12.00% | 8.35% |
| Global Equities | MSCI World (Net) Index | 1.50% | 5.65% |
| International Equities – Developed | 50% MSCI World Ex USA (Net) + 50% MSCI World Ex USA 100% Hedged to USD (Net) Index | 11.00% | 5.35% |
| International Equities – Emerging | 50% MSCI EM Standard (Net) Index + 50% MSCI EM 100% Hedged to USD (Net) Index | 9.00% | 6.35% |
| Investment – Grade Bonds | Barclays Capital Aggregate Bond Index | 3.00% | 0.55% |
| High-Yield Bonds | Citigroup High-Yield Cash-Pay Capped Index | 3.00% | 3.75% |
| Opportunistic Credit | Citigroup High-Yield Cash-Pay Capped Index | 5.00% | 5.54% |
| Direct Lending | Citigroup High-Yield Cash-Pay Capped Index | 2.00% | 5.80% |
| Distressed Debt | Citigroup High-Yield Cash-Pay Capped Index | 3.00% | 6.75% |
| REIT Equities | 67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index | 2.00% | 4.00% |
| Commodities | Bloomberg Commodities Index | 2.00% | -0.20% |
| Master Limited Partnerships (MLPs) | Alerian MLP Index | 2.00% | 5.30% |
| Private Real Estate Partnerships | Cambridge Associates Real Estate Index ⁽⁴⁾ | 3.00% | 7.20% |
| Hedge Funds | Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index | 25.00% | 5.15% |

⁽¹⁾ Target asset allocation adopted at the April 2015 TCDRS Board meeting

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions.

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pensions plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

| | Increase/(Decrease) | | |
|--|----------------------------|---------------------------|----------------------------------|
| | Total Pension Liability | Fiduciary Net Position | Net Pension Liability/(Asset) |
| | (a) | (b) | (a)-(b) |
| Balances as of December 31, 2013 | \$ 19,631,192 | \$ 18,425,442 | \$ 1,205,749 |
| Changes for the Year: | | | |
| Service Cost | 1,072,594 | - | 1,072,594 |
| Interest on Total Pension Liability ⁽¹⁾ | 1,609,200 | - | 1,609,200 |
| Effect of Plan Changes | 23,438 | - | 23,438 |
| Effects of Economic/Demographic Gains or Losses | 160,505 | - | 160,505 |
| Effect of Assumptions Changes or Inputs | - | - | - |
| Refund of Contributions | (51,914) | (51,914) | - |
| Benefit Payments | (563,812) | (563,812) | - |
| Administrative Expenses | - | (14,934) | 14,934 |
| Member Contributions | - | 537,913 | (537,913) |
| Net Investment Income | - | 1,254,017 | (1,254,017) |
| Employer Contributions | - | 742,320 | (742,320) |
| Other ⁽²⁾ | - | (37,702) | 37,702 |
| Balances as of December 31, 2014 | <u>\$ 21,883,203</u> | <u>\$ 20,291,329</u> | <u>\$ 1,589,874</u> |

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

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

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 Bandera County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

| | 1% Decrease <u>7.10%</u> | Current Discount Rate <u>8.10%</u> | 1% Increase <u>9.10%</u> |
|-------------------------------|--------------------------------|---|--------------------------------|
| Total Pension Liability | \$ 24,724,732 | \$ 21,881,203 | \$ 19,535,123 |
| Fiduciary Net Position | <u>20,291,329</u> | <u>20,291,329</u> | <u>20,291,329</u> |
| Net Pension Liability/(Asset) | <u>\$ 4,433,403</u> | <u>\$ 1,589,874</u> | <u>\$ (756,206)</u> |

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

For the year ended September 30, 2015 the County recognized pension expense of \$775,899.

| <u>Prepaid Expense/(Income)</u> | <u>January 1, 2014 to December 31, 2014</u> |
|---|---|
| Service Cost | \$ 1,072,594 |
| Interest on Total Pension Liability ⁽¹⁾ | 1,609,200 |
| Effect of Plan Changes | 23,438 |
| Administrative Expenses | 14,934 |
| Member Contributions | (537,913) |
| Expected Investment Return Net of Investment Expenses | (1,531,693) |
| Recognition of Deferred Inflows/Outflows of Resources | |
| Recognition of Economic/Demographic Gains or Losses | 32,101 |
| Recognition of Assumption Changes or Inputs | - |
| Recognition of Investment Gains or Losses | 55,535 |
| Other ⁽²⁾ | <u>37,702</u> |
| Pension Expense/(Income) | <u>\$ 775,899</u> |

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

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

As of December 31, 2014, the deferred inflows and outflows of resources are as follows:

| | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ - | \$ 128,404 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings | - | 222,141 |
| Contributions made subsequent to measurement date | <u>-</u> | <u>553,407</u> |
| | <u>-</u> | <u>903,952</u> |

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

Year Ended December 31

| | |
|---------------------------|-----------|
| 2015 | \$ 87,636 |
| 2016 | 87,636 |
| 2017 | 87,636 |
| 2018 | 87,636 |
| 2019 | - |
| Thereafter ⁽³⁾ | - |

⁽³⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

3. J. GROUP TERM LIFE FUND

Plan Description

Bandera County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Bandera County does not provide group term life insurance coverage to retired employees.

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

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Bandera County contributions to the GTLF for the years ended September 30, 2015, 2014, and 2013 were \$34,118, \$32,958, and \$30,339, respectively, which equaled the contractually required contributions each year.

