

*ANNUAL FINANCIAL REPORT*

of

**HARDIN COUNTY, TEXAS**

For the Year Ended  
September 30, 2017

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# HARDIN COUNTY, TEXAS

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# HARDIN COUNTY, TEXAS

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## *INTRODUCTORY SECTION*

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**HARDIN COUNTY, TEXAS**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
September 30, 2017

**COMMISSIONERS' COURT:**

Wayne McDaniel	County Judge
L.W. Cooper, Jr	Commissioner, Precinct #1
Chris Kirkendall	Commissioner, Precinct #2
Ken Pelt	Commissioner, Precinct #3
Alvin Roberts	Commissioner, Precinct #4

**JUDICIAL:**

David Sheffield	District Attorney
Dana Hogg	District Clerk

**LEGAL**

Rebecca Walton	County Attorney
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**COUNTY COURT**

Glenda Alston	County Clerk
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**JUSTICE COURTS:**

Chris Ingram	Justice of Peace, Precinct #1
Charles Brewer	Justice of Peace, Precinct #2
Tommy "T.J." Hall	Justice of Peace, Precinct #3
Kent Walker	Justice of Peace, Precinct #4
Melissa Minton	Justice of Peace, Precinct #5
Jackie Werner	Justice of Peace, Precinct #6

**LAW ENFORCEMENT:**

Mark Davis	County Sheriff
Carlos Montalvo	Constable, Precinct #1
Ben Hawthorne	Constable, Precinct #2
Bill Overstreet	Constable, Precinct #3
Mark Ames	Constable, Precinct #4
Danny Sullins	Constable, Precinct #5
Ross Jordan	Constable, Precinct #6

**FINANCIAL ADMINISTRATION:**

Shirley Cook	Tax Assessor/Collector
Deborah McWilliams	County Treasurer
Angela Gore	County Auditor*

\*Designated appointed official. All others are elected.

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***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

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

### **Report on the Financial Statements**

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

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

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule of funding progress, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the County's internal control over financial reporting and compliance.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
June 15, 2018

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***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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**HARDIN COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2017**

The Statement of Activities presents information showing how the County's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities are reported as one class of activity:

1. *Governmental Activities* – The County's basic services are reported here including general government, administration of justice, public transportation, public safety, health and human services, community enrichment, and tax administration. Interest payments on the County's debt are also reported here. Property tax, court fines, and other fees finance most of these activities.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the County. They are usually segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of County funds are governmental and fiduciary.

### **Governmental Funds**

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

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

The County maintains 49 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, road and bridge and Hurricane Harvey funds, which are considered to be major funds for reporting purposes.

The County adopts an annual appropriated budget for its general, road and bridge, and select special revenue funds. Budgetary comparison schedules have been provided for the general, road and bridge, and select special revenue funds to demonstrate compliance with their budgets.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County maintains four fiduciary funds. The County's fiduciary activities are reported in a separate statement of fiduciary net position.

**HARDIN COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2017**

**Notes to Financial Statements**

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

**Other Information**

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general and road and bridge funds, a schedule of changes in net pension liability and related ratios and schedule of contributions for the Texas County District Retirement System, and a schedule of funding progress for other post employment benefits. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$14,806,866 as of September 30, 2017. This compares with \$12,962,137 from the prior fiscal year. A portion of the County's net position, 64 percent, reflects its investments in capital assets (e.g., construction in progress, building, equipment, and infrastructure) less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**HARDIN COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2017

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 15,982,242	\$ 12,093,518
Capital assets, net	12,578,793	10,000,092
<b>Total Assets</b>	<u>28,561,035</u>	<u>22,093,610</u>
Deferred charge on refunding	29,653	34,595
Deferred outflows - pensions	4,059,545	4,782,970
<b>Total Deferred Outflows of Resources</b>	<u>4,089,198</u>	<u>4,817,565</u>
Long-term liabilities	11,791,336	11,799,350
Other liabilities	5,398,681	1,892,364
<b>Total Liabilities</b>	<u>17,190,017</u>	<u>13,691,714</u>
Deferred inflows - grants	-	75,327
Deferred inflows - pensions	653,350	181,997
<b>Total Deferred Inflows of Resources</b>	<u>653,350</u>	<u>257,324</u>
<b>Net Position:</b>		
Net investment in capital assets	9,463,220	6,902,826
Restricted	3,065,921	3,479,190
Unrestricted	2,277,725	2,580,121
<b>Total Net Position</b>	<u>\$ 14,806,866</u>	<u>\$ 12,962,137</u>

A portion of the County's net position, \$3,065,921 or 21 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$2,277,725 or 15 percent, may be used to meet the County's ongoing obligation to citizens and creditors.

Net position had an increase of \$1,844,729 overall compared to prior year primarily due to an increase in property taxes collected during the fiscal year.

**HARDIN COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2017

**Statement of Activities:**

The following table provides a summary of the County's changes in net position:

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,863,568	\$ 4,171,042
Operating grants and contributions	4,025,090	3,600,605
General revenues:		
Taxes	17,655,320	15,894,010
Investment income	58,250	21,839
Other revenues	184,011	165,110
<b>Total Revenues</b>	<u>25,786,239</u>	<u>23,852,606</u>
<b>Expenses</b>		
General government	3,310,023	4,137,125
Administration of justice	4,546,618	5,556,767
Roads and bridges	4,457,434	4,980,895
Public safety	9,647,335	7,398,413
Health and human services	884,697	825,255
Community enrichment	136,455	133,478
Tax administration	887,413	868,788
Interest on long-term debt	71,535	117,014
<b>Total Expenses</b>	<u>23,941,510</u>	<u>24,017,735</u>
<b>Change in Net Position</b>	1,844,729	(165,129)
Beginning net position	<u>12,962,137</u>	<u>13,127,266</u>
<b>Ending Net Position</b>	<u>\$ 14,806,866</u>	<u>\$ 12,962,137</u>

Overall, governmental activities revenue increased \$1,933,633 primarily as a result of an increase in property tax revenue and operating grants and contributions. Total expenses decreased over the prior year by \$76,225. Road and bridges expenses decreased during the year, which can be attributed to the decrease of road improvements for the County.

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

The County's governmental funds reflect a combined fund balance of \$7,976,326. Of this, \$4,320,230 is unassigned and available for day-to-day operations of the County, \$17,432 is restricted for debt service,

**HARDIN COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2017**

\$1,878,031 is restricted for road and bridge projects, \$340,803 is restricted for capital projects, and \$1,170,458 is restricted within the County's special revenue funds.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,674,574. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39 percent of total general fund expenditures while total fund balance represents 41 percent of total general fund expenditures.

Fund balance in the general fund and road and bridge fund experienced increases of \$1,045,534 and \$479,107, respectively, due to increases in tax revenue for the County. The County established a Hurricane Harvey fund during the year, which experienced a deficit \$1,353,506 fund balance that can be attributed to hurricane related expenditures not reimbursed by FEMA as of fiscal year end. There was an overall decrease in the combined fund balance of \$455,098 over the prior year, which is primarily a result of Hurricane Harvey expenditures in the current year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgeted general fund revenues were over final actual revenues by \$67,704 during the year. This net negative variance is primarily attributable to the original budgeted amount for taxes exceeding the actual amount collected. General fund disbursements were under the final budget by \$1,308,204.

**CAPITAL ASSETS**

At the end of fiscal year 2017, the County had invested \$12,578,793 in a variety of capital assets and infrastructure (net of accumulated depreciation). Major capital asset events during the current year include the following:

- Land for Sour Lake Project in the amount of \$591,024
- Telephone system and vehicle for general services in the amount of \$255,358
- Six vehicles for public safety in the amount of \$178,859
- Road and bridge equipment in the amount of \$550,050

More detailed information on the County's capital assets can be found in note III.C. to the financial statements.

**LONG-TERM DEBT**

At the end of the year, the County reported total general obligation bonds, certificates of obligation, and capital leases of \$3,361,638. The County issued \$657,599 in capital lease obligations during fiscal year 2017.

More detailed information on the County's long-term liabilities can be found in note III.D. to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The County experienced an increase in ad valorem revenue during current year and is projected to have an 4.05% increase in the property tax revenue in the 2018 fiscal budget due to prior year's increase in the tax

**HARDIN COUNTY, TEXAS**  
***MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)***  
**For the Year Ended September 30, 2017**

rate of 0.0162%, increase in the certified appraised values, and new property in the County. The consolidated adopted rate for fiscal year 2018 is 0.5762%.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the finances of the County. Questions concerning this report or requests for additional financial information should be directed to Hardin County Auditor, Hardin County, 300 W. Monroe, P.O. Box 2996, Hardin County, Texas, 77625; telephone 409-246-5130.

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***BASIC FINANCIAL STATEMENTS***

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# HARDIN COUNTY, TEXAS

## STATEMENT OF NET POSITION

September 30, 2017

	<u>Primary Government Governmental Activities</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 9,784,358
Receivables, net	5,827,262
Prepays	249,372
Due from other units	121,250
<b>Total Current Assets</b>	<u>15,982,242</u>
Capital assets:	
Nondepreciable	3,135,927
Net depreciable capital assets	9,442,866
<b>Total Noncurrent Assets</b>	<u>12,578,793</u>
<b>Total Assets</b>	<u>28,561,035</u>
<b><u>Deferred Outflows of Resources</u></b>	
Deferred charge on refunding	29,653
Deferred outflows - pensions	4,059,545
<b>Total Deferred Outflows of Resources</b>	<u>4,089,198</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable and accrued liabilities	2,824,547
Accrued interest payable	29,130
Due to other governments	38,909
Unearned revenue	2,506,095
<b>Total Current Liabilities</b>	<u>5,398,681</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	791,246
Long-term liabilities due in more than one year	11,000,091
<b>Total Noncurrent Liabilities</b>	<u>11,791,336</u>
<b>Total Liabilities</b>	<u>17,190,017</u>
<b><u>Deferred Inflows of Resources</u></b>	
Deferred inflows - pensions	653,350
<b>Total Deferred Inflows of Resources</b>	<u>653,350</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	9,463,220
Restricted for:	
Road and bridge	1,878,031
Debt service	17,432
Other purposes	1,170,458
Unrestricted	2,277,725
<b>Total Net Position</b>	<u>\$ 14,806,866</u>

See Notes to Financial Statements.



