

*ANNUAL FINANCIAL REPORT*

of

**BURLESON COUNTY, TEXAS**

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

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# BURLESON COUNTY, TEXAS

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

To the Honorable County Judge and  
Members of the Commissioners' Court of  
Burlison 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 Burlison County, Texas (the "County"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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. 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, 2015, 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.

## **Emphasis of Matter**

### *Change in Accounting Principle*

In 2015, the County adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison 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 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.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
May 11, 2016



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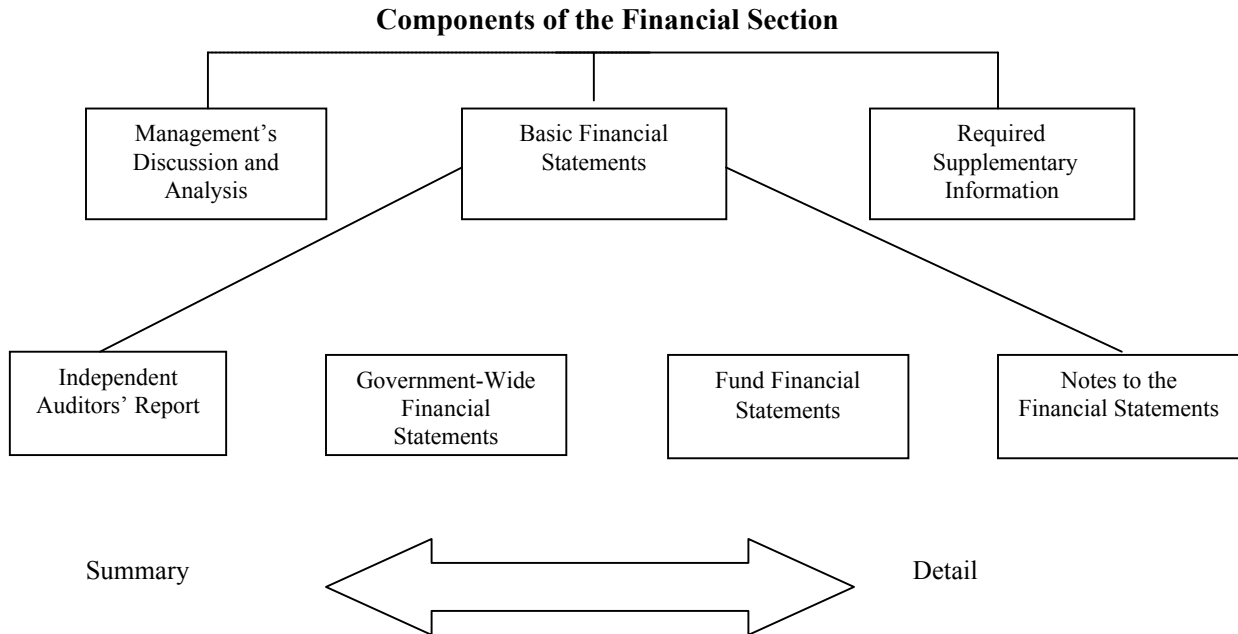
***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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**BURLESON COUNTY, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2015**

The purpose of the Management’s Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Burleson County, Texas (the “County”) for the year ending September 30, 2015. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the County’s activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the County’s financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**



The County’s basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information for the County as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the County as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the County’s financial statements, report information on the County’s activities that enable the reader to understand the financial condition of the County. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the County’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County

**BURLESON COUNTY, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

is improving or deteriorating. Other nonfinancial factors, such as the County's property tax base and the condition of the County's infrastructure, need to be considered to assess the overall health of the County.

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, using 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 present the County in one type of activity:

1. Governmental Activities – The County's basic services are reported here such as general administration, financial administration, public facilities, judicial, public safety, health and welfare, public transportation, legal, and interest and fiscal charges on long-term debt, property tax, sales tax, charges for services and intergovernmental revenue 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 fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental 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 22 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 balance for the general, capital projects, road and bridge, lateral road and bridge, and debt service funds, which are considered to be major funds for reporting purpose.

The County adopts an annual appropriated budget for its general, road and bridge, lateral road and bridge, and debt service funds. Budgetary comparison schedules have been provided for these funds to

**BURLESON COUNTY, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

demonstrate compliance with these budgets. Budgetary comparison schedules have been provided for other nonmajor funds that had a budget to show that these funds were within appropriations.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected 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 nine fiduciary funds. The County's fiduciary activities are reported separately in a statement of fiduciary net position.

**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, road and bridge, and lateral road and bridge funds, schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule of funding progress for the Texas County and District Retirement System and other post employment healthcare benefits. RSI can be found 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 exceed liabilities and deferred inflows by \$16,388,778 as of September 30, 2015. This compares with \$15,735,148 for the prior fiscal year. A portion of the County's net position, 39 percent, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, and infrastructure), less any outstanding debt used to acquire those assets. 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.

**BURLESON COUNTY, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
Current and other assets	\$ 13,662,320	\$ 15,515,245
Capital assets, net	10,003,891	7,242,018
<b>Total Assets</b>	<b>23,666,211</b>	<b>22,757,263</b>
Deferred outflows - pensions	353,547	239,207
Long-term liabilities	6,122,984	6,161,093
Other liabilities	1,477,670	1,100,229
<b>Total Liabilities</b>	<b>7,600,654</b>	<b>7,261,322</b>
Deferred inflows - pensions	30,326	-
<b>Net Position:</b>		
Net investment in capital		
assets	6,378,365	6,321,940
Restricted	4,899,251	4,679,159
Unrestricted	5,111,162	4,734,049
<b>Total Net Position</b>	<b>\$ 16,388,778</b>	<b>\$ 15,735,148</b>

A portion of the County's net position, \$4,899,251 or 30 percent, represents resources that are subject to external restriction on how they may be used. The County's unrestricted net position, \$5,111,162 or 31 percent, may be used to meet the County's ongoing obligation to citizens and creditors. The overall net position increased due to higher revenues than expenses.

There was a decrease in the beginning net position of \$335,952 for governmental activities due to implementation of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. More detailed information about this restatement is presented in note III.G to the financial statements.

In the current fiscal year, GASB Statement Nos. 68 and 71 requires the County to recognize a net pension liability and deferred outflows/inflows of resources as discussed in note IV.C. to the financial statements. The net change in the pension liability decreased by \$30,555 for the governmental activities during the current fiscal year. The net change in deferred outflows/inflows increased the net position by \$84,014 for governmental activities.

**BURLESON COUNTY, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

**Statement of Activities**

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

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,371,496	\$ 2,683,944
Operating grants and contributions	449,742	432,088
General revenues:		
Property taxes	7,080,567	6,748,144
Sales taxes	1,512,847	1,511,868
Interest income	25,549	23,852
Other revenues	788,371	862,114
<b>Total Revenues</b>	<b>12,228,572</b>	<b>12,262,010</b>
<b>Expenses</b>		
General administration	1,257,943	1,245,885
Judicial	1,209,674	1,346,918
Legal	535,752	509,507
Financial administration	493,457	462,909
Public facilities	181,206	205,124
Public safety	3,031,708	3,025,592
Public transportation	3,713,045	3,733,289
Health and welfare	98,715	91,525
Miscellaneous	920,985	917,382
Interest and fiscal agent fees	132,457	211,158
<b>Total Expenses</b>	<b>11,574,942</b>	<b>11,749,289</b>
<b>Change in Net Position</b>	<b>653,630</b>	<b>512,721</b>
Beginning net position	15,735,148	15,222,427
<b>Ending Net Position</b>	<b>\$ 16,388,778</b>	<b>\$ 15,735,148</b>

Total governmental revenues were comparable to the prior year, decreasing \$33,438 which is less than one percent. Property taxes increased \$332,423, or five percent, due to higher property tax rates. The increase in property tax revenue was slightly offset by a decrease in charges of services of \$312,448, or 12 percent, due to less revenue from the County clerk's office for permits.