3. K. DEFERRED COMPENSATION PLAN

The County offers all its employees deferred compensation programs through Nationwide Retirement Solutions, Inc. and the Variable Annuity Life Insurance Company (VALIC). The plans, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County, subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

The County has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

At September 30, 2015, the participants had balances of \$621,022 in Nationwide and \$776,549 in VALIC.

3. L. PRIOR PERIOD ADJUSTMENT

During fiscal year 2015, the County adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. Adoption of GASB Statement No. 68 required a prior period adjustment to report the effect of GASB Statement No. 68 retroactively. The amount of the prior period adjustment in the governmental activities is \$651,645. The restated beginning net position of the Governmental Activities is \$17,525,795.

3. M. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 18, 2016, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BANDERA COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|--|---------------------|---------------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| Property Taxes | \$ 8,770,194 | \$ 8,770,194 | \$ 8,604,787 | \$ (165,407) |
| General Sales and Use Taxes | 450,000 | 450,000 | 567,400 | 117,400 |
| Other Taxes | 9,000 | 9,000 | 15,545 | 6,545 |
| Licenses and Permits | 32,350 | 32,350 | 56,639 | 24,289 |
| Intergovernmental Revenue and Grants | 75,700 | 157,007 | 180,224 | 23,217 |
| Charges for Services | 818,935 | 818,935 | 1,170,877 | 351,942 |
| Fines | 170,000 | 170,000 | 242,060 | 72,060 |
| Investment Earnings | 8,000 | 8,000 | 14,949 | 6,949 |
| Contributions & Donations from Private Sources | 100 | 100 | 15 | (85) |
| Other Revenue | 68,900 | 59,392 | 142,369 | 82,977 |
| Total Revenues | 10,403,179 | 10,474,978 | 10,994,865 | 519,887 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government: | | | | |
| General Administration | 2,743,873 | 2,747,552 | 2,463,292 | 284,260 |
| Public Safety: | | | | |
| Law Enforcement | 3,624,879 | 3,646,873 | 3,301,471 | 345,402 |
| Corrections | 1,641,059 | 1,641,059 | 1,486,800 | 154,259 |
| Road and Bridge | 252,916 | 252,916 | 222,651 | 30,265 |
| Health & Human Services | 350,421 | 406,055 | 385,041 | 21,014 |
| Administration of Justice | 2,603,296 | 2,603,296 | 2,370,129 | 233,167 |
| Conservation and Development: | | | | |
| Community & Economic Development | 401,303 | 401,303 | 383,718 | 17,585 |
| Total Expenditures | 11,617,747 | 11,699,054 | 10,613,102 | 1,085,952 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,214,568) | (1,224,076) | 381,763 | 1,605,839 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of Real and Personal Property | - | 9,508 | 9,507 | (1) |
| Total Other Financing Sources (Uses) | - | 9,508 | 9,507 | (1) |
| Net Change | (1,214,568) | (1,214,568) | 391,270 | 1,605,838 |
| Fund Balance - October 1 (Beginning) | 6,148,291 | 6,148,291 | 6,148,291 | - |
| Fund Balance - September 30 (Ending) | \$ 4,933,723 | \$ 4,933,723 | \$ 6,539,561 | \$ 1,605,838 |

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

BANDERA COUNTY, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT G-2

| Data Control Codes | Budgeted Amounts | | Actual | Variance With | |
|--------------------------|--------------------------------------|--------------|--------------------------|---|------------|
| | Original | Final | GAAP BASIS (See Note) | Final Budget Positive or (Negative) | |
| REVENUES: | | | | | |
| Taxes: | | | | | |
| 5110 | Property Taxes | \$ 1,985,223 | \$ 1,985,223 | \$ 2,016,371 | \$ 31,148 |
| 5200 | Licenses and Permits | 503,000 | 503,000 | 570,741 | 67,741 |
| 5300 | Intergovernmental Revenue and Grants | 28,000 | 28,000 | 28,673 | 673 |
| 5400 | Charges for Services | 100 | 100 | 745 | 645 |
| 5610 | Investment Earnings | 1,000 | 1,000 | 1,637 | 637 |
| 5700 | Other Revenue | 15,000 | 15,000 | 46,191 | 31,191 |
| 5020 | Total Revenues | 2,532,323 | 2,532,323 | 2,664,358 | 132,035 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0031 | Road and Bridge | 2,591,953 | 2,591,953 | 2,250,803 | 341,150 |
| 6030 | Total Expenditures | 2,591,953 | 2,591,953 | 2,250,803 | 341,150 |
| 1200 | Change in Fund Balance | (59,630) | (59,630) | 413,555 | 473,185 |
| 0100 | Fund Balance - October 1 (Beginning) | 730,292 | 730,292 | 730,292 | - |
| 3000 | Fund Balance - September 30 (Ending) | \$ 670,662 | \$ 670,662 | \$ 1,143,847 | \$ 473,185 |