# HARDIN COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General government	\$ 3,310,023	\$ 1,409,019	\$ 548,460	\$ (1,352,544)
Administration of justice	4,546,618	195,822	130,284	(4,220,512)
Roads and bridges	4,457,434	2,258,727	671,985	(1,526,722)
Public safety	9,647,335	-	2,674,361	(6,972,974)
Health and human services	884,697	-	-	(884,697)
Community enrichment	136,455	-	-	(136,455)
Tax administration	887,413	-	-	(887,413)
Interest and fiscal charges	71,535	-	-	(71,535)
<b>Total Governmental Activities</b>	<b>\$ 23,941,510</b>	<b>\$ 3,863,568</b>	<b>\$ 4,025,090</b>	<b>(16,052,852)</b>
<b>General Revenues:</b>				
				17,655,320
				58,250
				184,011
			<b>Total General Revenues</b>	<b>17,897,581</b>
			<b>Change in Net Position</b>	1,844,729
			Beginning net position	12,962,137
			<b>Ending Net Position</b>	<b>\$ 14,806,866</b>

See Notes to Financial Statements.

# HARDIN COUNTY, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2017

	<u>General</u>	<u>Road and Bridge</u>	<u>Hurricane Harvey</u>	<u>Nonmajor Governmental</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 6,382,414	\$ 1,378,751	\$ -	\$ 2,023,193
Receivables, net	2,236,000	427,293	1,910,640	1,253,329
Prepays	248,518	-	-	854
Due from other funds	534,604	547,463	-	554,119
Due from other units	120,602	-	-	648
<b>Total Assets</b>	<b>\$ 9,522,138</b>	<b>\$ 2,353,507</b>	<b>\$ 1,910,640</b>	<b>\$ 3,832,143</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 767,421	\$ 51,775	\$ 813,183	\$ 1,001,646
Accrued wages	171,459	19,063	-	-
Due to other funds	554,119	-	547,463	534,604
Due to other governments	5	-	-	38,904
Unearned revenue	-	-	1,903,500	602,595
<b>Total Liabilities</b>	<b>1,493,004</b>	<b>70,838</b>	<b>3,264,146</b>	<b>2,177,749</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - grant	-	-	-	4,950
Unavailable revenue - property taxes	2,106,042	404,638	-	120,735
<b>Total Deferred Inflows of Resources</b>	<b>2,106,042</b>	<b>404,638</b>	<b>-</b>	<b>125,685</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepays	248,518	-	-	854
Restricted:				
Road and bridge	-	1,878,031	-	-
Debt service	-	-	-	17,432
Special revenue funds	-	-	-	1,170,458
Capital projects	-	-	-	340,803
Unassigned	5,674,574	-	(1,353,506)	(838)
<b>Total Fund Balances</b>	<b>5,923,092</b>	<b>1,878,031</b>	<b>(1,353,506)</b>	<b>1,528,709</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,522,138</b>	<b>\$ 2,353,507</b>	<b>\$ 1,910,640</b>	<b>\$ 3,832,143</b>

**Total  
Governmental  
Funds**

\$ 9,784,358  
5,827,262  
249,372  
1,636,186  
121,250  
\$ 17,618,428

\$ 2,634,025  
190,522  
1,636,186  
38,909  
2,506,095  
7,005,737

4,950  
2,631,415  
2,636,365

249,372  
1,878,031  
17,432  
1,170,458  
340,803  
4,320,230  
7,976,326  
\$ 17,618,428

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**HARDIN COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO**  
**THE STATEMENT OF NET POSITION**  
September 30, 2017

Fund balances - total governmental funds	\$	7,976,326
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Nondepreciable capital assets		3,135,927
Depreciable capital assets, net		9,442,866
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Deferred inflows - property taxes		2,631,415
Deferred inflows - grant		4,950
Deferred outflows and deferred inflows related to pension activity are not current financial resources and, therefore, not reported in the governmental funds.		
Deferred outflows - pensions		4,059,545
Deferred inflows - pensions		(653,350)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable		(29,130)
Deferred charge on refunding		29,653
Long-term liabilities due within one year		(791,246)
Long-term liabilities due in more than one year		(11,000,091)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>14,806,866</u></b>

See Notes to Financial Statements.

**HARDIN COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2017**

	<u>General</u>	<u>Road and Bridge</u>	<u>Hurricane Harvey</u>	<u>Nonmajor Governmental</u>
<b>Revenues</b>				
Taxes	\$ 13,759,446	\$ 2,137,187	\$ -	\$ 838,567
Intergovernmental	-	-	-	4,020,140
Fines and fees	1,057,363	426,590	-	390,224
Licenses and permits	157,254	1,832,137	-	-
Investment income	57,161	-	-	1,089
Other revenues	44,369	1,000	7,140	131,502
<b>Total Revenues</b>	<u>15,075,593</u>	<u>4,396,914</u>	<u>7,140</u>	<u>5,381,522</u>
<b>Expenditures</b>				
General government	3,896,919	-	-	619,024
Administration of justice	3,402,029	-	-	635,945
Public transportation	-	3,873,669	-	719,140
Public safety	5,211,864	-	1,360,646	2,727,790
Health and human services	840,701	-	-	-
Community enrichment	133,686	-	-	-
Tax administration	840,555	-	-	-
<b>Debt service:</b>				
Principal	-	42,295	-	275,000
Interest	-	1,843	-	57,454
<b>Capital outlay</b>	<u>280,833</u>	<u>376,766</u>	<u>-</u>	<u>677,707</u>
<b>Total Expenditures</b>	<u>14,606,587</u>	<u>4,294,573</u>	<u>1,360,646</u>	<u>5,712,060</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	469,006	102,341	(1,353,506)	(330,538)
<b>Other Financing Sources (Uses)</b>				
Debt issuance	280,833	376,766	-	-
Transfers in	304,101	-	-	8,406
Transfers (out)	(8,406)	-	-	(304,101)
<b>Total Other Financing Sources (Uses)</b>	<u>576,528</u>	<u>376,766</u>	<u>-</u>	<u>(295,695)</u>
<b>Net Change in Fund Balances</b>	1,045,534	479,107	(1,353,506)	(626,233)
Beginning fund balances	<u>4,877,558</u>	<u>1,398,924</u>	<u>-</u>	<u>2,154,942</u>
<b>Ending Fund Balances</b>	<u>\$ 5,923,092</u>	<u>\$ 1,878,031</u>	<u>\$ (1,353,506)</u>	<u>\$ 1,528,709</u>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

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\$ 16,735,200  
4,020,140  
1,874,177  
1,989,391  
58,250  
184,011

---

24,861,169

---

4,515,943  
4,037,974  
4,592,809  
9,300,300  
840,701  
133,686  
840,555

317,295  
59,297  
1,335,306

---

25,973,866

---

(1,112,697)

657,599  
312,507  
(312,507)

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657,599

---

(455,098)

8,431,424

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\$ 7,976,326

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# HARDIN COUNTY, TEXAS

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Net changes in fund balances – total governmental funds \$ (455,098)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,490,080
Depreciation expense	(911,379)

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

Deferred revenue - property taxes	920,120
Deferred revenue - grants	4,950

Net pension liability and deferred outflows and deferred inflows related to the net pension liability are not reported in the governmental funds.

Net pension liability	309,893
Deferred outflows - pensions	(723,425)
Deferred inflows - pensions	(471,353)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal payments	317,295
Debt issued	(657,599)
Changes to bond premiums	10,847
Amortization of deferred charges	(4,942)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This adjustment reflects the net change in the OPEB obligation and compensated absences.

Accrued interest payable	(12,238)
Net OPEB obligation	(12,113)
Compensated absences	39,691

**Change in Net Position of Governmental Activities** \$ 1,844,729

See Notes to Financial Statements.

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**HARDIN COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
September 30, 2017

		<u>Total Agency Funds</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$	3,926,238
Receivables		89,557
<b>Total Assets</b>	<b>\$</b>	<b><u>4,015,795</u></b>
 <b><u>Liabilities</u></b>		
Due to other units	\$	4,015,795
<b>Total Liabilities</b>	<b>\$</b>	<b><u>4,015,795</u></b>

See Notes to Financial Statements.

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# HARDIN COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2017

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Hardin County, Texas (the "County") is an independent government entity created in 1858 from Jefferson and Liberty Counties by an act of the Texas Legislature. The County is governed by Commissioners' Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County's financial statements include the accounts of all County operations. The County provides a vast array of services including administration of general government, justice, road and bridges, public safety, health and human services, community enrichment, and tax administration.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The County's basic financial statements include the primary government only. The County has no oversight responsibility for any other entities since they are not considered financially accountable to the County. Financial accountability is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing body.

#### B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The County has no business-type activities.

#### C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following governmental funds:

The *general fund* is used to account for and report all financial transactions not accounted for and reported in another fund. The principal sources of receipts include local property taxes, fees, fines and forfeitures, and charges for services. Disbursements include general government, administration of justice, public safety, health and human services, community enrichment, and tax administration. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The primary source of revenue for debt service is local property taxes. The interest and sinking fund is considered a nonmajor fund for reporting purposes.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following special revenue funds are considered major funds for reporting purposes:

*Road and bridge fund* – This fund is used to account for receipts of property taxes levied and vehicle registration fees. Uses of funds are restricted for the maintenance of roads, bridges, and the operations of related facilities. All precinct operations, as well as permanent road monies, are accounted for in this fund.