Governmental expenses were also comparable to the prior year decreasing \$174,347, which is about a one percent decrease. This slight decrease is primarily due to decreases in interest and fiscal agent fees for debt obligations due to less outstanding debt and judicial cost from less activity in the County clerk's office.



**BURLESON COUNTY, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

**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 expendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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 \$11,202,774. Of this, \$5,074,753 is unassigned and available for day-to-day operations of the County and \$6,128,021 is restricted for various purposes.

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 \$5,074,753. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 75 percent of total general fund expenditures. The fund balance of the general fund reported an increase of \$335,292, mainly due to less expenditures than revenue during the year.

The capital projects fund reported an increase of \$2,789,687 in fund balance due to spending down bond proceeds on capital outlay.

The road and bridge fund reported an increase of \$246,049 in fund balance primarily due to donations from companies for future maintenance of the County's roads and bridges. All of the road and bridge fund balance, \$2,467,107, is restricted.

The lateral road and bridge fund reported a restricted fund balance of \$672,861, which is an increase of \$179,243 in fund balance due to an increase in property tax revenues.

The debt service fund reported a decrease of \$369,497 in fund balance. This significant decrease in debt service fund balance is due to a property tax rate resolution to collect no current property taxes for debt service. This was an effort by Commissioner's Court to spend down the excess debt service fund balance. The current debt service fund balance of \$526,125 is restricted to payments of principal and interest on debt.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The general fund actual revenues were more than the final budget by \$432,424 during the year. This net increase is largely the result of more sales tax revenues than expected.

The general fund expenditures were less than the final budget by \$1,184,249 as a result of a County-wide effort to keep expenditures at or below budget.

**BURLESON COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2015**

**CAPITAL ASSETS**

At the end of the year, the County's governmental activities had invested \$10,003,891 in a variety of capital assets and infrastructure, net of depreciation. This represents a net increase of \$2,761,873.

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

- Construction in progress for the new County office building
- Vehicles and equipment for the public works and public safety departments

More detailed information about the County's capital assets is presented in note III.C to the financial statements.

**LONG-TERM DEBT**

At the end of the year, the County reported total certificates of obligation of \$3,845,000. The County also reported capital leases and time warrants issued with a depository loan for a total of \$386,005. The County has \$625,000 of refunding bonds outstanding.

More detailed information about the County's long-term liabilities is presented in note III.D to the financial statements.

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

The County continues to grow as seen in the increase in sales tax revenue. The County has continued the permanent road program to solidify the infrastructure of the County. The County has approved to leave the tax rate at \$0.4990 for the 2015/2016 fiscal year.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the County's finances. Questions concerning this report or requests for additional financial information should be directed to the County Auditor's Office, Burleson County, 100 W. Buck Street, Suite 400, Caldwell, Texas 77836.

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***BASIC FINANCIAL STATEMENTS***

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# BURLESON COUNTY, TEXAS

## STATEMENT OF NET POSITION

September 30, 2015

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 11,891,966
Receivables, net	1,575,040
Due from others	195,314
	<u>13,662,320</u>
Capital assets:	
Nondepreciable	3,426,357
Depreciable capital assets, net	6,577,534
	<u>10,003,891</u>
<b>Total Assets</b>	<u>23,666,211</u>
 <b><u>Deferred Outflows</u></b>	
Deferred outflows - pensions	<u>353,547</u>
 <b><u>Liabilities</u></b>	
Accounts payable	1,061,077
Accrued interest	10,510
Long-term liabilities due within one year	406,083
	<u>1,477,670</u>
Noncurrent liabilities:	
Long-term debt due in more than one year	4,664,665
Compensated absences	20,969
Net pension liability	544,604
Net OPEB obligation	892,746
	<u>6,122,984</u>
<b>Total Liabilities</b>	<u>7,600,654</u>
 <b><u>Deferred Inflows</u></b>	
Deferred inflows - pensions	<u>30,326</u>
 <b><u>Net Position</u></b>	
Net investment in capital assets	6,378,365
Restricted for:	
Road and bridge	2,467,107
Lateral road and bridge	672,861
Debt service	527,834
Other governmental funds	1,231,449
Unrestricted	5,111,162
<b>Total Net Position</b>	<u>\$ 16,388,778</u>

See Notes to Financial Statements

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# BURLESON COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General administration	\$ 1,257,943	\$ 460,414	\$ 449,742	\$ (347,787)
Judicial	1,209,674	405,721	-	(803,953)
Legal	535,752	4,075	-	(531,677)
Financial administration	493,457	512,238	-	18,781
Public facilities	181,206	-	-	(181,206)
Public safety	3,031,708	23,794	-	(3,007,914)
Public transportation	3,713,045	661,251	-	(3,051,794)
Health and welfare	98,715	-	-	(98,715)
Miscellaneous	920,985	304,003	-	(616,982)
Interest and fiscal agent fees	132,457	-	-	(132,457)
<b>Total Governmental Activities</b>	11,574,942	2,371,496	449,742	(8,753,704)
<b>Total Primary Government</b>	\$ 11,574,942	\$ 2,371,496	\$ 449,742	(8,753,704)
<b>General Revenues:</b>				
				7,080,567
				1,512,847
				25,549
				788,371
			<b>Total General Revenues</b>	9,407,334
			<b>Change in Net Position</b>	653,630
			Beginning net position	15,735,148
			<b>Ending Net Position</b>	\$ 16,388,778

See Notes to Financial Statements.



# BURLESON COUNTY, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2015

	General	Capital Projects	Road and Bridge	Lateral Road and Bridge
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 5,077,318	\$ 1,700,920	\$ 2,581,606	\$ 733,659
Receivables, net	544,909	-	243,371	115,229
Due from other funds	232,315	-	1,281	597
<b>Total Assets</b>	<b>\$ 5,854,542</b>	<b>\$ 1,700,920</b>	<b>\$ 2,826,258</b>	<b>\$ 849,485</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 346,723	\$ 470,441	\$ 100,074	\$ 61,395
Due to other funds	-	-	15,706	-
<b>Total Liabilities</b>	<b>346,723</b>	<b>470,441</b>	<b>115,780</b>	<b>61,395</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	433,066	-	243,371	115,229
<b><u>Fund Balances</u></b>				
Restricted:				
Capital projects	-	1,230,479	-	-
Debt service	-	-	-	-
Road and bridge	-	-	2,467,107	-
Lateral road and bridge	-	-	-	672,861
Other governmental funds	-	-	-	-
Unassigned:				
General	5,074,753	-	-	-
<b>Total Fund Balances</b>	<b>5,074,753</b>	<b>1,230,479</b>	<b>2,467,107</b>	<b>672,861</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,854,542</b>	<b>\$ 1,700,920</b>	<b>\$ 2,826,258</b>	<b>\$ 849,485</b>

See Notes to Financial Statements.