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

BANDERA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AMBULANCE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT G-3

| Data Control Codes | Budgeted Amounts | | Actual | Variance With | |
|--------------------------|--------------------------------------|------------|--------------------------|---|------------|
| | Original | Final | GAAP BASIS (See Note) | Final Budget Positive or (Negative) | |
| REVENUES: | | | | | |
| Taxes: | | | | | |
| 5110 | Property Taxes | \$ 441,709 | \$ 441,709 | \$ 432,369 | \$ (9,340) |
| 5300 | Intergovernmental Revenue and Grants | 37,018 | 37,018 | 37,018 | - |
| 5400 | Charges for Services | 711,800 | 711,800 | 847,369 | 135,569 |
| 5610 | Investment Earnings | 500 | 500 | 774 | 274 |
| 5700 | Other Revenue | 50 | 50 | 3,153 | 3,103 |
| 5020 | Total Revenues | 1,191,077 | 1,191,077 | 1,320,683 | 129,606 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0033 | Health & Human Services | 1,583,943 | 1,583,943 | 1,523,080 | 60,863 |
| 6030 | Total Expenditures | 1,583,943 | 1,583,943 | 1,523,080 | 60,863 |
| 1200 | Change in Fund Balance | (392,866) | (392,866) | (202,397) | 190,469 |
| 0100 | Fund Balance - October 1 (Beginning) | 884,890 | 884,890 | 884,890 | - |
| 3000 | Fund Balance - September 30 (Ending) | \$ 492,024 | \$ 492,024 | \$ 682,493 | \$ 190,469 |

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

BANDERA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | <u>Year Ended</u> <u>December 31, 2014</u> |
|--|---|
| Total Pension Liability | |
| Service Cost | \$ 1,072,594 |
| Interest on Total Pension Liability | 1,609,200 |
| Effect of Plan Changes | 23,438 |
| Effect of Assumption Changes or Inputs | - |
| Effect of Economic/Demographic (Gains) or Losses | 160,505 |
| Benefit Payments/Refunds of Contributions | <u>(615,726)</u> |
| Net Change in Total Pension Liability | \$ 2,250,011 |
| Total Pension Liability, Beginning | <u>19,631,192</u> |
| Total Pension Liability, Ending (a) | <u>\$ 21,881,203</u> |
| Fiduciary Net Position | |
| Employer Contributions | 742,320 |
| Member Contributions | 537,913 |
| Investment Income Net of Investment Expenses | 1,254,017 |
| Benefit Payments/Refunds of Contributions | (615,726) |
| Administrative Expenses | (14,934) |
| Other | <u>(37,702)</u> |
| Net Change in Fiduciary Net Position | \$ 1,865,887 |
| Fiduciary Net Position, Beginning | <u>18,425,442</u> |
| Fiduciary Net Position, Ending (b) | <u>\$ 20,291,329</u> |
| Net Pension Liability/(Asset), Ending = (a) – (b) | \$ 1,589,874 |
| Fiduciary Net Position as a % of Total Pension Liability | 92.73% |
| Pensionable Covered Payroll | \$ 7,684,473 |
| Net Pension Liability as a % of Covered Payroll | 20.69% |

Note: GASB 68, Paragraph 46, a and b requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

BANDERA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

| Year Ending December 31 | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Pensionable Covered Payroll ⁽¹⁾ | Actual Contribution as a % of Covered Payroll |
|----------------------------|---|------------------------------------|--|--|---|
| 2005 | Not Available | Not Available | Not Available | Not Available | Not Available |
| 2006 | \$ 354,565 | \$ 354,565 | \$ - | \$ 4,205,994 | \$ 8.4% |
| 2007 | 383,499 | 383,499 | - | 4,517,064 | 8.5% |
| 2008 | 383,149 | 383,149 | - | 4,813,428 | 8.0% |
| 2009 | 434,264 | 434,264 | - | 5,435,092 | 8.0% |
| 2010 | 550,733 | 550,733 | - | 6,265,447 | 8.8% |
| 2011 | 602,843 | 602,843 | - | 6,758,324 | 8.9% |
| 2012 | 631,706 | 631,706 | - | 6,957,111 | 9.1% |
| 2013 | 671,036 | 671,036 | - | 7,131,089 | 9.4% |
| 2014 | 742,320 | 742,320 | - | 7,684,473 | 9.7% |

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

Note: GASB 68, Paragraph 46, c and d requires that the data in this schedule be presented as of the governmental entity's current fiscal year as opposed to the time period covered by the measurement date.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

BANDERA COUNTY
 NOTES TO THE SCHEDULE OF CONTRIBUTIONS
 SEPTEMBER 30, 2015

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|---|
| Actuarial Cost Method | Entry Age Normal (1) |
| Asset Valuation Method | |
| Smooth period | 5 years |
| Recognition method | Non-asymptotic |
| Corridor | None |
| Inflation | 3.0% |
| Salary Increases | 4.9% |
| Investment Rate of Return | 8.10% |
| Cost-of-Living Adjustments | Cost-of-Living Adjustments for Bandera County are not considered to be substantively automatic under GASB 68. Therefore, a biennial 1% cost-of-living adjustment is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation |
| Retirement Age | Deferred members are assumed to retire (100% probability) at the later of: a) age 60, b) earliest retirement eligibility. |
| Turnover | New employees are assumed to replace any terminated members and have similar entry ages. |
| Mortality | RP-2000 Mortality Tables |

(1) *Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation*

Other Information:

Notes There were no benefit changes during the year.