*Hurricane Harvey fund* – This fund is used to account for expenditures related to the Hurricane Harvey disaster and FEMA reimbursements.

The remaining special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of the County annex and other capital assets. The capital projects fund is considered a nonmajor fund for reporting purposes.

Additionally, the County reports the following fund types:

*Fiduciary funds* are used to account for and report resources held for the benefit of parties outside the County. The County maintains one type of fiduciary fund, agency funds. The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the County.

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

The County maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and cash equivalents".

**2. Investments**

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposits, are reported at cost.

The County has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the County is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

**3. Inventories and Prepaid Items**

The costs of governmental fund inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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.

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

Property, plant, and equipment of the County are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Machinery and equipment	3 to 30 years
Buildings	20 to 50 years
Improvements	15 to 20 years
Infrastructure	5 to 40 years

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has five items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are recognized as a result of the differences between the actuarial expectations and the actual economic experience and the changes in actuarial assumptions related to the County's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of the pension plan members. Another deferred charge has been recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the County's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item that qualifies for reporting in this category in the government-wide Statement of Net Position. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience related to the County's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the County has two items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, unavailable revenue, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants and property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

**6. Compensated Employee Absences**

The vacation, compensatory time, and holiday time policy of the County provides for the accumulation of various specified days earned, depending on tenure with the County, with such leave being fully vested when earned. Although employees are encouraged to take vacation in the year earned, payment of accrued vacation time is eligible to employees who separated from the County. For the County's government-wide statements, an expense and a liability for compensated

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

absences and the salary-related payments are recorded as the leave is earned. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The County's sick leave policy provides for a specified accumulation of earned sick leave. Accumulated sick leave is not compensated upon resignation, retirement, or dismissal. Since the County does not have any obligation of accumulated sick leave until it is taken, no accruals for sick leave have been made.

**7. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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.

The property tax rate is allocated each year between the general, road and bridge, jury, and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general and road and bridge funds upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**8. Net Position Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**9. Fund Balance Flow Assumptions**

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**10. Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Commissioners' Court is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The County Judge may also assign fund balance as is done when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**11. 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**12. Pensions**

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

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

General property taxes are recorded as receipts when levied for the current year and due, payable, and collected in the current year.

The property tax calendar dates are:

Levy date and due date – October 1  
Collection dates – October 1 through January 31  
Lien date – July 1

The County bills and collects its own taxes and those for certain government entities within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the elected officials agency fund. Tax collections deposited for the County are distributed on a periodic basis to the general, road and bridge, jury, and interest and sinking funds of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The appraisal of property within the County is the responsibility of the County-wide appraisal district, which is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The appraisal district must review the value of the property within the County every three years unless the County, at its own discretion, requires more frequent reviews. The County may challenge the appraised values through various appeals and, if necessary, legal action. Under this legislation, the County sets tax rates on County property.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The original budget is adopted by the Commissioners' Court prior to the beginning of the year. The legal level of control is the department level as defined by State statute. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total disbursements of any fund must be approved by the Commissioners' Court.

Budgets are adopted on a budgetary basis for all budgeted funds and are not consistent with generally accepted accounting principles (GAAP). The County does budget for some accruals; however, it does not budget for payroll accruals and capital lease transactions at year end. Several supplemental budget appropriations were made for the fiscal year ended September 30, 2017.



**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**A. Deficit Fund Equity**

As of September 30, 2017, the Hurricane Harvey fund reported a deficit fund balance of \$1,353,506 as result of costs incurred in the aftermath of Hurricane Harvey. The County has applied for assistance from FEMA and their approval is pending.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	<u>\$ 6,563,218</u>	0.00
Portfolio weighted average maturity		0.00

*Interest rate risk.* In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the stated maturity of its investment portfolio to no more than 12 months.

*Credit risk.* State law limit investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent. Further, commercial paper must be rated not less than “A-1” or “P-1” or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2017, the County’s investments in TexPool were rated “AAAm” by Standard & Poor’s.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires funds on deposit at the depository bank to be collateralized by securities and FDIC insurance. As of September 30, 2017, the market values of pledged securities and FDIC insurance exceeded bank balances.

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor’s rates TexPool “AAAm”. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major national markets, general banking moratorium, or a national state of emergency that affects TexPool's liquidity.

**B. Receivables**

Amounts are aggregated into a single accounts receivable line (net of allowance for uncollectibles) for certain funds and aggregated columns. Below is the detail of receivables for the general fund, road and bridge fund, Hurricane Harvey fund, and nonmajor governmental funds including the applicable allowances for uncollectible accounts:

	<b>General</b>	<b>Road and Bridge</b>	<b>Hurricane Harvey</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
Property taxes	\$ 2,212,739	\$ 412,896	\$ -	\$ 124,841	\$ 2,750,476
Other receivables	133,898	22,655	1,910,640	1,180,894	3,248,087
Allowance for uncollectible	(110,637)	(8,258)	-	(52,406)	(171,301)
	<u>\$ 2,236,000</u>	<u>\$ 427,293</u>	<u>\$ 1,910,640</u>	<u>\$ 1,253,329</u>	<u>\$ 5,827,262</u>

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**C. Capital Assets**

A summary of changes in capital assets for the year end is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 541,917	\$ 593,645	\$ -	\$ 1,135,562
Construction in progress	90,147	1,910,218	-	2,000,365
Total capital assets not being depreciated	632,064	2,503,863	-	3,135,927
Other capital assets:				
Machinery and equipment	9,593,444	979,267	(146,308)	10,426,403
Buildings	8,716,948	-	-	8,716,948
Improvements	816,163	6,950	-	823,113
Infrastructure	22,135,468	-	-	22,135,468
Total other capital assets	41,262,023	986,217	(146,308)	42,101,932
Less accumulated depreciation for:				
Machinery and equipment	(6,772,650)	(669,774)	146,308	(7,296,116)
Buildings	(5,290,888)	(115,305)	-	(5,406,193)
Improvements	(444,853)	(40,698)	-	(485,551)
Infrastructure	(19,385,604)	(85,602)	-	(19,471,206)
Total accumulated depreciation	(31,893,995)	(911,379)	146,308	(32,659,066)
Other capital assets, net	9,368,028	74,838	-	9,442,866
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 10,000,092</b>	<b>\$ 2,578,701</b>	<b>\$ -</b>	<b>12,578,793</b>
			Less associated debt	(3,426,723)
			Less deferred charge on refunding	(29,653)
			Plus unspent bond proceeds	340,803
			<b>Net Investment in Capital Assets</b>	<b>\$ 9,463,220</b>

Depreciation was charged to governmental functions as follows:

General government	\$ 187,928
Roads and bridges	436,577
Public safety	286,874
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 911,379</b>

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**D. Long-Term Debt**

The following is a summary of changes in the County's total long-term liabilities for the year ended September 30, 2017. In general, the County uses the general and road and bridge funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds and capital leases:					
General obligation/certificates of obligation	\$ 2,950,000	\$ -	\$ (275,000)	\$ 2,675,000	\$ 280,000
Obligations under capital lease	71,334	657,599	(42,295)	686,638	123,602
Less deferred amounts:					
Premium	75,932	-	(10,847)	65,085	-
	<u>3,097,266</u>	<u>657,599</u>	<u>(328,142)</u>	<u>3,426,723</u>	<u>* 403,602</u>
Other:					
Compensated absences	470,406	825,974	(865,665)	430,715	387,644
Net pension liability	7,875,608	-	(309,893)	7,565,715	-
Net OPEB obligation	356,070	112,281	(100,168)	368,183	-
	<u>8,702,084</u>	<u>938,255</u>	<u>(1,275,726)</u>	<u>8,364,613</u>	<u>387,644</u>
<b>Total Governmental Activities</b>	<u>\$ 11,799,350</u>	<u>\$ 1,595,854</u>	<u>\$ (1,603,868)</u>	<u>\$ 11,791,336</u>	<u>\$ 791,246</u>
				<u>\$ 11,000,091</u>	
				<u>\$ 3,426,723</u>	

\* Debt associated with capital assets

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Long term debt as of September 30, 2017 was comprised of the following debt issues:

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>
<b>General Obligation</b>			
Refunding Bonds, Series 2014	2.00-3.00	\$ 2,390,000	\$ 1,635,000
<b>Certificates of Obligation</b>			
Series 2016	1.33	1,065,000	1,040,000
		<u>3,455,000</u>	<u>2,675,000</u>
<b>Capital Leases</b>			
Bankcorp South Corporation -007	3.54	273,310	29,039
Bankcorp South Corporation -012	2.39	111,245	111,245
Bankcorp South Corporation -009	2.39	236,440	236,440
Government Capital Group -243	4.15	44,393	44,393
Government Capital Group -915	3.35	265,521	265,521
		<u>930,909</u>	<u>686,638</u>
<b>Total</b>		<u>\$ 4,385,909</u>	<u>\$ 3,361,638</u>

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

A summary of the County's debt service requirements, including interest, is as follows:

Year Ending Sept. 30	Governmental Activities			
	General Obligation / Certificates of Obligation		Capital Leases	
	Principal	Interest	Principal	Interest
2018	\$ 280,000	\$ 52,022	\$ 123,602	\$ 19,323
2019	295,000	44,040	102,000	15,684
2020	300,000	35,691	104,948	12,736
2021	310,000	29,892	107,985	9,699
2022	315,000	23,926	98,609	6,763
2023-2026	1,175,000	40,404	149,494	7,391
<b>Total</b>	<b>\$ 2,675,000</b>	<b>\$ 225,975</b>	<b>\$ 686,638</b>	<b>\$ 71,596</b>

Machinery and equipment acquired under current capital lease obligations totaled \$939,164 and accumulated depreciation totaled \$371,785.