<b>Debt Service</b>	<b>Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
\$ 526,125	\$ 1,272,338	\$ 11,891,966
20,572	64,728	988,809
-	2,340	236,533
<u>\$ 546,697</u>	<u>\$ 1,339,406</u>	<u>\$ 13,117,308</u>
\$ -	\$ 82,444	\$ 1,061,077
-	25,513	41,219
<u>-</u>	<u>107,957</u>	<u>1,102,296</u>
<u>20,572</u>	<u>-</u>	<u>812,238</u>
-	-	1,230,479
526,125	-	526,125
-	-	2,467,107
-	-	672,861
-	1,231,449	1,231,449
-	-	5,074,753
<u>526,125</u>	<u>1,231,449</u>	<u>11,202,774</u>
<u>\$ 546,697</u>	<u>\$ 1,339,406</u>	<u>\$ 13,117,308</u>

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**BURLESON COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
September 30, 2015

**Total fund balances for governmental funds** \$ 11,202,774

**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, are not reported in the governmental funds.

Nondepreciable capital assets	3,426,357	
Depreciable capital assets	12,834,430	
Accumulated depreciation	<u>(6,256,896)</u>	10,003,891

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred or accrued in the governmental funds.

Receivables - fines	586,231	
Unavailable revenue - property taxes	<u>812,238</u>	1,398,469

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

Deferred outflows	353,547	
Deferred inflows	<u>(30,326)</u>	323,221

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Long-term debt due within one year	(321,728)	
Long-term debt due in more than one year	(4,664,665)	
Accrued interest payable	(10,510)	
Compensated absences	(105,324)	
Net pension liability	(544,604)	
Net OPEB obligation	<u>(892,746)</u>	<u>(6,539,577)</u>

**Net Position of Governmental Activities** \$ 16,388,778

See Notes to Financial Statements.

# BURLESON COUNTY, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Road and Bridge</u>	<u>Lateral Road and Bridge</u>
<b>Revenues</b>				
Property taxes	\$ 3,883,827	\$ -	\$ 2,126,187	\$ 1,075,622
Sales tax	1,512,847	-	-	-
Intergovernmental	53,254	-	-	-
Fees	979,265	-	-	-
Fines and forfeitures	405,721	-	-	-
Interest	12,585	4,177	4,430	1,142
Permits and licenses	-	-	661,251	-
Miscellaneous	268,563	-	385,196	-
<b>Total Revenues</b>	<u>7,116,062</u>	<u>4,177</u>	<u>3,177,064</u>	<u>1,076,764</u>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	861,830	-	-	-
Judicial	1,019,960	-	-	-
Legal	539,302	-	-	-
Financial administration	513,880	-	-	-
Public facilities	182,544	-	-	-
Public safety	2,892,029	-	-	-
Public transportation	-	-	2,267,342	897,521
Health and welfare	100,283	-	-	-
Miscellaneous	575,073	-	302,645	-
<b>Debt service:</b>				
Principal	-	-	81,728	-
Interest and fiscal agent fees	-	-	5,348	-
<b>Capital outlay</b>	74,550	2,911,552	518,478	-
<b>Total Expenditures</b>	<u>6,759,451</u>	<u>2,911,552</u>	<u>3,175,541</u>	<u>897,521</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>356,611</u>	<u>(2,907,375)</u>	<u>1,523</u>	<u>179,243</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	96,369	117,688	-	-
Transfers (out)	(117,688)	-	(50,000)	-
Sale of capital assets	-	-	57,037	-
Capital leases	-	-	237,489	-
<b>Total Other Financing Sources (Uses)</b>	<u>(21,319)</u>	<u>117,688</u>	<u>244,526</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	335,292	(2,789,687)	246,049	179,243
Beginning fund balances	4,739,461	4,020,166	2,221,058	493,618
<b>Ending Fund Balances</b>	<u>\$ 5,074,753</u>	<u>\$ 1,230,479</u>	<u>\$ 2,467,107</u>	<u>\$ 672,861</u>

See Notes to Financial Statements.

<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
\$ 4,800	\$ -	\$ 7,090,436
-	-	1,512,847
-	396,488	449,742
-	304,003	1,283,268
-	-	405,721
1,384	1,831	25,549
-	-	661,251
-	81,689	735,448
<u>6,184</u>	<u>784,011</u>	<u>12,164,262</u>
-	306,502	1,168,332
-	200,826	1,220,786
-	-	539,302
-	-	513,880
-	-	182,544
-	12,292	2,904,321
-	-	3,164,863
-	-	100,283
-	44,784	922,502
240,000	-	321,728
135,681	-	141,029
-	18,100	3,522,680
<u>375,681</u>	<u>582,504</u>	<u>14,702,250</u>
<u>(369,497)</u>	<u>201,507</u>	<u>(2,537,988)</u>
-	-	214,057
-	(46,369)	(214,057)
-	-	57,037
-	-	237,489
<u>-</u>	<u>(46,369)</u>	<u>294,526</u>
(369,497)	155,138	(2,243,462)
<u>895,622</u>	<u>1,076,311</u>	<u>13,446,236</u>
<u>\$ 526,125</u>	<u>\$ 1,231,449</u>	<u>\$ 11,202,774</u>

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**BURLESON 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, 2015**

Net changes in fund balances - total government funds	\$ (2,243,462)
<p>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.</p>	
Capital outlay	3,515,555
Depreciation expense	(749,568)
Disposal of capital assets, net of accumulated depreciation	(4,114)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Changes in unavailable revenue - fines and fees	21,256
Changes in unavailable revenue - property taxes	(9,869)
<p>Net pension liability and deferred outflows and deferred inflows related to the net pension liability that is not reported in the governmental funds.</p>	
Net pension liability	30,555
Deferred outflows	114,340
Deferred inflows	(30,326)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds</p>	
Issuance of long-term debt	(237,489)
Changes in premium on bonds	6,863
Principal payments	321,728
Changes in accrued interest expense	1,709
Changes in compensated absences	(11,596)
Changes in OPEB obligation	(71,952)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 653,630</u></b>

See Notes to Financial Statements.



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**BURLESON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
September 30, 2015

	<b>Total Fiduciary Funds</b>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 1,713,885
Receivables	227
<b>Total Assets</b>	<b>\$ 1,714,112</b>
 <b><u>Liabilities</u></b>	
Accounts payable	\$ 1,518,571
Due to other funds	195,541
<b>Total Liabilities</b>	<b>\$ 1,714,112</b>

See Notes to Financial Statements.

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**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2015

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Burleson County, Texas (the “County”) is an independent government entity created by an act of the Texas Legislature. The County is governed by a 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 financial administration, judicial, health and welfare, public facilities and transportation, general administration, public safety, and legal.

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.

**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. *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 and other charges between the various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

**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 all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general administration, financial administration, public facilities, judicial, public safety, health and welfare, public transportation, and legal.

The *debt service fund* is used to account for the payment of interest and principal on all tax notes and other long-term debt of the County. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The following special revenue funds are reported as major funds for reporting purposes:

Capital projects fund, road and bridge fund, and lateral road and bridge fund – These funds are used to account for revenues 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 these funds.

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

Additionally, the County reports the following fund types:

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. 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 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

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

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, sales taxes, franchise 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, balances in statewide investment pools (Texas CLASS) and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the County reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as Texas CLASS, are reported using the pools' share price.

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 U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Fully collateralized repurchase agreements
- Securities lending program that meets requirements of 2256.0115
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Commercial paper that meets certain criteria
- Guaranteed investment contracts that meet the requirements of 2256.015 for bond proceeds
- Statewide investment pools

**3. 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-type activities column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government 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 estimated fair market 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.

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 to 40 years
Infrastructure	15 to 30 years
Equipment	3 to 30 years

**4. 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 two items that qualify for reporting in this category. 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

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

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. 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.