SUPPLEMENTARY INFORMATION

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

| | 11 Hotel/Motel Tax Fund | 14 Mansfield Park Fund | 15 Indigent Health Care Fund | 16 Sanitary Landfill Fund |
|---|----------------------------------|---------------------------------|---------------------------------------|------------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ - | \$ 63,042 | \$ 182,237 | \$ 247,259 |
| Taxes Receivable | - | 5,035 | 9,418 | - |
| Allowance for Uncollectible Taxes (credit) | - | (1,640) | (3,068) | - |
| Receivables (Net) | 12,104 | 172 | 323 | 3,732 |
| Total Assets | <u>\$ 12,104</u> | <u>\$ 66,609</u> | <u>\$ 188,910</u> | <u>\$ 250,991</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 12,104 | \$ 6,473 | \$ 750 | \$ 9,272 |
| Wages and Salaries Payable | - | 1,528 | 1,549 | 3,064 |
| Total Liabilities | <u>12,104</u> | <u>8,001</u> | <u>2,299</u> | <u>12,336</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Property Taxes | - | 2,771 | 5,182 | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>2,771</u> | <u>5,182</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted Fund Balance: | | | | |
| Special Revenue | - | - | - | - |
| Committed Fund Balance: | | | | |
| Special Revenue | - | 55,837 | 181,429 | 238,655 |
| Total Fund Balances | <u>-</u> | <u>55,837</u> | <u>181,429</u> | <u>238,655</u> |
| Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 12,104</u> | <u>\$ 66,609</u> | <u>\$ 188,910</u> | <u>\$ 250,991</u> |

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

| 18 Sheriff's Tax Sale Fund | 22 Child Abuse Prevention Local Fund | 25 Juvenile Probation Local Fund | 27 Sheriff Seized Asset Fund | 28 Law Library Fund | 30 County Clerk Records Management | 31 Records Preservation Fund | 32 Courthouse Security Fund |
|-------------------------------------|---|---|---------------------------------------|------------------------------|---|---------------------------------------|--------------------------------------|
| \$ - | \$ 564 | \$ 163,097 | \$ 44,299 | \$ 7,466 | \$ 58,698 | \$ 39,223 | \$ 6,372 |
| - | - | 22,004 | - | - | - | - | - |
| - | - | (7,169) | - | - | - | - | - |
| - | - | 894 | 5,480 | - | - | - | - |
| <u>\$ -</u> | <u>\$ 564</u> | <u>\$ 178,826</u> | <u>\$ 49,779</u> | <u>\$ 7,466</u> | <u>\$ 58,698</u> | <u>\$ 39,223</u> | <u>\$ 6,372</u> |
| \$ - | \$ - | \$ 5,834 | \$ - | \$ 541 | \$ 5 | \$ 365 | \$ - |
| - | - | 10,309 | - | - | 743 | - | - |
| - | - | 16,143 | - | 541 | 748 | 365 | - |
| - | - | 12,106 | - | - | - | - | - |
| - | - | 12,106 | - | - | - | - | - |
| - | 564 | 150,577 | 49,779 | 6,925 | 57,950 | 38,858 | 6,372 |
| - | - | - | - | - | - | - | - |
| - | 564 | 150,577 | 49,779 | 6,925 | 57,950 | 38,858 | 6,372 |
| <u>\$ -</u> | <u>\$ 564</u> | <u>\$ 178,826</u> | <u>\$ 49,779</u> | <u>\$ 7,466</u> | <u>\$ 58,698</u> | <u>\$ 39,223</u> | <u>\$ 6,372</u> |

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

| | 33 Juvenile Probation State Aid | 34 Juvenile Probation Mental Health | 36 Juvenile Probation Title IV-E | 45 Alternative Dispute Resolution |
|---|--|--|---|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 132 | \$ 12,169 | \$ 27,256 | \$ 6,309 |
| Taxes Receivable | - | - | - | - |
| Allowance for Uncollectible Taxes (credit) | - | - | - | - |
| Receivables (Net) | - | - | - | - |
| Total Assets | <u>\$ 132</u> | <u>\$ 12,169</u> | <u>\$ 27,256</u> | <u>\$ 6,309</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| Wages and Salaries Payable | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Property Taxes | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted Fund Balance: | | | | |
| Special Revenue | 132 | 12,169 | 27,256 | 6,309 |
| Committed Fund Balance: | | | | |
| Special Revenue | - | - | - | - |
| Total Fund Balances | <u>132</u> | <u>12,169</u> | <u>27,256</u> | <u>6,309</u> |
| Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 132</u> | <u>\$ 12,169</u> | <u>\$ 27,256</u> | <u>\$ 6,309</u> |

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

| 46 Appellate Judicial System Fund | 48 Guardianship Fee Fund | 49 Hot Check Collection Fee Fund | 51 Family Protection Fee Fund | 52 Attorney Pre-Trial Diversion | 55 District Clerk Records Management | 56 County Clerk Records Management | 57 County Attorney Forfeitures |
|--|-----------------------------------|---|--|--|---|---|---|
| \$ 1,314 | \$ 13,589 | \$ 9,483 | \$ 1,873 | \$ 25,087 | \$ 10,793 | \$ 47,244 | \$ 660 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 1,314</u> | <u>\$ 13,589</u> | <u>\$ 9,483</u> | <u>\$ 1,873</u> | <u>\$ 25,087</u> | <u>\$ 10,793</u> | <u>\$ 47,244</u> | <u>\$ 660</u> |
| \$ 1,088 | \$ - | \$ - | \$ - | \$ - | \$ 66 | \$ 1,524 | \$ - |
| - | - | - | - | - | - | - | - |
| <u>1,088</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>66</u> | <u>1,524</u> | <u>-</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 226 | 13,589 | 9,483 | 1,873 | 25,087 | 10,727 | 45,720 | 660 |
| - | - | - | - | - | - | - | - |
| <u>226</u> | <u>13,589</u> | <u>9,483</u> | <u>1,873</u> | <u>25,087</u> | <u>10,727</u> | <u>45,720</u> | <u>660</u> |
| <u>\$ 1,314</u> | <u>\$ 13,589</u> | <u>\$ 9,483</u> | <u>\$ 1,873</u> | <u>\$ 25,087</u> | <u>\$ 10,793</u> | <u>\$ 47,244</u> | <u>\$ 660</u> |