**Federal Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the County could result. The County periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

**E. Interfund Receivables, Payables, and Transfers**

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

Due to	Due from	Amounts
General fund	Nonmajor governmental funds	\$ 534,604
Road and bridge fund	Hurricane Harvey fund	547,463
Nonmajor governmental funds	General fund	554,119
	<b>Total</b>	<b>\$ 1,636,186</b>

Operating transfers between the primary governmental funds during the year were as follows:

Transfers in	Transfers out	Amounts
Major funds:		
General fund	Nonmajor governmental funds	\$ 304,101
Nonmajor governmental funds	General fund	8,406
	<b>Total</b>	<b>\$ 312,507</b>

Amounts transferred between funds relate to amounts collected by general, road and bridge, and special revenue funds for various governmental disbursements.

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**F. Restatement of Net Position**

The County has restated beginning net position for governmental activities and fund balance in the general, road and bridge, and nonmajor governmental funds due to the change of reporting for juvenile and adult probations funds as agency funds, as well as adjustment for the payroll accrual reported in the general and road and bridge funds as required by generally accepted accounting principles. Beginning net position and fund balances were restated as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Nonmajor Governmental Funds</u>
Beginning net position/fund balances - as reported	\$ 13,048,673	\$ 4,520,350	\$ 1,324,248	\$ 2,673,362
Change in reporting of payroll accrual (GAAP basis)	431,884	357,208	74,676	-
Change in reporting of juvenile probation	(47,308)	-	-	(47,308)
Change in reporting of adult probation	(471,112)	-	-	(471,112)
<b>Beginning Net Position/Fund Balances - Restated</b>	<u>\$ 12,962,137</u>	<u>\$ 4,877,558</u>	<u>\$ 1,398,924</u>	<u>\$ 2,154,942</u>

**IV. OTHER INFORMATION**

**A. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. In addition, the County participates along with 279 other entities in the Texas Association of Counties' Workers' Compensation Self-Insurance Fund (the "Pool"). The Pool was created by the Texas Association of Counties in 1974 to insure the County for workers' compensation related claims. This Pool purchases commercial insurance at group rates for participants in the Pool. The County has no additional risk or responsibility to the Pool in which it participates, outside of payment of insurance premiums. The County has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three fiscal years.

**B. Contingent Liabilities**

Amounts received or receivable from granting 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 amounts of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claims are reported at year end.

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**C. Pension Plan**

**Texas County and District Retirement System**

Plan Description

The Texas County and District Retirement System (TCDRS) is a statewide, agent multiple-employer, public-employee retirement system. TCDRS serves 735 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the Board of Directors of each employer, within the options available in the TCDRS Act. Because of that, the County has the flexibility and local control to select benefits and pay for those benefits based on its needs and budgets.

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 a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TCDRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All eligible employees (except temporary staff) of the County must be enrolled in the plan.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. The benefit provisions are adopted by the Commissioners' Court within the options available in Texas state statutes governing TCDRS. Members can retire at age 60 and above with eight 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 eight years of service, but must leave their accumulated contributions in the plan to receive any County-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's contribution to the plan, with interest, and County-financed monetary credits. The level of these monetary credits is adopted by the Commissioners' Court within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County'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 County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

The Commissioner's Court adopted the rate of seven percent as the contributed rate payable by the employee members for calendar year 2017. The Commissioners' Court may change the employee contribution rate and the County contribution rate within the options available in the TCDRS Act.

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	189	
Inactive employees entitled to, but not yet receiving, benefits	160	
Active employees	256	
Total	605	

Contributions

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

- The deposit rate for employees is four percent, five percent, six percent, or seven percent 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 by the actuary, using the Entry Age Normal (EAN) actuarial cost method.
- 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 “prefund” 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.

Employees for the County were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the County were 14.05 percent and 14.12 percent in calendar years 2016 and 2017, respectively. The County’s contributions to TCDRS for the fiscal year ended September 30, 2017 were \$1,536,952 and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

The actuarial assumptions that determined the TPL as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68.



**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

Following are the key assumptions and methods used in the December 31, 2016 actuarial valuation:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in the which the contributions are reported.
Actuarial Cost Method	Entry age normal
Amortization Method	Straight-line amortization over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career, including inflation
Investment Rate of Return	8.10%
Cost of Living Adjustments	Cost-of-living adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, an assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

The long-term expected rate of return of TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The target allocation and best estimate of geometric real rate of return for each major asset class are summarized in the following table:

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

# HARDIN COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2017

### Discount Rate

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

### Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 1,541,341	\$ -	\$ 1,541,341
Interest	4,020,508	-	4,020,508
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(709,358)	-	(709,358)
Changes in assumptions	-	-	-
Contributions - employer	-	1,500,285	(1,500,285)
Contributions - employee	-	747,470	(747,470)
Net investment income	-	3,132,189	(3,132,189)
Benefit payments, including refunds of employee contributions	(2,885,353)	(2,885,353)	-
Administrative expense	-	(34,131)	34,131
Other changes	-	(183,430)	183,430
Net changes	1,967,138	2,277,030	(309,892)
Balance at December 31, 2015	50,294,826	42,419,219	7,875,607
<b>Balance at December 31, 2016</b>	<b>\$ 52,261,964</b>	<b>\$ 44,696,249</b>	<b>\$ 7,565,715</b>

### Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
County's Net Pension Liability	\$ 13,788,683	\$ 7,565,715	\$ 2,339,943

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

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

For the fiscal year ended September 30, 2017, the County recognized pension expense of \$2,421,840.

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 56,540	\$ 653,350
Changes in actuarial assumptions	291,984	-
Difference between projected and actual investment earnings	2,521,941	-
Contributions subsequent to the measurement date	1,189,080	-
<b>Total</b>	<b>\$ 4,059,545</b>	<b>\$ 653,350</b>

\$1,189,080 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended September 30:</b>	<b>Pension Expense</b>
2018	\$ 791,898
2019	791,898
2020	579,358
2021	53,961
2022	-
Thereafter	-
<b>Total</b>	<b>\$ 2,217,115</b>

**D. Other Post Employment Benefits**

**1. Healthcare Plan**

Plan Description

The County provides medical benefits to eligible retirees on a cost sharing basis (the "Plan"). The County pays 50 percent (75 percent for eligible retirees with at least 30 years of service) of the monthly premium for individual and dependent medical coverage for retirees meeting certain eligibility requirements. Dependent medical coverage is not subsidized by the County if the retiree was hired on or after December 1, 2004. All active employees who retire directly from the County and meet the eligibility criteria may participate. Eligibility requirements for County employees that retire after age 60 with 8 years of service or with 30 years of service or the sum of age plus service equals 75. The retiree must be receiving a retirement annuity payment or qualified to receive a retirement annuity payment under the TCDRS.

The County also offers dental benefits and life insurance benefits to retirees on a fully contributory basis through an insured group plan.

Funding Policy

The County has elected to finance the County's Plan on a pay-as-you-go basis.

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

Annual OPEB Cost

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed 30 years.

The County's annual OPEB cost for the fiscal year ending September 30, 2017 is as follows:

Annual required contribution	\$	117,082
Interest on OPEB obligation		17,804
Adjustment to ARC		(22,605)
Annual OPEB cost (expense) end of year		112,281
Net estimated employer contributions		(100,168)
Increase in net OPEB obligation		12,113
Net OPEB obligation - as of beginning of the year		356,070
Net OPEB obligation - as of end of the year	\$	368,183

The County's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the County's Plan, and the net OPEB obligation for fiscal year ending September 30, 2017 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
2015	\$ 102,103	\$ 57,973	56.8%	\$ 329,598
2016	\$ 112,638	\$ 86,166	76.5%	\$ 356,070
2017	\$ 112,281	\$ 100,168	89.2%	\$ 368,183

Funded Status

The funded status of the Plan under GASB Statement No. 45 as of September 30, 2017 is as follows:

Actuarial Valuation Date as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
10/1/11	\$ -	\$712,050	\$712,050	0.0%	\$9,398,971	7.6%
10/1/13	\$ -	\$851,222	\$851,222	0.0%	\$8,606,588	9.9%
10/1/15	\$ -	\$989,124	\$989,124	0.0%	\$9,804,100	10.1%

Under the reporting parameters, the County's Plan is zero percent funded with an estimated actuarial accrued liability exceeding actuarial assets by \$989,124 at the October 1, 2015 actuarial valuation date. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 10.1 percent.

Actuarial Methods and Assumptions

The Projected Unit Credit Cost Method is used to calculate the GASB ARC for the County's Plan. Using the Plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these

**HARDIN COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the County's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Inflation rate	3% per annum
Investment rate of return	5% net of expenses
Actuarial cost method	Projected unit credit cost method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year level
Healthcare cost trend rate	Level 5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the ARC of the County's Plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as RSI provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## **2. Life Insurance Plan**

### Plan Description

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the 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 an OPEB. Retired employees are insured for \$5,000.