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. At the fund level, the County has one item that qualifies for reporting in this category in the government-wide Statement of Net Position. A deferral is 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. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**5. Compensated Employee Absences**

The County provides its employees with vacation and sick leave. Sick leave may be accumulated from year to year up to 16 weeks. Vacation is to be used prior to year end but may be carried over up to the limitations outlined by County policy. Exceptions to the maximum accruals can only be approved by the Commissioners' Court upon request of the employee's supervisor. Upon termination, any accumulated vacation time will be paid; however, no accumulated sick leave will be paid. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

**6. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest 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.

Assets acquired under the terms of capital leases 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



**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**7. 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.

**8. 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 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.

**9. 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 an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 Commissioners' Court may also assign fund balance as it does 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.

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

The County strives to maintain unrestricted fund balance at a level adequate to provide for unanticipated expenditures of a nonrecurring nature and to meet unexpected increases in service delivery costs. The target level for the general fund unrestricted fund balance is at least 20 percent of budgeted fund expenditures. The road and bridge funds have target levels of 18 to 25 percent of budgeted fund expenditures, but will be subject to a 50 percent unrestricted fund balance ceiling.

**10. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**11. 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.

**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 revenue when levied for the current year and due, payable, and collected in the current year. Uncollected amounts at year end are reported as a deferred inflow. Delinquent property taxes collected within 60 days subsequent to year end were not considered material.

The property tax calendar dates are:

- Levy date and due date – October 1
- Collection dates – October 1 through January 31
- Lien date – February 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 tax assessor's agency fund. Tax collections deposited for the County are distributed on a periodic

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

basis to the general, and road and bridge 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 expense, 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**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except the capital projects funds, which adopt project construction budgets. All annual appropriations lapse at fiscal year end. The appropriated budget is prepared by fund. Any transfers of appropriations are first approved by the Commissioners' Court. The legal level of control is the department level in the general fund and road and bridge fund and fund level for all other funds.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2015, the County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Texas CLASS	\$ 2,768,037	0.00
<b>Total fair value</b>	<b>\$ 2,768,037</b>	
Portfolio weighted average maturity		0.00

*Interest rate risk.* In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less.

*Credit risk.* State law and the County's investment policy limits 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, 2015, the County's investments in Texas CLASS were rated "AAA/V1"+ by Fitch.

*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, 2015, market values of pledged securities and FDIC insurance exceeded bank balances.

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

**Texas CLASS**

The Texas Cooperative Liquid Assets Securities System (CLASS) 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 CLASS. Pursuant to the requirements of the Public Funds Investment Act, Texas Government Code, Section 2256.001 et seq. (the "Act"), a local government may invest funds through investment pools meeting the standards of the Act. CLASS uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in CLASS is the same as the value of CLASS shares. CLASS operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The custodial bank for these funds is Wells Fargo.

**B. Receivables**

The following comprise receivable balances at year end:

	<u>General</u>	<u>Road and Bridge</u>	<u>Lateral Road and Bridge</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Intergovernmental	\$ 8,325	\$ -	\$ -	\$ -	\$ 64,728	\$ 73,053
Taxes receivable	545,422	248,336	117,580	20,990	-	932,328
Less: allowance for uncollectible	(8,838)	(4,965)	(2,351)	(418)	-	(16,572)
	<u>\$ 544,909</u>	<u>\$ 243,371</u>	<u>\$ 115,229</u>	<u>\$ 20,572</u>	<u>\$ 64,728</u>	<u>\$ 988,809</u>

A receivable of \$586,231 for fees and fines is reported within the Statement of Net Position for governmental activities.

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2015

**C. Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2015 is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases / Reclassifications</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 307,911	\$ -	\$ -	\$ 307,911
Construction in process	310,216	2,808,230	-	3,118,446
Total capital assets not being depreciated	618,127	2,808,230	-	3,426,357
Other capital assets:				
Buildings and improvements	4,942,246	35,735	60,905	5,038,886
Infrastructure	53,009	-	-	53,009
Equipment	7,230,825	671,590	(159,880)	7,742,535
Total other capital assets	12,226,080	707,325	(98,975)	12,834,430
Less accumulated depreciation for:				
Buildings and improvements	(1,500,389)	(150,478)	-	(1,650,867)
Infrastructure	(13,059)	(1,601)	-	(14,660)
Equipment	(4,088,741)	(597,489)	94,861	(4,591,369)
Total accumulated depreciation	(5,602,189)	(749,568)	94,861	(6,256,896)
Other capital assets, net	6,623,891	(42,243)	(4,114)	6,577,534
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 7,242,018</b>	<b>\$ 2,765,987</b>	<b>\$ (4,114)</b>	<b>10,003,891</b>
			Add unspent bond proceeds	1,230,479
			Less associated debt	(4,856,005)
			<b>Net Investment in Capital Assets</b>	<b>\$ 6,378,365</b>

Depreciation was charged to governmental functions as follows:

Public safety	\$ 172,401
Public transportation	577,167
	<b>\$ 749,568</b>

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2015

**D. Long-Term Debt**

The following is a summary of changes in the County's total governmental long-term liabilities for the year ended September 30, 2015. The County issues tax notes payable to provide funds for the acquisition or construction of major capital lease obligations for vehicles. These issues are direct obligations and pledge the full faith and credit of the County.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Refunding bonds series 2014	\$ 710,000	\$ -	\$ (85,000)	\$ 625,000 *	\$ 85,000
Certificates of obligation 2014	4,000,000	-	(155,000)	3,845,000 *	155,000
Premiums	137,251	-	(6,863)	130,388	-
Capitalized lease obligations	230,244	237,489	(81,728)	386,005 *	81,728
OPEB obligation	820,794	71,952	-	892,746	-
Net pension liability	575,159	-	(30,555)	544,604	-
Compensated absences	93,728	112,485	(100,889)	105,324	84,355
<b>Total Governmental Activities</b>	<u>\$ 6,567,176</u>	<u>\$ 421,926</u>	<u>\$ (460,035)</u>	<u>\$ 6,529,067</u>	<u>\$ 406,083</u>
				<u>\$ 6,122,984</u>	
				<u>\$ 4,856,005</u>	

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. The governmental activities compensated absences, net OPEB, and net pension liability obligations are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

Net capital lease obligations and certificates of obligation of the County as of September 30, 2015, are as follows:

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>
<b>Certificates of Obligation</b>			
2014 Certificates of Obligation	3.00-3.50%	\$ 4,000,000	\$ 3,845,000
<b>Total Certificates of Obligation</b>			<u>\$ 3,845,000</u>
<b>General Obligation Refunding Bonds</b>			
General Obligation Refunding Bonds Series 2014	0.50-2.25%	\$ 710,000	\$ 625,000
<b>Total Certificates of Obligation</b>			<u>\$ 625,000</u>
<b>Capital Leases</b>			
Caterpillar motor grader	2.00-4.00%	\$ 160,850	\$ 69,370
CAT 120M2 Motorgrader	2.00-4.00%	\$ 86,000	58,059
BOMAG Wheel Roller	1.00-3.00%	\$ 62,740	21,088
.12M3 Caterpillar Motor Grader	2.60%	\$ 152,850	152,850
Smooth Drum Roller	2.75%	\$ 84,639	84,638
<b>Total Capital Leases</b>			<u>\$ 386,005</u>

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>General Certificates of Obligation 2014</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 155,000	\$ 120,950	\$ 275,950
2017	160,000	116,300	276,300
2018	160,000	111,500	271,500
2019	165,000	106,700	271,700
2020	170,000	101,750	271,750
2021-2025	940,000	428,800	1,368,800
2026-2030	1,090,000	278,800	1,368,800
2031-2034	1,005,000	89,425	1,094,425
<b>Total</b>	<u>\$ 3,845,000</u>	<u>\$ 1,354,225</u>	<u>\$ 5,199,225</u>