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

| | 58 Justice Court Technology | 60 State Funded Training-Law Enforcement | 63 Court Records Preservation Fund | 65 District Clerk Records Archive |
|---|--------------------------------------|---|---|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 3,834 | \$ 23,597 | \$ 19,505 | \$ 6,950 |
| Taxes Receivable | - | - | - | - |
| Allowance for Uncollectible Taxes (credit) | - | - | - | - |
| Receivables (Net) | - | - | - | - |
| Total Assets | <u>\$ 3,834</u> | <u>\$ 23,597</u> | <u>\$ 19,505</u> | <u>\$ 6,950</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ 605 | \$ - | \$ - |
| Wages and Salaries Payable | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>605</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Property Taxes | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted Fund Balance: | | | | |
| Special Revenue | 3,834 | 22,992 | 19,505 | 6,950 |
| Committed Fund Balance: | | | | |
| Special Revenue | - | - | - | - |
| Total Fund Balances | <u>3,834</u> | <u>22,992</u> | <u>19,505</u> | <u>6,950</u> |
| Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 3,834</u> | <u>\$ 23,597</u> | <u>\$ 19,505</u> | <u>\$ 6,950</u> |

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

| 68 Juvenile Commitment RDCTN Grant | 69 Capital Credits Fund | 88 TDA CDBG Fund | 95 Medina Lake County Park Fund | Total Nonmajor Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|----------------------------------|---------------------------|--|---|--|
| \$ 653 | \$ 8,811 | \$ - | \$ 120,697 | \$ 1,152,213 | \$ 1,152,213 |
| - | - | - | 4,709 | 41,166 | 41,166 |
| - | - | - | (1,534) | (13,411) | (13,411) |
| - | - | - | 161 | 22,866 | 22,866 |
| <u>\$ 653</u> | <u>\$ 8,811</u> | <u>\$ -</u> | <u>\$ 124,033</u> | <u>\$ 1,202,834</u> | <u>\$ 1,202,834</u> |
| \$ 53 | \$ - | \$ - | \$ 1,583 | \$ 40,263 | \$ 40,263 |
| - | - | - | 5,078 | 22,271 | 22,271 |
| <u>53</u> | <u>-</u> | <u>-</u> | <u>6,661</u> | <u>62,534</u> | <u>62,534</u> |
| - | - | - | 2,591 | 22,650 | 22,650 |
| - | - | - | 2,591 | 22,650 | 22,650 |
| 600 | 8,811 | - | - | 526,948 | 526,948 |
| - | - | - | 114,781 | 590,702 | 590,702 |
| <u>600</u> | <u>8,811</u> | <u>-</u> | <u>114,781</u> | <u>1,117,650</u> | <u>1,117,650</u> |
| <u>\$ 653</u> | <u>\$ 8,811</u> | <u>\$ -</u> | <u>\$ 124,033</u> | <u>\$ 1,202,834</u> | <u>\$ 1,202,834</u> |

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | 11 Hotel/Motel Tax Fund | 14 Mansfield Park Fund | 15 Indigent Health Care Fund | 16 Sanitary Landfill Fund |
|--------------------------------------|----------------------------------|---------------------------------|---------------------------------------|------------------------------------|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property Taxes | \$ - | \$ 58,916 | \$ 110,295 | \$ - |
| Other Taxes | 434,116 | - | - | - |
| Intergovernmental Revenue and Grants | - | - | 15,860 | - |
| Charges for Services | - | 25,887 | - | 249,774 |
| Investment Earnings | - | 78 | 221 | 241 |
| Other Revenue | - | 40 | 2,580 | - |
| Total Revenues | <u>434,116</u> | <u>84,921</u> | <u>128,956</u> | <u>250,015</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government: | | | | |
| General Administration | - | - | - | - |
| Public Safety: | | | | |
| Law Enforcement | - | - | - | - |
| Road and Bridge | - | - | - | 250,015 |
| Health & Human Services | - | - | 165,988 | - |
| Administration of Justice | - | - | - | - |
| Conservation and Development: | | | | |
| Community & Economic Development | 434,116 | 105,359 | - | - |
| Infrastructure & Environmental | - | - | - | - |
| Total Expenditures | <u>434,116</u> | <u>105,359</u> | <u>165,988</u> | <u>250,015</u> |
| Net Change in Fund Balance | - | (20,438) | (37,032) | - |
| Fund Balance - October 1 (Beginning) | <u>-</u> | <u>76,275</u> | <u>218,461</u> | <u>238,655</u> |
| Fund Balance - September 30 (Ending) | <u>\$ -</u> | <u>\$ 55,837</u> | <u>\$ 181,429</u> | <u>\$ 238,655</u> |