The GTLF is a separate trust administered by the TCDRS Board of Trustees. TCDRS issues a publicly available CAFR that includes financial statements and RSI for the GTLF. This report is available at [www.tcdrs.org](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County and 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. The County's contributions to the GTLF for the years ended September 30, 2017, 2016, and 2015 were \$24,617, 32,800, and \$35,689, respectively, which equaled the contractually required contributions each year.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)**  
**GENERAL FUND (BUDGET BASIS)**  
**For the Year Ended September 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Actual Amounts Budgetary Basis Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 13,841,903	\$ 13,873,301	\$ 13,759,446	\$ (113,855)
Fines and fees	1,072,297	1,072,297	1,057,363	(14,934)
Licenses and permits	118,050	118,050	157,254	39,204
Investment income	13,400	39,822	57,161	17,339
Other revenues	36,703	38,456	42,998	4,542
<b>Total Revenues</b>	<u>15,082,353</u>	<u>15,141,926</u>	<u>15,074,222</u>	<u>(67,704)</u>
<b>Expenditures</b>				
<b>General Government:</b>				
General services	146,461	146,461	139,848	6,613
Purchasing	240,208	240,208	197,574	42,634
County judge	192,258	192,258	183,620	8,638
County treasurer	198,478	198,478	186,177	12,301
County auditor	324,452	324,452	310,244	14,208
County clerk	460,860	461,360	431,758	29,602
Commissioners' court	2,213,390	2,061,390	1,466,083	595,307
Collection improvement	5,650	5,650	3,131	2,519
Building maintenance	733,236	808,236	786,505	21,731
Election expense	51,008	63,118	62,445	673
Human resources	94,431	94,431	92,674	1,757
	<u>4,660,432</u>	<u>4,596,042</u>	<u>3,860,059</u>	<u>735,983</u>
<b>Administration of Justice:</b>				
Justice of the peace	875,510	875,510	852,797	22,713
County attorney	565,140	568,140	531,563	36,577
District attorney	563,158	563,158	559,685	3,473
356th District judge	292,758	292,758	271,870	20,888
88th District judge	272,845	272,845	257,933	14,912
Juvenile detention	611,667	611,667	531,312	80,355
District clerk	401,768	420,518	396,869	23,649
	<u>3,582,846</u>	<u>3,604,596</u>	<u>3,402,029</u>	<u>202,567</u>
<b>Public Safety:</b>				
Department of public safety	100	100	92	8
Sheriff's department	3,098,569	3,129,479	2,987,885	141,594
Sheriff's department operations	1,981,024	1,981,024	1,845,494	135,530
Constables	384,497	389,297	378,393	10,904
	<u>5,464,190</u>	<u>5,499,900</u>	<u>5,211,864</u>	<u>288,036</u>
<b>Health and Human Services:</b>				
Veterans services	34,652	34,652	26,176	8,476
Health unit	102,240	110,345	96,501	13,844
Indigent care	654,614	681,036	671,706	9,330
Senior services	47,000	47,000	46,318	682
	<u>838,506</u>	<u>873,033</u>	<u>840,701</u>	<u>32,332</u>



**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)**  
**GENERAL FUND (BUDGET BASIS)**  
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Actual Amounts Budgetary Basis Positive (Negative)
	Original	Final		
<b><u>Expenditures (continued)</u></b>				
<b>Community Enrichment</b>				
Historical commission	\$ 29,657	31,657	18,576	13,081
Culture and recreation	120,174	130,300	115,110	15,190
	<u>149,831</u>	<u>161,957</u>	<u>133,686</u>	<u>28,271</u>
<b>Tax Administration</b>				
Tax assessor collector	861,570	861,570	840,555	21,015
	<u>861,570</u>	<u>861,570</u>	<u>840,555</u>	<u>21,015</u>
<b>Total Expenditures</b>	<u>15,557,375</u>	<u>15,597,098</u>	<u>14,288,894</u>	<u>1,308,204</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over (Under) Expenditures</b>	<u>(475,022)</u>	<u>(455,172)</u>	<u>785,328</u>	<u>1,240,500</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	304,101	304,101
Transfers (out)	<u>(24,978)</u>	<u>(24,978)</u>	<u>(8,406)</u>	<u>16,572</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(24,978)</u>	<u>(24,978)</u>	<u>295,695</u>	<u>320,673</u>
<b>Net Change in Fund Balance</b>	<u>\$ (500,000)</u>	<u>\$ (480,150)</u>	1,081,023	<u>\$ 1,561,173</u>
Beginning fund balance			<u>5,013,528</u>	
<b>Ending Fund Balance</b>			<u>\$ 6,094,551</u>	

**Notes to Required Supplementary Information:**

1. Annual budgets are adopted on a budgetary basis and are not consistent with generally accepted accounting principles (GAAP).
2. Reconciliation of general fund fund balance to fund financial statements:

Current year payroll accrual	(171,459)
Capital outlay	(280,833)
Debt issuance	280,833
	<u>\$ 5,923,092</u>

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**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ROAD AND BRIDGE FUND (BUDGET BASIS)**  
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Actual Amounts Budgetary Basis Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 2,151,400	\$ 2,151,400	\$ 2,137,187	\$ (14,213)
Fines and fees	458,200	458,200	426,590	(31,610)
Licenses and permits	1,603,858	1,603,858	1,832,137	228,279
Other revenues	-	1,000	1,000	-
<b>Total Revenues</b>	<u>4,213,458</u>	<u>4,214,458</u>	<u>4,396,914</u>	<u>182,456</u>
<b>Expenditures</b>				
General	473,038	473,038	467,105	5,933
Precinct 1	591,867	982,906	499,170	483,736
Precinct 2	1,346,871	1,359,109	1,118,469	240,640
Precinct 3	1,134,686	1,429,668	1,251,822	177,846
Precinct 4	567,673	735,978	547,550	188,428
<b>Debt Service:</b>				
Principal	95,246	95,246	42,295	52,951
Interest	4,077	4,077	1,843	2,234
<b>Capital Outlay</b>	-	-	-	-
<b>Total Expenditures</b>	<u>4,213,458</u>	<u>5,080,022</u>	<u>3,928,254</u>	<u>1,151,768</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (865,564)</u>	468,660	<u>\$ 1,334,224</u>
Beginning fund balance			1,428,434	
<b>Ending Fund Balance</b>			<u>\$ 1,897,094</u>	

**Notes to Required Supplementary Information:**

- Annual budgets are adopted on a budgetary basis and are not consistent with generally accepted accounting principles (GAAP).
- Reconciliation of road and bridge fund balance to fund financial statements:

Salary and fringe benefits	(19,063)
Capital outlay	(376,766)
Debt issuance	376,766
	<u>\$ 1,878,031</u>

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**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
For the Year Ended September 30, 2017

	Measurement Year*		
	2014	2015	2016
<b>Total Pension Liability</b>			
Service cost	\$ 1,439,621	\$ 1,451,685	\$ 1,541,341
Interest (on the total pension liability)	3,586,023	3,822,589	4,020,508
Changes in benefit terms	-	(255,140)	-
Difference between expected and actual experience	141,350	(242,663)	(709,358)
Changes in assumptions	-	583,967	-
Benefit payments, including refunds of employee contributions	(2,121,314)	(2,717,397)	(2,885,352)
<b>Net Change in Total Pension Liability</b>	<u>3,045,680</u>	<u>2,643,041</u>	<u>1,967,139</u>
Beginning total pension liability	<u>44,606,105</u>	<u>47,651,785</u>	<u>50,294,826</u>
<b>Ending Total Pension Liability</b>	<u>\$ 47,651,785</u>	<u>\$ 50,294,826</u>	<u>\$ 52,261,965</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 1,429,402	\$ 1,477,162	\$ 1,500,285
Contributions - employee	715,212	739,107	747,470
Net investment income	2,783,050	(28,615)	3,132,189
Benefit payments, including refunds of employee contributions	(2,121,314)	(2,717,397)	(2,885,352)
Administrative expense	(31,943)	(30,680)	(34,131)
Other	(24,721)	141,657	(183,430)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>2,749,686</u>	<u>(418,766)</u>	<u>2,277,032</u>
Beginning plan fiduciary net position	<u>40,088,298</u>	<u>42,837,984</u>	<u>42,419,218</u>
<b>Ending Plan Fiduciary Net Position</b>	<u>\$ 42,837,984</u>	<u>\$ 42,419,218</u>	<u>\$ 44,696,250</u>
<b>Net Pension Liability</b>	<u>\$ 4,813,801</u>	<u>\$ 7,875,608</u>	<u>\$ 7,565,715</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	89.90%	84.34%	85.52%
<b>Covered Employee Payroll</b>	\$ 10,217,310	\$ 10,558,673	\$ 10,678,138
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	47.11%	74.59%	70.85%

\*Only three years of information are currently available. The County will build this schedule over the next seven-year period.

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**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
For the Year Ended September 30, 2017

	Fiscal Year*		
	2015	2016	2017
Actuarially determined contribution	\$ 1,468,527	\$ 1,557,017	\$ 1,536,952
Contributions in relation to the actuarially determined contribution	1,468,527	1,557,017	1,536,952
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 10,496,814	\$ 11,094,321	\$ 10,897,202
Contributions as a percentage of covered employee payroll	13.99%	14.03%	14.10%

\*Only three years of information is currently available. The County will build this schedule over the next seven-year period.

**Notes to Required Supplementary Information:**

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12.9 years
Asset valuation method	5 year smoothed market
Inflation	3.0%
Salary increases	Varies by age and service. 4.9% average over career including inflation
Investment rate of return	8.0%
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.

Mortality

In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

3. Other Information:

There were no benefit changes during the year.

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**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**POST EMPLOYMENT HEALTHCARE BENEFITS<sup>1</sup>**  
For the Year Ended September 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/01/11	\$ -	\$ 712,050	\$ 712,050	0.0%	\$ 9,398,971	7.6%
10/01/13	\$ -	\$ 851,222	\$ 851,222	0.0%	\$ 8,606,588	9.9%
10/01/15	\$ -	\$ 989,124	\$ 989,124	0.0%	\$ 9,804,100	10.1%

<sup>1</sup>Valuations are performed every two years in accordance with GASB Statement No. 45 parameters.