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2015

Fiscal Year	Governmental Activities		
	Refunding Bonds Series 2014		
	Principal	Interest	Total
2016	\$ 85,000	\$ 9,823	\$ 94,823
2017	85,000	9,185	94,185
2018	90,000	8,293	98,293
2019	90,000	7,078	97,078
2020	90,000	5,638	95,638
2021-2022	185,000	5,998	190,998
<b>Total</b>	<b>\$ 625,000</b>	<b>\$ 46,014</b>	<b>\$ 671,014</b>

A summary of the County's capital leases requirements, including interest, is as follows:

Fiscal Year	Governmental Activities		
	Capital Leases		
	Principal	Interest	Total
2016	\$ 115,219	\$ 6,216	\$ 121,435
2017	180,300	8,670	188,970
2018	90,486	2,379	92,865
<b>Total</b>	<b>\$ 386,005</b>	<b>\$ 17,265</b>	<b>\$ 403,270</b>

The assets acquired through capital leases are as follows:

	Governmental Activities
Equipment	\$ 547,079
Less: Accumulated depreciation	(99,224)
	<b>\$ 447,855</b>

**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.



**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

**E. Interfund Transactions**

The composition of interfund balances as of year end is as follows:

	<u>Due From</u>	<u>Due To</u>
General fund	\$ 232,315	\$ -
Fiduciary funds	-	195,314
Road and bridge fund	1,281	15,706
Lateral road and bridge fund	597	-
Other governmental funds	2,340	25,513
	<u>\$ 236,533</u>	<u>\$ 236,533</u>

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

Transfers between the primary government funds during the year were as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
General fund	\$ 117,688	\$ 96,369
Capital projects fund	-	117,688
Road and bridge fund	50,000	-
Other governmental funds	46,369	-
	<u>\$ 214,057</u>	<u>\$ 214,057</u>

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due. They are also utilized to move unrestricted general fund revenues to finance various programs that must be accounted for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs and governmental expenditures.

**F. Grants**

**Brazos Valley Council of Governments (BVCOG)**

Regional Solid Waste Grant

For fiscal year 2015, the County received funding from the Texas Commission on Environmental Quality through the BVCOG for \$30,000 to support community clean-up efforts and tire disposals. For fiscal year 2015, expenditures totaled \$16,016. Prior fiscal year expenditures totaled \$13,581.

**Texas Indigent Defense Commission**

Indigent Defense Formula Grant

A grant was awarded to the County in the amount of \$25,773 in January 2015 from the Texas Task Force on Indigent Defense (TFID) to assist the County in continued implementation of the provisions of the

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

Indigent Defense Act and the improvement of the indigent criminal defense services in the County. As of the year end, \$19,330 had been received and expended in compliance with grant requirements with the remaining \$6,443 processed in October 2015. An additional \$4,915 was noted as expended from the remaining fiscal year 2014 funding received in December 2014. For fiscal year 2015, TFID expenditures totaled \$24,245.

**Homeland Security Grant Program (HSGP)**

The County received two new grants for fiscal years 2015 through 2016 from the Texas Department of Public Safety as the pass-through agency for the Grant Programs Directorate of the Federal Emergency Management Agency under the Department of Homeland Security Appropriation Act of 2013, and the Department of Homeland Security Appropriation Act of 2014, respectively. Grant funding was designed to enhance the County's communication interoperability, information sharing, and emergency response due to acts of terrorism and catastrophic events.

2014 HSGP

During September 2014, the County received a grant award of \$250,201 for further communications and emergency enhancements. This award represents funding available from September 1, 2014 to January 31, 2016. For fiscal year 2015, there were no HSGP expenditures. For fiscal year 2016, the grant expects to have expenditures \$249,981.

2015 HSGP

During September 2015, the County received a grant award of \$250,201 for further communications and emergency enhancements. This award represents funding available from September 1, 2014 to January 31, 2016. For fiscal year 2015, there were no HSGP expenditures. The County expects to have expenditures during fiscal year 2016 for this grant.

**Department of Housing and Urban Development**

Texas Department of Agriculture Community Development Block Grant Program (TxCDBG)

During November 2012, the County accepted a grant award from the Texas Department of Agriculture in the amount of \$275,000 to improve water supply infrastructure on behalf of the Cade Lakes Water Supply Corporation. Matching funds totaling \$13,750 were paid by the water supply corporation. The performance period covered November 1, 2012 through October 31, 2014. For fiscal year 2014, TxCDBG expenditures totaled \$252,975. As of September 30, 2015, no further expenditures were claimed and \$9,000 of receivables due for fiscal year 2014 were received.

Texas Department of Transportation (TxDOT)

2014 County Transportation Fund Grant (CTIF)

During May 2014, the County was awarded the CTIF in the amount of \$429,658 requiring minimum County matching funds of \$107,414 (20 percent of project totals). Grant funds were offered statewide in an effort to assist counties suffering road and infrastructure damages due to oilfield related activities. As of fiscal year 2015, CTIF funds expended totaled \$298,908, including \$27,455 of additional grant funds received for matching forced labor and equipment funded from the County's road and bridge funds. The

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

County's receivable for this grant totals \$40,963. The remainder of the awarded grant will be expended in 2016.

**G. Restatement of Net Position**

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the County has restated beginning net position to account for a net pension liability as of the measurement date, December 31, 2013. In addition, the County has restated beginning net position to record a deferred outflow for contributions made to the pension plan between the initial measurement date and the end of the prior fiscal year, September 30, 2014. The beginning net position was restated as follows:

	<b>Governmental Activities</b>
Beginning net position - as reported	\$ 16,071,100
Restatement - Net pension liability	(575,159)
Restatement - Deferred outflows	239,207
Beginning net position - restated	\$ 15,735,148

**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 338 other entities in the Texas Association of Counties Workers' Compensation Self-Insurance Fund. The Texas Association of Counties created this pool in 1974 to insure the County for workers' compensation related claims. The County also provides employee benefits, including medical and life insurance, which the County obtains through Scott and White for medical and other vendors for life. Coverages and workers' compensation and unemployment insurance are obtained from Texas Association of Counties (the "Pool"). This Pool purchases commercial insurance at group rates for participants in the Pool. The County has no additional risk or responsibility to either of 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 years.

**B. Contingent Liabilities**

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

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

including frequency, and amount of payout and other economic and social factors. The liability for claims and judgments is reported in the government-wide financial statements because it is not expected to be liquidated with expendable, available financial resources. No claim liabilities are reported at year end.

**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 677 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the Commissioners' Court 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 benefits 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.

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	6	
Inactive employees entitled to, but not yet receiving benefits	96	
Active employees	127	
Total	229	

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 of the County were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the County were 8.36 percent in calendar years 2014 and 2015. The County’s contributions to TCDRS for the fiscal year ended September 30, 2015 were \$335,942 and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

The actuarial assumptions that determined the TPL as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 through October 31, 2012, except where required to be different by GASB 68.

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

See the information below (Actuarial Methods and Assumptions Used for GASB Calculations) for a listing of key assumptions used in the calculation of the TPL and other GASB 68 metrics.