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

| 18 Sheriff's Tax Sale Fund | 22 Child Abuse Prevention Local Fund | 25 Juvenile Probation Local Fund | 27 Sheriff Seized Asset Fund | 28 Law Library Fund | 30 County Clerk Records Management | 31 Records Preservation Fund | 32 Courthouse Security Fund |
|-------------------------------------|---|---|---------------------------------------|------------------------------|---|---------------------------------------|--------------------------------------|
| \$ - | \$ - | \$ 258,120 | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | 942 | 6,100 | - | - | - | - |
| 384,233 | 133 | 2,548 | - | 14,420 | 50,685 | 8,127 | 14,434 |
| - | - | 164 | 46 | 6 | 45 | 40 | 9 |
| - | - | - | - | - | - | - | - |
| <u>384,233</u> | <u>133</u> | <u>261,774</u> | <u>6,146</u> | <u>14,426</u> | <u>50,730</u> | <u>8,167</u> | <u>14,443</u> |
| 384,233 | - | - | - | - | 23,630 | 11,914 | - |
| - | - | - | 5,160 | - | - | - | 10,000 |
| - | - | - | - | - | - | - | - |
| - | - | 196,122 | - | - | - | - | - |
| - | - | - | - | 11,040 | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>384,233</u> | <u>-</u> | <u>196,122</u> | <u>5,160</u> | <u>11,040</u> | <u>23,630</u> | <u>11,914</u> | <u>10,000</u> |
| - | 133 | 65,652 | 986 | 3,386 | 27,100 | (3,747) | 4,443 |
| - | 431 | 84,925 | 48,793 | 3,539 | 30,850 | 42,605 | 1,929 |
| <u>\$ -</u> | <u>\$ 564</u> | <u>\$ 150,577</u> | <u>\$ 49,779</u> | <u>\$ 6,925</u> | <u>\$ 57,950</u> | <u>\$ 38,858</u> | <u>\$ 6,372</u> |

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | 33 Juvenile Probation State Aid | 34 Juvenile Probation Mental Health | 36 Juvenile Probation Title IV-E | 45 Alternative Dispute Resolution |
|--------------------------------------|--|--|---|--|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - |
| Other Taxes | - | - | - | - |
| Intergovernmental Revenue and Grants | 144,196 | 14,919 | - | - |
| Charges for Services | - | - | - | 6,723 |
| Investment Earnings | - | - | 27 | 5 |
| Other Revenue | - | - | - | - |
| Total Revenues | <u>144,196</u> | <u>14,919</u> | <u>27</u> | <u>6,728</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government: | | | | |
| General Administration | - | - | - | - |
| Public Safety: | | | | |
| Law Enforcement | - | - | - | - |
| Road and Bridge | - | - | - | - |
| Health & Human Services | - | - | - | - |
| Administration of Justice | 144,885 | 2,750 | - | 5,000 |
| Conservation and Development: | | | | |
| Community & Economic Development | - | - | - | - |
| Infrastructure & Environmental | - | - | - | - |
| Total Expenditures | <u>144,885</u> | <u>2,750</u> | <u>-</u> | <u>5,000</u> |
| Net Change in Fund Balance | (689) | 12,169 | 27 | 1,728 |
| Fund Balance - October 1 (Beginning) | <u>821</u> | <u>-</u> | <u>27,229</u> | <u>4,581</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 132</u> | <u>\$ 12,169</u> | <u>\$ 27,256</u> | <u>\$ 6,309</u> |

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

| 46 Appellate Judicial System Fund | 48 Guardianship Fee Fund | 49 Hot Check Collection Fee Fund | 51 Family Protection Fee Fund | 52 Attorney Pre-Trial Diversion | 55 District Clerk Records Management | 56 County Clerk Records Management | 57 County Attorney Forfeitures |
|--|-----------------------------------|---|--|--|---|---|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 2,065 | 2,319 | 2,030 | 1,678 | 7,560 | 2,156 | 50,728 | - |
| 1 | - | 10 | 1 | 37 | 10 | 34 | - |
| - | - | - | - | - | - | - | - |
| <u>2,066</u> | <u>2,319</u> | <u>2,040</u> | <u>1,679</u> | <u>7,597</u> | <u>2,166</u> | <u>50,762</u> | - |
| - | - | - | - | - | 1,352 | 21,201 | - |
| - | - | - | - | 32,165 | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,959 | - | 2,726 | 1,200 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>1,959</u> | <u>-</u> | <u>2,726</u> | <u>1,200</u> | <u>32,165</u> | <u>1,352</u> | <u>21,201</u> | - |
| 107 | 2,319 | (686) | 479 | (24,568) | 814 | 29,561 | - |
| <u>119</u> | <u>11,270</u> | <u>10,169</u> | <u>1,394</u> | <u>49,655</u> | <u>9,913</u> | <u>16,159</u> | <u>660</u> |
| <u>\$ 226</u> | <u>\$ 13,589</u> | <u>\$ 9,483</u> | <u>\$ 1,873</u> | <u>\$ 25,087</u> | <u>\$ 10,727</u> | <u>\$ 45,720</u> | <u>\$ 660</u> |