***COMBINING STATEMENTS  
AND SCHEDULES***

**HARDIN COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 1 of 5)**  
September 30, 2017

	Debt Service Fund	Special Revenue Funds		
	Interest and Sinking	Emergency Management Services	District Clerk Preservation Fees	County Clerk Preservation Fees
<b>Assets</b>				
Cash and cash equivalents	\$ 17,212	\$ 3,186	\$ 46,523	\$ 97,798
Prepaid expenses	-	-	-	-
Receivables, net	51,203	34,694	-	-
Due from other funds	-	-	32,200	319,892
Due from other units	-	-	-	-
<b>Total Assets</b>	<b>\$ 68,415</b>	<b>\$ 37,880</b>	<b>\$ 78,723</b>	<b>\$ 417,690</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 633	\$ -	\$ 6,338
Due to other funds	-	37,247	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>37,880</b>	<b>-</b>	<b>6,338</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - grant	-	-	-	-
Unavailable revenue - property taxes	50,983	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>50,983</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted:				
Debt service	17,432	-	-	-
Special revenue funds	-	-	78,723	411,352
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>17,432</b>	<b>-</b>	<b>78,723</b>	<b>411,352</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 68,415</b>	<b>\$ 37,880</b>	<b>\$ 78,723</b>	<b>\$ 417,690</b>

**Special Revenue Funds**

	<b>Constitutional</b>					
<b>Law Library</b>	<b>County Attorney Supplement</b>	<b>County Judge Supplement</b>	<b>Court Security Fees</b>	<b>Jail Commissary</b>	<b>Jury</b>	
\$ 17,046	\$ -	\$ -	\$ 20,794	\$ 54,546	\$ 147,165	
-	-	-	-	-	-	
-	-	-	-	-	95,711	
-	-	-	-	-	44,569	
-	-	-	-	-	-	
<u>\$ 17,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,794</u>	<u>\$ 54,546</u>	<u>\$ 287,445</u>	
\$ 2,914	\$ -	\$ -	\$ -	\$ 100	\$ 33,276	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>2,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>33,276</u>	
-	-	-	-	-	-	
-	-	-	-	-	69,752	
-	-	-	-	-	69,752	
-	-	-	-	-	-	
-	-	-	-	-	-	
14,132	-	-	20,794	54,446	184,417	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>14,132</u>	<u>-</u>	<u>-</u>	<u>20,794</u>	<u>54,446</u>	<u>184,417</u>	
\$ 17,046	\$ -	\$ -	\$ 20,794	\$ 54,546	\$ 287,445	

**HARDIN COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 2 of 5)**  
**September 30, 2017**

Special Revenue Funds				
	Dispatchers	Lateral Roads	Justice Court Technology	Dare Program
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ -	\$ 187,495	\$ -	\$ 7,892
Prepaid expenses	-	-	-	-
Receivables, net	9,813	-	-	-
Due from other funds	-	-	-	-
Due from other units	-	-	-	-
<b>Total Assets</b>	<b>\$ 9,813</b>	<b>\$ 187,495</b>	<b>\$ -</b>	<b>\$ 7,892</b>
 <b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	9,813	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<b>9,813</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - grant	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b><u>Fund Balances</u></b>				
Nonspendable	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Special revenue funds	-	187,495	-	7,892
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>187,495</b>	<b>-</b>	<b>7,892</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,813</b>	<b>\$ 187,495</b>	<b>\$ -</b>	<b>\$ 7,892</b>

**Special Revenue Funds**

<b>Election Equipment</b>	<b>County Attorney Overdrawn Check</b>	<b>District Attorney Overdrawn Check</b>	<b>LEPC</b>	<b>Emergency Management Grant</b>	<b>Health Services Grant</b>
\$ 37,012	\$ 979	\$ 889	\$ 3,474	\$ -	\$ 15,887
-	-	-	-	-	854
2,970	29	-	-	63,631	86,696
-	-	-	-	-	-
-	648	-	-	-	-
<u>\$ 39,982</u>	<u>\$ 1,656</u>	<u>\$ 889</u>	<u>\$ 3,474</u>	<u>\$ 63,631</u>	<u>\$ 103,437</u>
\$ -	\$ 212	\$ -	\$ -	\$ 14,125	\$ 14,744
-	-	-	-	49,506	88,677
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>212</u>	<u>-</u>	<u>-</u>	<u>63,631</u>	<u>103,421</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	854
-	-	-	-	-	-
39,982	1,444	889	3,474	-	-
-	-	-	-	-	-
-	-	-	-	-	(838)
<u>39,982</u>	<u>1,444</u>	<u>889</u>	<u>3,474</u>	<u>-</u>	<u>16</u>
<u>\$ 39,982</u>	<u>\$ 1,656</u>	<u>\$ 889</u>	<u>\$ 3,474</u>	<u>\$ 63,631</u>	<u>\$ 103,437</u>

**HARDIN COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 3 of 5)**  
September 30, 2017

	Special Revenue Funds			
	Drug Forfeiture Rehab	County Attorney Forfeiture	District Attorney Drug Forfeiture	Sheriff Drug Forfeiture
<b>Assets</b>				
Cash and cash equivalents	\$ 3,985	\$ 1,757	\$ 9,190	\$ 13,786
Prepaid expenses	-	-	-	-
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
Due from other units	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,985</b>	<b>\$ 1,757</b>	<b>\$ 9,190</b>	<b>\$ 13,786</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - grant	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Special revenue funds	3,985	1,757	9,190	13,786
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>3,985</b>	<b>1,757</b>	<b>9,190</b>	<b>13,786</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,985</b>	<b>\$ 1,757</b>	<b>\$ 9,190</b>	<b>\$ 13,786</b>



**Special Revenue Funds**

<b>District and County Attorney Longevity Pay</b>	<b>District Attorney Supplemental</b>	<b>Sheriff Federal Equitable Sharing</b>	<b>LEOSE</b>	<b>VOCA Juror Donations</b>	<b>Disaster Incident Fund Cash</b>
\$ -	\$ 327	\$ 33,251	\$ 35,434	\$ 87,113	\$ 438,442
-	-	-	-	-	-
-	-	-	-	624	-
-	-	-	-	-	157,458
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 327</u>	<u>\$ 33,251</u>	<u>\$ 35,434</u>	<u>\$ 87,737</u>	<u>\$ 595,900</u>
\$ -	\$ -	\$ -	\$ 35,434	\$ 300	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	327	-	-	-	595,900
<u>-</u>	<u>327</u>	<u>-</u>	<u>35,434</u>	<u>300</u>	<u>595,900</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	33,251	-	87,437	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>33,251</u>	<u>-</u>	<u>87,437</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 327</u>	<u>\$ 33,251</u>	<u>\$ 35,434</u>	<u>\$ 87,737</u>	<u>\$ 595,900</u>

**HARDIN COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 4 of 5)**  
September 30, 2017

	Special Revenue Funds			
	CTIF County Transportation Infrastructure	DR 4223 Severe Storms 2015	DR 4272 Severe Storms 2016	Hurricane Ike Debris Removal
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 97,440	\$ 35,991	\$ -
Prepaid expenses	-	-	-	-
Receivables, net	-	63,857	-	640,488
Due from other funds	-	-	-	-
Due from other units	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 161,297</b>	<b>\$ 35,991</b>	<b>\$ 640,488</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 640,488
Due to other funds	-	154,929	-	-
Due to other governments	-	-	35,991	-
Unearned revenue	-	6,368	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>161,297</b>	<b>35,991</b>	<b>640,488</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - grant	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 161,297</b>	<b>\$ 35,991</b>	<b>\$ 640,488</b>

**Special Revenue Funds**

<b>District Attorney VAWA Grant</b>	<b>Title IV - E</b>	<b>ATPA Grant</b>	<b>Public Safety Grant</b>	<b>Crime Victim Grant</b>	<b>Health Department Grant</b>
\$ 5,046	\$ 2,811	\$ -	\$ 5,324	\$ 8,566	\$ 8,640
-	-	-	-	-	-
16,904	3,662	17,668	23,225	21,361	40,596
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 21,950</u>	<u>\$ 6,473</u>	<u>\$ 17,668</u>	<u>\$ 28,549</u>	<u>\$ 29,927</u>	<u>\$ 49,236</u>
\$ -	\$ -	\$ 67	\$ -	\$ 196	\$ 918
21,950	6,473	17,601	28,549	26,818	48,318
-	-	-	-	2,913	-
-	-	-	-	-	-
<u>21,950</u>	<u>6,473</u>	<u>17,668</u>	<u>28,549</u>	<u>29,927</u>	<u>49,236</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 21,950</u>	<u>\$ 6,473</u>	<u>\$ 17,668</u>	<u>\$ 28,549</u>	<u>\$ 29,927</u>	<u>\$ 49,236</u>

**HARDIN COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (page 5 of 5)**  
September 30, 2017

Special Revenue Funds				
	VOCA 13660	Body Worn Camera Project	CA Pre-Trial Diversion	Sewer Improvement
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ -	\$ -	\$ 16,012	\$ 43,415
Prepaid expenses	-	-	-	-
Receivables, net	47,837	8,000	-	24,360
Due from other funds	-	-	-	-
Due from other units	-	-	-	-
<b>Total Assets</b>	<b>\$ 47,837</b>	<b>\$ 8,000</b>	<b>\$ 16,012</b>	<b>\$ 67,775</b>
 <b><u>Liabilities</u></b>				
Accounts payable	\$ 11,114	\$ -	\$ -	\$ 62,825
Due to other funds	36,723	8,000	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<b>47,837</b>	<b>8,000</b>	<b>-</b>	<b>62,825</b>
 <b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - grant	-	-	-	4,950
Unavailable revenue - property taxes	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,950</b>
 <b><u>Fund Balances</u></b>				
Nonspendable	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Special revenue funds	-	-	16,012	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>16,012</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 47,837</b>	<b>\$ 8,000</b>	<b>\$ 16,012</b>	<b>\$ 67,775</b>

<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>TAC 2016 Risk Control Reimbursement</b>	<b>Capital Projects</b>	
\$ -	\$ 518,765	\$ 2,023,193
-	-	854
-	-	1,253,329
-	-	554,119
-	-	648
<u>\$ -</u>	<u>\$ 518,765</u>	<u>\$ 3,832,143</u>
\$ -	\$ 177,962	\$ 1,001,646
-	-	534,604
-	-	38,904
-	-	602,595
<u>-</u>	<u>177,962</u>	<u>2,177,749</u>
-	-	4,950
-	-	120,735
<u>-</u>	<u>-</u>	<u>125,685</u>
-	-	854
-	-	17,432
-	-	1,170,458
-	340,803	340,803
-	-	(838)
<u>-</u>	<u>340,803</u>	<u>1,528,709</u>
<u>\$ -</u>	<u>\$ 518,765</u>	<u>\$ 3,832,143</u>