Following are the key assumptions and methods used in the December 31, 2014 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
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.0%
Salary Increases	8.10%
Investment Rate of Return	3.5%
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	Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLP)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2015

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	\$ 394,299	\$ -	\$ 394,299
Interest	937,637	-	937,637
Change of benefit terms	-	-	-
Difference between expected and actual experience	(40,434)	-	(40,434)
Changes of assumptions	-	-	-
Contributions - employer	-	329,729	(329,729)
Contributions - employee	-	276,091	(276,091)
Net investment income	-	771,142	(771,142)
Benefit payments, including refunds of employee contributions	(499,687)	(499,687)	-
Administrative expense	-	(8,831)	8,831
Other changes	-	(46,074)	46,074
<b>Net changes</b>	<u>791,815</u>	<u>822,370</u>	<u>(30,555)</u>
Balance at December 31, 2013	11,627,431	11,052,272	575,159
<b>Balance at December 31, 2014</b>	<u><u>\$ 12,419,246</u></u>	<u><u>\$ 11,874,642</u></u>	<u><u>\$ 544,604</u></u>

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the County, calculated using the discount rate of 8.10 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 (7.10%) or one percentage point higher (9.10%) than the current rate:

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
County's Net Pension Liability	<u><u>\$ 2,042,162</u></u>	<u><u>\$ 544,604</u></u>	<u><u>\$ (693,535)</u></u>

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

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.com](http://www.tcdrs.com).

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

For the fiscal year ended September 30, 2015, the County recognized pension expense of \$221,534.

At September 30, 2015, 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	\$ -	\$ 30,326
Difference between projected and actual investment earnings	107,966	-
Contributions subsequent to the measurement date	245,581	-
<b>Total</b>	<b>\$ 353,547</b>	<b>\$ 30,326</b>

\$245,581 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 net pension liability for the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	<b>Pension Expense Amount</b>
2016	\$ 16,883
2017	16,883
2018	16,883
2019	26,991
<b>Total</b>	<b>\$ 77,640</b>

**D. Post Employment Healthcare Plan**

Plan Description

In addition to pension benefits described previously, the County provides other post employment benefit (OPEB) options for health care, life insurance, and dental insurance (the “Plan”) to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the County’s policy manual and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

The criteria to determine eligibility include:

1. The employee must meet the rule of 75 (the sum of age and years of service equals at least 75) to be eligible for retirement; and



**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

2. The employee must make application for service retirement pension payments with the TCDRS, and be approved for pension payments from TCDRS, prior to retirement.

Funding Policy

The County funds the benefits on pay-as-you-go basis paying 25 percent or 50 percent of qualified retired employee premiums depending on the age attained at retirement.

Annual OPEB Cost

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The annual OPEB cost and the net OPEB obligation (asset) are as follows:

Annual required contribution (ARC)	\$	130,305
Interest on net OPEB obligation (NPO)		32,832
Adjustment to the ARC		(46,544)
Annual OPEB cost		116,593
Contributions made		(44,641)
Increase in net OPEB obligation		71,952
Net OPEB obligation-beginning of year		820,794
Net OPEB obligation-end of year		\$ 892,746

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation estimate for 2015 and the two preceding years are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 119,153	\$ 41,819	35.10%	\$ 744,875
2014	\$ 117,861	\$ 41,942	35.59%	\$ 820,794
2015	\$ 116,593	\$ 44,641	38.29%	\$ 892,746

Funded Status and Funding Progress

As of October 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,220,436, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,220,436.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents

**BURLESON COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2015**

multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level percent of payroll
Remaining Amortization Period	30 years – open period
Asset Valuation Method	Market value
Inflation Rate	6.70%
Investment Rate of Return	4.00%

**E. Group Term Life Insurance**

Plan Description

The County participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by 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 employers and, if elected by employers, to retired employees. The coverage provided to retired employees is a post employment benefit other than pension benefits. 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 comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information 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 78768-2031 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 contributions to the GTLF for the years ended 2013, 2014, and 2015 were \$24,406, \$23,769, and \$25,393 respectively, which equaled the contractually required contribution each year.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Property taxes	\$ 3,811,249	\$ 3,811,249	\$ 3,883,827	\$ 72,578
Sales tax	1,253,000	1,253,000	1,512,847	259,847
Intergovernmental	53,324	53,324	53,254	(70)
Fines and forfeitures	535,000	535,000	405,721	(129,279)
Interest	6,000	6,000	12,585	6,585
Miscellaneous	128,945	149,595	268,563	118,968
<b>Total Revenues</b>	<u>6,662,988</u>	<u>6,683,638</u>	<u>7,116,062</u>	<u>432,424</u>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	904,922	904,467	861,830	42,637
Judicial	1,126,942	1,152,897	1,019,960	132,937
Legal	549,033	549,033	539,302	9,731
Financial administration	592,992	599,386	513,880	85,506
Public facilities	193,984	193,984	182,544	11,440
Public safety	3,124,648	3,161,998	2,892,029	269,969
Health and welfare	122,849	124,313	100,283	24,030
Miscellaneous	1,093,435	1,071,913	575,073	496,840
<b>Capital outlay</b>	190,000	185,709	74,550	111,159
<b>Total Expenditures</b>	<u>7,898,805</u>	<u>7,943,700</u>	<u>6,759,451</u>	<u>1,184,249</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,235,817)</u>	<u>(1,260,062)</u>	<u>356,611</u>	<u>1,616,673</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	70,000	94,245	96,369	2,124
Transfers (out)	(70,000)	(700,000)	(117,688)	582,312
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(605,755)</u>	<u>(21,319)</u>	<u>584,436</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,235,817)</u>	<u>\$ (1,865,817)</u>	335,292	<u>\$ 2,201,109</u>
Beginning fund balance			<u>4,739,461</u>	
<b>Ending Fund Balance</b>			<u>\$ 5,074,753</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**ROAD AND BRIDGE FUND**  
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 2,088,681	\$ 2,088,681	\$ 2,126,187	\$ 37,506
Interest	1,850	1,850	4,430	2,580
Permits and licenses	671,000	671,000	661,251	(9,749)
Miscellaneous	67,600	294,678	385,196	90,518
<b>Total Revenues</b>	<u>2,829,131</u>	<u>3,056,209</u>	<u>3,177,064</u>	<u>120,855</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public transportation	2,692,444	2,793,151	2,267,342	525,809
Miscellaneous	344,900	343,100	302,645	40,455
<b>Debt service:</b>				
Principal	81,238	81,728	81,728	-
Interest and fiscal agent fees	5,348	5,348	5,348	-
<b>Capital outlay</b>	<u>175,000</u>	<u>603,489</u>	<u>518,478</u>	<u>85,011</u>
<b>Total Expenditures</b>	<u>3,298,930</u>	<u>3,826,816</u>	<u>3,175,541</u>	<u>651,275</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(469,799)</u>	<u>(770,607)</u>	<u>1,523</u>	<u>772,130</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(50,000)	(50,000)	(50,000)	-
Sale of capital assets	-	57,037	57,037	-
Capital leases	-	(237,489)	237,489	474,978
<b>Total Other Financing Sources (Uses)</b>	<u>(50,000)</u>	<u>(230,452)</u>	<u>244,526</u>	<u>474,978</u>
<b>Net Change in Fund Balance</b>	<u>\$ (519,799)</u>	<u>\$ (1,001,059)</u>	<u>246,049</u>	<u>\$ 1,247,108</u>
Beginning fund balance			<u>2,221,058</u>	
<b>Ending Fund Balance</b>			<u>\$ 2,467,107</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LATERAL ROAD AND BRIDGE FUND**  
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 1,042,661	\$ 1,042,661	\$ 1,075,622	\$ 32,961
Interest income	620	620	1,142	522
<b>Total Revenues</b>	<u>1,043,281</u>	<u>1,043,281</u>	<u>1,076,764</u>	<u>33,483</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public transportation	<u>1,076,750</u>	<u>1,076,750</u>	<u>897,521</u>	<u>179,229</u>
<b>Total Expenditures</b>	<u>1,076,750</u>	<u>1,076,750</u>	<u>897,521</u>	<u>179,229</u>
<b>Net Change in Fund Balance</b>	<u>\$ (33,469)</u>	<u>\$ (33,469)</u>	179,243	<u>\$ 212,712</u>
Beginning fund balance			<u>493,618</u>	
<b>Ending Fund Balance</b>			<u>\$ 672,861</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).