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | 58 Justice Court Technology | 60 State Funded Training-Law Enforcement | 63 Court Records Preservation Fund | 65 District Clerk Records Archive |
|--------------------------------------|--------------------------------------|---|---|--|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - |
| Other Taxes | - | - | - | - |
| Intergovernmental Revenue and Grants | - | 6,519 | - | - |
| Charges for Services | 6,314 | - | 4,002 | 3,822 |
| Investment Earnings | 1 | - | 18 | 6 |
| Other Revenue | - | - | - | - |
| Total Revenues | <u>6,315</u> | <u>6,519</u> | <u>4,020</u> | <u>3,828</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government: | | | | |
| General Administration | - | - | - | 2,913 |
| Public Safety: | | | | |
| Law Enforcement | - | 1,614 | - | - |
| Road and Bridge | - | - | - | - |
| Health & Human Services | - | - | - | - |
| Administration of Justice | 6,000 | - | - | - |
| Conservation and Development: | | | | |
| Community & Economic Development | - | - | - | - |
| Infrastructure & Environmental | - | - | - | - |
| Total Expenditures | <u>6,000</u> | <u>1,614</u> | <u>-</u> | <u>2,913</u> |
| Net Change in Fund Balance | 315 | 4,905 | 4,020 | 915 |
| Fund Balance - October 1 (Beginning) | <u>3,519</u> | <u>18,087</u> | <u>15,485</u> | <u>6,035</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 3,834</u> | <u>\$ 22,992</u> | <u>\$ 19,505</u> | <u>\$ 6,950</u> |

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

| 68 Juvenile Commitment RDCTN Grant | 69 Capital Credits Fund | 88 TDA CDBG Fund | 95 Medina Lake County Park Fund | Total Nonmajor Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|----------------------------------|---------------------------|--|---|--|
| \$ - | \$ - | \$ - | \$ 55,152 | \$ 482,483 | \$ 482,483 |
| - | - | - | - | 434,116 | 434,116 |
| 12,727 | 4,982 | 250,457 | - | 456,702 | 456,702 |
| - | - | - | 80,643 | 920,281 | 920,281 |
| - | 8 | - | 109 | 1,117 | 1,117 |
| - | - | - | 50 | 2,670 | 2,670 |
| <u>12,727</u> | <u>4,990</u> | <u>250,457</u> | <u>135,954</u> | <u>2,297,369</u> | <u>2,297,369</u> |
| - | - | - | - | 445,243 | 445,243 |
| - | - | - | - | 48,939 | 48,939 |
| - | - | - | - | 250,015 | 250,015 |
| - | - | - | - | 165,988 | 165,988 |
| 12,127 | - | - | - | 372,769 | 372,769 |
| - | 4,750 | - | 116,928 | 672,193 | 672,193 |
| - | - | 250,457 | - | 250,457 | 250,457 |
| <u>12,127</u> | <u>4,750</u> | <u>250,457</u> | <u>116,928</u> | <u>2,205,604</u> | <u>2,205,604</u> |
| 600 | 240 | - | 19,026 | 91,765 | 91,765 |
| - | 8,571 | - | 95,755 | 1,025,885 | 1,025,885 |
| <u>600</u> | <u>8,811</u> | <u>-</u> | <u>114,781</u> | <u>1,117,650</u> | <u>1,117,650</u> |

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | BALANCE OCTOBER 1 2014 | ADDITIONS | DEDUCTIONS | BALANCE SEPTEMBER 30 2015 |
|--|------------------------------|----------------------|----------------------|---------------------------------|
| STATE FEE & FINE FUND | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 51,159 | \$ 244,198 | \$ 240,550 | \$ 54,807 |
| Other Receivables | 5 | 52 | - | 57 |
| Total Assets | <u>\$ 51,164</u> | <u>\$ 244,250</u> | <u>\$ 240,550</u> | <u>\$ 54,864</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 50,519 | \$ 54,864 | \$ 50,519 | \$ 54,864 |
| Due to Other Governments | 645 | - | 645 | - |
| Total Liabilities | <u>\$ 51,164</u> | <u>\$ 54,864</u> | <u>\$ 51,164</u> | <u>\$ 54,864</u> |
| | | | | |
| EMS MEMORIALS & DONATIONS FUND | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 759 | \$ 134 | \$ - | \$ 893 |
| Liabilities: | | | | |
| Due to Others | \$ 759 | \$ 134 | \$ - | \$ 893 |
| | | | | |
| OFFICIALS' FEES & ACCOUNTS FUND | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 675,961 | \$ 52,181,673 | \$ 52,080,643 | \$ 776,991 |
| Investments - Current | 145,259 | 2,741 | 70,354 | 77,646 |
| Total Assets | <u>\$ 821,220</u> | <u>\$ 52,184,414</u> | <u>\$ 52,150,997</u> | <u>\$ 854,637</u> |
| Liabilities: | | | | |
| Due to Other Governments | \$ 675,961 | \$ 52,181,673 | \$ 52,080,643 | \$ 776,991 |
| Due to Others | 145,259 | 2,741 | 70,354 | 77,646 |
| Total Liabilities | <u>\$ 821,220</u> | <u>\$ 52,184,414</u> | <u>\$ 52,150,997</u> | <u>\$ 854,637</u> |
| | | | | |
| TOTAL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 727,879 | \$ 52,426,005 | \$ 52,321,193 | \$ 832,691 |
| Investments - Current | 145,259 | 2,741 | 70,354 | 77,646 |
| Other Receivables | 5 | 52 | - | 57 |
| Total Assets | <u>\$ 873,143</u> | <u>\$ 52,428,798</u> | <u>\$ 52,391,547</u> | <u>\$ 910,394</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 50,519 | \$ 54,864 | \$ 50,519 | \$ 54,864 |
| Due to Other Governments | 676,606 | 52,181,673 | 52,081,288 | 776,991 |
| Due to Others | 146,018 | 2,875 | 70,354 | 78,539 |
| Total Liabilities | <u>\$ 873,143</u> | <u>\$ 52,239,412</u> | <u>\$ 52,202,161</u> | <u>\$ 910,394</u> |