**HARDIN COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (page 1 of 5)**  
For the Year Ended September 30, 2017

	Debt Service Fund	Special Revenue Funds		
	Interest and Sinking	Emergency Management Services	District Clerk Preservation Fees	County Clerk Preservation Fees
<b>Revenues</b>				
Taxes	\$ 329,914	\$ -	\$ -	\$ -
Intergovernmental	-	83,344	-	-
Fines and fees	-	-	32,200	194,402
Investment income	130	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>330,044</b>	<b>83,344</b>	<b>32,200</b>	<b>194,402</b>
<b>Expenditures</b>				
General government	600	83,344	-	121,388
Administration of justice	-	-	31,242	-
Public transportation	-	-	-	-
Public safety	-	-	-	-
<b>Debt service:</b>				
Principal	275,000	-	-	-
Interest	57,454	-	-	-
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>333,054</b>	<b>83,344</b>	<b>31,242</b>	<b>121,388</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,010)</b>	<b>-</b>	<b>958</b>	<b>73,014</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(3,010)</b>	<b>-</b>	<b>958</b>	<b>73,014</b>
Beginning fund balances	20,442	-	77,765	338,338
<b>Ending Fund Balances</b>	<b>\$ 17,432</b>	<b>\$ -</b>	<b>\$ 78,723</b>	<b>\$ 411,352</b>

**Special Revenue Funds**

	<b>Constitutional</b>					
<b>Law Library</b>	<b>County Attorney Supplement</b>	<b>County Judge Supplement</b>	<b>Court Security Fees</b>	<b>Jail Commissary</b>	<b>Jury</b>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 508,653	
-	79,261	30,785	-	-	-	
-	-	-	21,834	-	104,965	
-	-	-	-	42	-	
28,895	-	-	-	42,892	10,914	
<u>28,895</u>	<u>79,261</u>	<u>30,785</u>	<u>21,834</u>	<u>42,934</u>	<u>624,532</u>	
-	-	-	-	-	-	
21,115	79,261	30,785	-	-	440,115	
-	-	-	-	-	-	
-	-	-	1,040	28,581	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>21,115</u>	<u>79,261</u>	<u>30,785</u>	<u>1,040</u>	<u>28,581</u>	<u>440,115</u>	
<u>7,780</u>	-	-	<u>20,794</u>	<u>14,353</u>	<u>184,417</u>	
-	-	-	-	-	-	
-	-	-	-	-	(304,101)	
-	-	-	-	-	(304,101)	
7,780	-	-	20,794	14,353	(119,684)	
6,352	-	-	-	40,093	304,101	
<u>\$ 14,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,794</u>	<u>\$ 54,446</u>	<u>\$ 184,417</u>	

**HARDIN COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (page 2 of 5)**  
For the Year Ended September 30, 2017

	<u>Special Revenue Funds</u>			
	<u>Dispatchers</u>	<u>Lateral Roads</u>	<u>Justice Court Technology</u>	<u>Dare Program</u>
<b><u>Revenues</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	170,824	36,624	4,744	-
Fines and fees	-	-	-	-
Investment income	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<u>170,824</u>	<u>36,624</u>	<u>4,744</u>	<u>-</u>
<b><u>Expenditures</u></b>				
General government	-	-	-	-
Administration of justice	-	-	13,150	-
Public transportation	-	83,795	-	-
Public safety	170,824	-	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Capital outlay</b>	-	-	-	-
<b>Total Expenditures</b>	<u>170,824</u>	<u>83,795</u>	<u>13,150</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(47,171)</u>	<u>(8,406)</u>	<u>-</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	8,406	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>8,406</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>(47,171)</u>	<u>-</u>	<u>-</u>
Beginning fund balances	<u>-</u>	<u>234,666</u>	<u>-</u>	<u>7,892</u>
<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ 187,495</u>	<u>\$ -</u>	<u>\$ 7,892</u>



**Special Revenue Funds**

<b>Election Equipment</b>	<b>County Attorney Overdrawn Check</b>	<b>District Attorney Overdrawn Check</b>	<b>LEPC</b>	<b>Emergency Management Grant</b>	<b>Health Services Grant</b>
\$ -	\$ -	-	\$ -	\$ -	\$ -
-	-	-	-	63,630	393,109
-	-	-	-	-	-
-	-	-	3	-	-
10,041	1,703	-	600	-	-
<u>10,041</u>	<u>1,703</u>	<u>-</u>	<u>603</u>	<u>63,630</u>	<u>393,109</u>
-	-	-	-	-	-
-	261	-	-	-	-
-	-	-	-	-	393,093
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	63,630	-
-	261	-	-	63,630	393,093
<u>10,041</u>	<u>1,442</u>	<u>-</u>	<u>603</u>	<u>-</u>	<u>16</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,041	1,442	-	603	-	16
29,941	2	889	2,871	-	-
<u>\$ 39,982</u>	<u>\$ 1,444</u>	<u>\$ 889</u>	<u>\$ 3,474</u>	<u>\$ -</u>	<u>\$ 16</u>

**HARDIN COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (page 3 of 5)**  
For the Year Ended September 30, 2017

	Special Revenue Funds			
	Drug Forfeiture Rehab	County Attorney Forfeiture	District Attorney Drug Forfeiture	Sheriff Drug Forfeiture
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fines and fees	-	-	-	-
Investment income	-	1	7	27
Other revenues	-	-	963	2,326
<b>Total Revenues</b>	<b>-</b>	<b>1</b>	<b>970</b>	<b>2,353</b>
<b>Expenditures</b>				
General government	-	-	-	-
Administration of justice	-	-	-	-
Public transportation	-	-	-	-
Public safety	-	-	-	23,808
<b>Debt service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,808</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>1</b>	<b>970</b>	<b>(21,455)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>1</b>	<b>970</b>	<b>(21,455)</b>
Beginning fund balances	3,985	1,756	8,220	35,241
<b>Ending Fund Balances</b>	<b>\$ 3,985</b>	<b>\$ 1,757</b>	<b>\$ 9,190</b>	<b>\$ 13,786</b>

**Special Revenue Funds**

<b>District and County Attorney Longevity Pay</b>	<b>District Attorney Supplemental</b>	<b>Sheriff Federal Equitable Sharing</b>	<b>LEOSE</b>	<b>VOCA Juror Donations</b>	<b>Disaster Incident Fund Cash</b>
-	\$ -	\$ -	\$ -	\$ -	\$ -
11,576	3,918	-	-	-	-
-	-	-	-	36,823	-
-	-	27	-	53	-
-	-	-	-	-	-
<u>11,576</u>	<u>3,918</u>	<u>27</u>	<u>-</u>	<u>36,876</u>	<u>-</u>
-	-	-	-	-	-
11,576	3,918	-	-	4,522	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,576</u>	<u>3,918</u>	<u>-</u>	<u>-</u>	<u>4,522</u>	<u>-</u>
-	-	27	-	32,354	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	27	-	32,354	-
-	-	33,224	-	55,083	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,251</u>	<u>\$ -</u>	<u>\$ 87,437</u>	<u>\$ -</u>

**HARDIN COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (page 4 of 5)**  
For the Year Ended September 30, 2017

	Special Revenue Funds			
	CTIF County Transportation Infrastructure	DR 4223 Severe Storms 2015	DR 4272 Severe Storms 2016	Hurricane Ike Debris Removal
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	242,252	10,653	6,855	1,901,061
Fines and fees	-	-	-	-
Investment income	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<u>242,252</u>	<u>10,653</u>	<u>6,855</u>	<u>1,901,061</u>
<b>Expenditures</b>				
General government	-	-	-	-
Administration of justice	-	-	-	-
Public transportation	242,252	-	-	-
Public safety	-	10,653	6,855	1,901,061
<b>Debt service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Capital outlay</b>	-	-	-	-
<b>Total Expenditures</b>	<u>242,252</u>	<u>10,653</u>	<u>6,855</u>	<u>1,901,061</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning fund balances	-	-	-	-
<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**HARDIN COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (page 5 of 5)**  
For the Year Ended September 30, 2017

Special Revenue Fund				
	VOCA 13660	Body Worn Camera Project	CA Pre-Trial Diversion	Sewer Improvement
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	195,615	25,404	-	154,770
Fines and fees	-	-	-	-
Investment income	-	-	-	-
Other revenues	-	-	16,500	-
<b>Total Revenues</b>	195,615	25,404	16,500	154,770
<b>Expenditures</b>				
General government	-	-	488	154,770
Administration of justice	-	-	-	-
Public transportation	-	-	-	-
Public safety	195,615	25,404	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Capital outlay</b>				
	-	-	-	-
<b>Total Expenditures</b>	195,615	25,404	488	154,770
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	16,012	-
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balances</b>	-	-	16,012	-
Beginning fund balances	-	-	-	-
<b>Ending Fund Balances</b>	\$ -	\$ -	\$ 16,012	\$ -

<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>TAC 2016 Risk Control Reimbursement</u>	<u>Capital Projects</u>	
\$ -	\$ -	\$ 838,567
-	-	4,020,140
-	-	390,224
-	799	1,089
16,668	-	131,502
<u>16,668</u>	<u>799</u>	<u>5,381,522</u>
16,668	-	619,024
-	-	635,945
-	-	719,140
-	-	2,727,790
-	-	275,000
-	-	57,454
-	614,077	677,707
<u>16,668</u>	<u>614,077</u>	<u>5,712,060</u>
-	(613,278)	(330,538)
-	-	8,406
-	-	(304,101)
-	-	(295,695)
-	(613,278)	(626,233)
-	954,081	2,154,942
<u>\$ -</u>	<u>\$ 340,803</u>	<u>\$ 1,528,709</u>