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**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
For the Year Ended September 30, 2015

	<b>Year</b>
	<b>2014*</b>
<b>Total Pension Liability</b>	
Service cost	\$ 394,299
Interest (on the total pension liability)	937,638
Effect of economic/demographic gains or loses	(40,434)
Refund of contributions	(82,815)
Benefit payments	(416,873)
<b>Net Change in Total Pension Liability</b>	<b>791,815</b>
Beginning total pension liability	11,627,431
<b>Ending Total Pension Liability</b>	<b>\$ 12,419,246</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 329,729
Contributions - employee	276,091
Net investment income	771,144
Refund of contribution	(82,815)
Benefit payments	(416,873)
Administrative expense	(8,831)
Other	(46,075)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>822,370</b>
Beginning plan fiduciary net position	11,052,272
<b>Ending Plan Fiduciary Net Position</b>	<b>\$ 11,874,642</b>
<b>Net Pension Liability</b>	<b>\$ 544,604</b>
<b>Plan Fiduciary Net Position as a</b>	
<b>Percentage of Total Pension Liability</b>	95.61%
<b>Covered Employee Payroll</b>	\$ 3,944,162
<b>Net Pension Liability as a Percentage</b>	
<b>of Covered Employee Payroll</b>	13.81%

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

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**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2015**

	Measurement Date*	
	2015	2014
Actuarially determined contribution	\$ 335,942	\$ 315,184
Contributions in relation to the actuarially determined contribution	335,942	315,184
Contribution deficiency (excess)	\$ -	\$ -
 Covered employee payroll	 \$ 4,018,450	 \$ 3,795,853
 Contributions as a percentage of covered employee payroll	 8.36%	 8.30%

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

Notes to Required Supplementary Information:

There were no benefit changes during the year.

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**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST EMPLOYMENT HEALTHCARE BENEFITS**  
For the Year Ended September 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/01/09	\$ -	\$ 1,815,382	\$ 1,815,382	0%	N/A	N/A
10/01/12	\$ -	\$ 1,220,436	\$ 1,220,436	0%	\$ 3,082,373	39.59%

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***COMBINING STATEMENTS  
AND SCHEDULES***



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**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Property taxes	\$ -	\$ -	\$ 4,800	\$ 4,800
Interest	500	500	1,384	884
<b>Total Revenues</b>	<u>500</u>	<u>500</u>	<u>6,184</u>	<u>5,684</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Debt service:</b>				
Principal	240,000	240,000	240,000	-
Interest and fiscal agent fees	137,906	137,906	135,681	2,225
<b>Total Expenditures</b>	<u>377,906</u>	<u>377,906</u>	<u>375,681</u>	<u>2,225</u>
<b>Net Change in Fund Balance</b>	<u>\$ (377,406)</u>	<u>\$ (377,406)</u>	(369,497)	<u>\$ 7,909</u>
Beginning fund balance			<u>895,622</u>	
<b>Ending Fund Balance</b>			<u>\$ 526,125</u>	

**BURLESON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (page 1 of 2)**  
**For the Year Ended September 30, 2015**

Special Revenue Funds				
	County Law Library	Courthouse Security	Right of Way Acquisition	Record Mgmt. and Preservation Dist. & Co.
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 112,355	\$ 69,370	\$ 57,208	\$ 454,735
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 112,355</b>	<b>\$ 69,370</b>	<b>\$ 57,208</b>	<b>\$ 454,735</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Restricted	112,355	69,370	57,208	454,735
<b>Total Fund Balances</b>	<b>112,355</b>	<b>69,370</b>	<b>57,208</b>	<b>454,735</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 112,355</b>	<b>\$ 69,370</b>	<b>\$ 57,208</b>	<b>\$ 454,735</b>

**Special Revenue Funds**

<b>Jail Commissary</b>	<b>Attorney Fee Account</b>	<b>Sheriff's Office Donation Equipment</b>	<b>Sheriff's Forfeiture</b>	<b>State Salary Supplement</b>	<b>Sheriff's Office Awarded Restitution</b>
\$ 6,898	\$ 446	\$ 28,835	\$ 88,654	\$ 41,746	\$ 24,318
-	-	-	-	-	-
2,340	-	-	-	-	-
<u>\$ 9,238</u>	<u>\$ 446</u>	<u>\$ 28,835</u>	<u>\$ 88,654</u>	<u>\$ 41,746</u>	<u>\$ 24,318</u>
\$ 978	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8,260	446	28,835	88,654	41,746	24,318
<u>8,260</u>	<u>446</u>	<u>28,835</u>	<u>88,654</u>	<u>41,746</u>	<u>24,318</u>
<u>\$ 9,238</u>	<u>\$ 446</u>	<u>\$ 28,835</u>	<u>\$ 88,654</u>	<u>\$ 41,746</u>	<u>\$ 24,318</u>

**BURLESON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (page 2 of 2)**  
**For the Year Ended September 30, 2015**

Special Revenue Funds				
	Justice Court Technology	LEOSE	Miscellaneous Grants	Economic Development
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,936	\$ 21,318	\$ 112,677	\$ 112,473
Receivables, net	-	-	56,669	739
Due from other funds	-	-	-	-
<b>Total Assets</b>	\$ 1,936	\$ 21,318	\$ 169,346	\$ 113,212
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ -	\$ 726	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	-	-	726	-
<b><u>Fund Balances</u></b>				
Restricted	1,936	21,318	168,620	113,212
<b>Total Fund Balances</b>	1,936	21,318	168,620	113,212
<b>Total Liabilities and Fund Balances</b>	\$ 1,936	\$ 21,318	\$ 169,346	\$ 113,212

**Special Revenue Funds**

<b>Election Services</b>	<b>County and District Technology</b>	<b>Vehicle Inventory</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 9,903	\$ 4,438	\$ 125,028	\$ 1,272,338
-	-	7,320	64,728
-	-	-	2,340
<u>\$ 9,903</u>	<u>\$ 4,438</u>	<u>\$ 132,348</u>	<u>\$ 1,339,406</u>
\$ -	\$ -	\$ 80,740	\$ 82,444
-	-	25,513	25,513
-	-	106,253	107,957
9,903	4,438	26,095	1,231,449
9,903	4,438	26,095	1,231,449
<u>\$ 9,903</u>	<u>\$ 4,438</u>	<u>\$ 132,348</u>	<u>\$ 1,339,406</u>

**BURLESON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS (page 1 of 2)**  
**For the Year Ended September 30, 2015**

	Special Revenue Funds			
	County Law Library	Courthouse Security	Right of Way Acquisition	Record Mgmt and Preservation Dist. & Co.
<b>Revenues</b>				
Fees	\$ 10,885	\$ 19,130	\$ -	\$ 217,271
Intergovernmental	-	-	-	-
Investment income	160	117	35	604
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>11,045</b>	<b>19,247</b>	<b>35</b>	<b>217,875</b>
<b>Expenditures</b>				
<b>Current:</b>				
General administration	1,315	-	-	-
Judicial	-	-	95,400	105,426
Public safety	-	-	-	-
Miscellaneous	-	-	-	-
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,315</b>	<b>-</b>	<b>95,400</b>	<b>105,426</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>9,730</b>	<b>19,247</b>	<b>(95,365)</b>	<b>112,449</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	-	(20,000)	50,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(20,000)</b>	<b>50,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>9,730</b>	<b>(753)</b>	<b>(45,365)</b>	<b>112,449</b>
Beginning fund balances	102,625	70,123	102,573	342,286
<b>Ending Fund Balances</b>	<b>\$ 112,355</b>	<b>\$ 69,370</b>	<b>\$ 57,208</b>	<b>\$ 454,735</b>