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

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 SEPTEMBER 30, 2015

| | 64 Ambulance Sinking Fund | 89 Historical Commission Fund | 91 Available School Fund | 92 Permanent School Fund |
|---------------------------|------------------------------------|--|-----------------------------------|-----------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 1,179 | \$ 5,201 | \$ 159 | \$ 162,807 |
| Total Assets | <u>1,179</u> | <u>5,201</u> | <u>159</u> | <u>162,807</u> |
| NET POSITION | | | | |
| Unrestricted Net Position | <u>1,179</u> | <u>5,201</u> | <u>159</u> | <u>162,807</u> |
| Total Net Position | <u>\$ 1,179</u> | <u>\$ 5,201</u> | <u>\$ 159</u> | <u>\$ 162,807</u> |

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

| 97 Bandera EMS Building Fund | - | Total Private Purpose Trust Funds |
|---------------------------------------|---|--|
| \$ | - | \$ 169,346 |
| \$ | - | \$ 169,346 |
| \$ | - | \$ 169,346 |
| \$ | - | \$ 169,346 |

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

| Data Control Codes | 64 Ambulance Sinking Fund | 89 Historical Commission Fund | 91 Available School Fund | 92 Permanent School Fund |
|--|------------------------------------|--|-----------------------------------|-----------------------------------|
| ADDITIONS: | | | | |
| Charges for Services | \$ - | \$ 315 | \$ - | \$ - |
| Investment Earnings | 1 | 7 | 159 | - |
| Rents and Royalties | - | - | - | 2,849 |
| Contributions & Donations from Private | - | 2,585 | - | - |
| Total Additions | <u>1</u> | <u>2,907</u> | <u>159</u> | <u>2,849</u> |
| DEDUCTIONS: | | | | |
| Publications and Notices | - | 1,062 | - | - |
| Supplies | - | 699 | - | - |
| Total Deductions | <u>-</u> | <u>1,761</u> | <u>-</u> | <u>-</u> |
| Change in Net Position | 1 | 1,146 | 159 | 2,849 |
| Total Net Position - October 1 (Beginning) | <u>1,178</u> | <u>4,055</u> | <u>-</u> | <u>159,958</u> |
| Total Net Position - September 30 (Ending) | <u>\$ 1,179</u> | <u>\$ 5,201</u> | <u>\$ 159</u> | <u>\$ 162,807</u> |

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

| 97 Bandera EMS Building Fund | - | Total Private Purpose Trust Funds |
|---------------------------------------|---|--|
| \$ | - | \$ 315 |
| | - | 167 |
| | - | 2,849 |
| | - | 2,585 |
| | - | <u>5,916</u> |
| | - | 1,062 |
| | - | 699 |
| | - | <u>1,761</u> |
| | - | 4,155 |
| | - | <u>165,191</u> |
| <u>\$</u> | - | <u>\$ 169,346</u> |

NEFFENDORF & KNOPP, P.C.

Certified Public Accountants

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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*

Honorable Judge and Commissioners
County of Bandera, Texas
Bandera, TX 78003

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bandera County, Texas (the "County"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 18, 2016.

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.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

We noted certain matters that we reported to management of the County of Bandera, Texas, in a separate letter dated March 18, 2016.

Sincerely,

Neffendorf + Knopp, P.C.

NEFFENDORF & KNOPP, P.C.
Fredericksburg, Texas

March 18, 2016

NEFFENDORF & KNOPP, P.C.

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

March 18, 2016

Honorable Judge and Commissioners
County of Bandera, Texas
Bandera, TX 78003

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bandera County, Texas for the year ended September 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 10, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bandera County, Texas are described in Note I to the financial statements. *GASB Statement No. 68 Accounting and Reporting for Pensions* was adopted and the application of existing policies was not changed during the year ended September 30, 2015. We noted no transactions entered into by Bandera County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 18, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis; Budgetary Comparison Schedule - General Fund; Budgetary Comparison Schedule – Road and Bridge Fund; and the Schedule of Funding Progress for the Retirement Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Balance Sheet – Nonmajor Governmental Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds; Combining Statement of Changes in Assets and Liabilities – All Agency Funds; Combining Statement of Net Position – Private Purpose Trust Funds; and Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Private Purpose Trust Funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Commissioner's Court and management of Bandera County and is not intended to be and should not be used by anyone other than these specified parties.

Recommendations

County Attorney

There is still not a complete accounting for reconciled cash for the County Attorney's bank account that lists the amount owed to businesses prior to the institution of the current computer system. We again recommend that a complete list of amounts owed to businesses be completed and the total reconciled to the bank balance monthly.

Constable No. 1

Currently Constable No. 1 submits the funds he collects from serving warrants to the Treasurer; however, reports are not submitted along with the funds. We recommend that the Constable prepare monthly reports to the Treasurer which include the warrants served, total amount collected and total amount remitted.

We appreciate the cooperation of the County Auditor's offices and the various officials and employees of the County.

Sincerely,

Neffendorf + Knopp, P.C.

NEFFENDORF & KNOPP, P.C.
Fredericksburg, Texas

March 18, 2016