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**INTEREST AND SINKING**

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 333,305	\$ 333,305	\$ 329,914	\$ (3,391)
Investment income	150	150	130	(20)
<b>Total Revenues</b>	<u>333,455</u>	<u>333,455</u>	<u>330,044</u>	<u>(3,411)</u>
<b><u>Expenditures</u></b>				
General government	1,000	1,000	600	400
<b>Debt service:</b>				
Principal	275,000	275,000	275,000	-
Interest	57,455	57,455	57,454	1
<b>Total Expenditures</b>	<u>333,455</u>	<u>333,455</u>	<u>333,054</u>	<u>401</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,010)</u>	<u>\$ (3,010)</u>
Beginning fund balance			<u>20,442</u>	
<b>Ending Fund Balance</b>			<u>\$ 17,432</u>	



**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DISTRICT CLERK PRESERVATION FEES**  
For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Fines and fees	\$ 31,572	\$ 31,572	\$ 32,200	\$ 628
<b>Total Revenues</b>	<u>31,572</u>	<u>31,572</u>	<u>32,200</u>	<u>628</u>
<b><u>Expenditures</u></b>				
Administration of justice	31,572	31,572	31,242	330
<b>Total Expenditures</b>	<u>31,572</u>	<u>31,572</u>	<u>31,242</u>	<u>330</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	958	<u>\$ 958</u>
Beginning fund balance			<u>77,765</u>	
<b>Ending Fund Balance</b>			<u>\$ 78,723</u>	

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COUNTY CLERK PRESERVATION FEES**  
For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Fines and fees	\$ 109,336	\$ 121,401	\$ 194,402	\$ 73,001
<b>Total Revenues</b>	<u>109,336</u>	<u>121,401</u>	<u>194,402</u>	<u>73,001</u>
<b><u>Expenditures</u></b>				
General government	109,336	121,401	121,388	13
<b>Total Expenditures</b>	<u>109,336</u>	<u>121,401</u>	<u>121,388</u>	<u>13</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	73,014	<u>\$ 73,014</u>
Beginning fund balance			<u>338,338</u>	
<b>Ending Fund Balance</b>			<u>\$ 411,352</u>	

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LAW LIBRARY**

For the Year Ended September 30, 2017

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b><u>Revenues</u></b>				
Other revenues	\$ 11,390	\$ 11,390	\$ 28,895	\$ 17,505
<b>Total Revenues</b>	11,390	11,390	28,895	17,505
<b><u>Expenditures</u></b>				
Administration of justice	26,368	26,368	21,115	5,253
<b>Total Expenditures</b>	26,368	26,368	21,115	5,253
<b>Excess (Deficiency) of</b>				
<b>Revenues Over (Under) Expenditures</b>	(14,978)	(14,978)	7,780	22,758
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	14,978	14,978	-	(14,978)
<b>Total Other Financing (Uses)</b>	14,978	14,978	-	(14,978)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	7,780	\$ 7,780
Beginning fund balance			6,352	
<b>Ending Fund Balance</b>			\$ 14,132	

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURT SECURITY FEES**

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Fines and fees	\$ 28,268	\$ 28,268	\$ 21,834	\$ (6,434)
<b>Total Revenues</b>	<u>28,268</u>	<u>28,268</u>	<u>21,834</u>	<u>(6,434)</u>
<b><u>Expenditures</u></b>				
Public safety	28,268	28,268	1,040	27,228
<b>Total Expenditures</b>	<u>28,268</u>	<u>28,268</u>	<u>1,040</u>	<u>27,228</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	20,794	<u>\$ 20,794</u>
Beginning fund balance			<u>-</u>	
<b>Ending Fund Balance</b>			<u>\$ 20,794</u>	

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**JURY**

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 513,503	\$ 513,503	\$ 508,653	\$ (4,850)
Fines and fees	81,246	81,246	104,965	23,719
Other revenues	-	-	10,914	10,914
<b>Total Revenues</b>	<u>594,749</u>	<u>594,749</u>	<u>624,532</u>	<u>29,783</u>
<b><u>Expenditures</u></b>				
Administration of justice	594,749	594,749	440,115	154,634
<b>Total Expenditures</b>	<u>594,749</u>	<u>594,749</u>	<u>440,115</u>	<u>154,634</u>
<b>Excess of Revenues</b>				
<b>Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>184,417</u>	<u>184,417</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	-	(304,101)	(304,101)	-
<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>(304,101)</u>	<u>(304,101)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (304,101)</u>	<u>(119,684)</u>	<u>\$ 184,417</u>
Beginning fund balance			<u>304,101</u>	
<b>Ending Fund Balance</b>			<u>\$ 184,417</u>	

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DISPATCHERS**

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 176,206	\$ 176,206	\$ 170,824	\$ (5,382)
<b>Total Revenues</b>	<u>176,206</u>	<u>176,206</u>	<u>170,824</u>	<u>(5,382)</u>
<b><u>Expenditures</u></b>				
Public safety	176,206	176,206	170,824	5,382
<b>Total Expenditures</b>	<u>176,206</u>	<u>176,206</u>	<u>170,824</u>	<u>5,382</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning fund balance			<u>-</u>	
<b>Ending Fund Balance</b>			<u>\$ -</u>	

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LATERAL ROADS**

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 36,624	\$ 36,624	\$ 36,624	\$ -
<b>Total Revenues</b>	<u>36,624</u>	<u>36,624</u>	<u>36,624</u>	<u>-</u>
<b><u>Expenditures</u></b>				
Public transportation	325,068	271,291	83,795	187,496
<b>Total Expenditures</b>	<u>325,068</u>	<u>271,291</u>	<u>83,795</u>	<u>187,496</u>
<b>Net Change in Fund Balance</b>	<u>\$ (288,444)</u>	<u>\$ (234,667)</u>	(47,171)	<u>\$ 187,496</u>
Beginning fund balance			<u>234,666</u>	
<b>Ending Fund Balance</b>			<u>\$ 187,495</u>	

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**JUSTICE COURT TECHNOLOGY**  
For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 4,913	\$ 4,913	\$ 4,744	\$ (169)
<b>Total Revenues</b>	<u>4,913</u>	<u>4,913</u>	<u>4,744</u>	<u>(169)</u>
<b><u>Expenditures</u></b>				
Administration of justice	14,913	14,913	13,150	1,763
<b>Total Expenditures</b>	<u>14,913</u>	<u>14,913</u>	<u>13,150</u>	<u>1,763</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(8,406)</u>	<u>1,594</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	10,000	10,000	8,406	(1,594)
<b>Total Other Financing Sources</b>	<u>10,000</u>	<u>10,000</u>	<u>8,406</u>	<u>(1,594)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning fund balance			<u>-</u>	
<b>Ending Fund Balance</b>			<u>\$ -</u>	



**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ELECTION EQUIPMENT**  
For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Other revenue	\$ 8,550	\$ 8,550	\$ 10,041	\$ 1,491
<b>Total Revenues</b>	<u>8,550</u>	<u>8,550</u>	<u>10,041</u>	<u>1,491</u>
<b><u>Expenditures</u></b>				
General government	8,550	8,550	-	8,550
<b>Total Expenditures</b>	<u>8,550</u>	<u>8,550</u>	<u>-</u>	<u>8,550</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	10,041	<u>\$ 10,041</u>
Beginning fund balance			<u>29,941</u>	
<b>Ending Fund Balance</b>			<u>\$ 39,982</u>	

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CA PRE-TRIAL DIVERSION**  
For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 11,250	\$ 13,082	\$ 16,500	\$ 3,418
<b>Total Revenues</b>	<u>11,250</u>	<u>13,082</u>	<u>16,500</u>	<u>3,418</u>
<b><u>Expenditures</u></b>				
General government	11,250	13,082	488	12,594
<b>Total Expenditures</b>	<u>11,250</u>	<u>13,082</u>	<u>488</u>	<u>12,594</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	16,012	<u>\$ 16,012</u>
Beginning fund balance			<u>-</u>	
<b>Ending Fund Balance</b>			<u>\$ 16,012</u>	

**HARDIN COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS**

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Investment income	\$ 300	\$ 300	\$ 799	\$ 499
<b>Total Revenues</b>	<u>300</u>	<u>300</u>	<u>799</u>	<u>499</u>
<b><u>Expenditures</u></b>				
Capital outlay	1,806,185	1,956,185	614,077	1,342,108
<b>Total Expenditures</b>	<u>1,806,185</u>	<u>1,956,185</u>	<u>614,077</u>	<u>1,342,108</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,805,885)</u>	<u>(1,955,885)</u>	<u>(613,278)</u>	<u>1,342,607</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	150,000	-	(150,000)
<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,805,885)</u>	<u>\$ (1,805,885)</u>	<u>(613,278)</u>	<u>\$ 1,192,607</u>
Beginning fund balance			<u>954,081</u>	
<b>Ending Fund Balance</b>			<u>\$ 340,803</u>	

**HARDIN COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
September 30, 2017

	<u>Elected Officials</u>	<u>District Attorney Seizure</u>	<u>Juvenile Probation</u>	<u>Adult Probation</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 3,140,832	\$ 117,919	\$ 66,004	\$ 601,483
Receivables	-	-	89,553	4
<b>Total Assets</b>	<u>\$ 3,140,832</u>	<u>\$ 117,919</u>	<u>\$ 155,557</u>	<u>\$ 601,487</u>
<b><u>Liabilities</u></b>				
Due to other units	\$ 3,140,832	\$ 117,919	\$ 155,557	\$ 601,487
<b>Total Liabilities</b>	<u>\$ 3,140,832</u>	<u>\$ 117,919</u>	<u>\$ 155,557</u>	<u>\$ 601,487</u>

**Total All  
Agency Funds**

\$ 3,926,238  
89,557  
\$ 4,015,795

\$ 4,015,795  
\$ 4,015,795

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