**Special Revenue Funds**

<b>Jail Commissary</b>	<b>Attorney Fee Account</b>	<b>Sheriff's Office Donation Equipment</b>	<b>Sheriff's Forfeiture</b>	<b>State Salary Supplement</b>	<b>Sheriff's Office Awarded Restitution</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	52,725	-
16	-	42	157	74	36
10,784	-	31,789	-	-	-
<u>10,800</u>	<u>-</u>	<u>31,831</u>	<u>157</u>	<u>52,799</u>	<u>36</u>
-	-	-	-	1,040	-
-	-	-	-	-	-
-	-	-	1,150	-	-
18,450	-	18,621	-	-	-
-	-	-	18,100	-	-
<u>18,450</u>	<u>-</u>	<u>18,621</u>	<u>19,250</u>	<u>1,040</u>	<u>-</u>
<u>(7,650)</u>	<u>-</u>	<u>13,210</u>	<u>(19,093)</u>	<u>51,759</u>	<u>36</u>
-	-	-	-	(52,124)	-
-	-	-	-	(52,124)	-
(7,650)	-	13,210	(19,093)	(365)	36
15,910	446	15,625	107,747	42,111	24,282
<u>\$ 8,260</u>	<u>\$ 446</u>	<u>\$ 28,835</u>	<u>\$ 88,654</u>	<u>\$ 41,746</u>	<u>\$ 24,318</u>



**BURLESON COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS (page 2 of 2)**  
**For the Year Ended September 30, 2015**

Special Revenue Funds				
	Justice Court Technology	LEOSE	Miscellaneous Grants	Economic Development
<b>Revenues</b>				
Fees	\$ 6,536	\$ -	\$ -	\$ 46,418
Intergovernmental	-	4,593	339,170	-
Investment income	2	33	191	127
Miscellaneous	-	-	37,273	-
<b>Total Revenues</b>	6,538	4,626	376,634	46,545
<b>Expenditures</b>				
<b>Current:</b>				
General administration	-	-	300,597	3,550
Judicial	-	-	-	-
Public safety	7,526	3,616	-	-
Miscellaneous	-	-	-	-
<b>Capital outlay</b>	-	-	-	-
<b>Total Expenditures</b>	7,526	3,616	300,597	3,550
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(988)	1,010	76,037	42,995
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	-	-	(24,245)	-
<b>Total Other Financing Sources (Uses)</b>	-	-	(24,245)	-
<b>Net Change in Fund Balances</b>	(988)	1,010	51,792	42,995
Beginning fund balances	2,924	20,308	116,828	70,217
<b>Ending Fund Balances</b>	\$ 1,936	\$ 21,318	\$ 168,620	\$ 113,212

<b>Special Revenue Funds</b>			
<b>Election Services</b>	<b>County and District Technology</b>	<b>Vehicle Inventory</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 2,920	\$ 843	\$ -	\$ 304,003
-	-	-	396,488
-	5	232	1,831
-	-	1,843	81,689
<u>2,920</u>	<u>848</u>	<u>2,075</u>	<u>784,011</u>
-	-	-	306,502
-	-	-	200,826
-	-	-	12,292
7,713	-	-	44,784
-	-	-	18,100
<u>7,713</u>	<u>-</u>	<u>-</u>	<u>582,504</u>
<u>(4,793)</u>	<u>848</u>	<u>2,075</u>	<u>201,507</u>
-	-	-	(46,369)
-	-	-	(46,369)
(4,793)	848	2,075	155,138
<u>14,696</u>	<u>3,590</u>	<u>24,020</u>	<u>1,076,311</u>
<u>\$ 9,903</u>	<u>\$ 4,438</u>	<u>\$ 26,095</u>	<u>\$ 1,231,449</u>

**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Page 1 of 7)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2015

**COUNTY LAW LIBRARY**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fees	\$ 15,000	\$ 10,885	\$ (4,115)
Investment income	75	160	85
<b>Total Revenues</b>	<u>15,075</u>	<u>11,045</u>	<u>(4,030)</u>
<b>Expenditures</b>			
<b>Current:</b>			
General administration	13,500	1,315	12,185
<b>Total Expenditures</b>	<u>13,500</u>	<u>1,315</u>	<u>12,185</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,575</u>	9,730	<u>\$ 8,155</u>
Beginning fund balance		<u>102,625</u>	
<b>Ending Fund Balance</b>		<u>\$ 112,355</u>	

**COURTHOUSE SECURITY**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Investment income	\$ 75	\$ 117	\$ 42
Fees	18,800	19,130	330
<b>Total Revenues</b>	<u>18,875</u>	<u>19,247</u>	<u>372</u>
<b>Expenditures</b>			
<b>Current:</b>			
Judicial	19,800	-	19,800
<b>Capital outlay</b>	<u>31,000</u>	<u>-</u>	<u>31,000</u>
<b>Total Expenditures</b>	<u>50,800</u>	<u>-</u>	<u>50,800</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(31,925)	19,247	51,172
Transfers (out)	<u>20,000</u>	<u>(20,000)</u>	<u>(40,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (11,925)</u>	(753)	<u>\$ 11,172</u>
Beginning fund balance		<u>70,123</u>	
<b>Ending Fund Balance</b>		<u>\$ 69,370</u>	

**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Page 2 of 7)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2015

***RIGHT OF WAY ACQUISITION***

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Investment income	\$ 400	\$ 35	\$ (365)
<b>Total Revenues</b>	<u>400</u>	<u>35</u>	<u>(365)</u>
<b>Expenditures</b>			
<b>Current:</b>			
Judicial	100,000	95,400	4,600
<b>Total Expenditures</b>	<u>100,000</u>	<u>95,400</u>	<u>4,600</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(99,600)</u>	<u>(95,365)</u>	<u>4,235</u>
Transfers in	50,000	50,000	-
<b>Net Change in Fund Balance</b>	<u>\$ (49,600)</u>	<u>(45,365)</u>	<u>\$ 4,235</u>
Beginning fund balance		<u>102,573</u>	
<b>Ending Fund Balance</b>		<u>\$ 57,208</u>	

***RECORD MANAGEMENT AND PRESERVATION DISTRICT AND COUNTY***

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fees	\$ 86,700	\$ 217,271	\$ 130,571
Investment income	280	604	324
<b>Total Revenues</b>	<u>86,980</u>	<u>217,875</u>	<u>130,895</u>
<b>Expenditures</b>			
<b>Current:</b>			
Miscellaneous	179,000	105,426	73,574
<b>Total Expenditures</b>	<u>179,000</u>	<u>105,426</u>	<u>73,574</u>
<b>Net Change in Fund Balance</b>	<u>\$ (92,020)</u>	112,449	<u>\$ 204,469</u>
Beginning fund balance		<u>342,286</u>	
<b>Ending Fund Balance</b>		<u>\$ 454,735</u>	

**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Page 3 of 7)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2015

**SHERIFF'S OFFICE DONATION - EQUIPMENT**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Investment income	\$ 10	\$ 42	\$ 32
Miscellaneous	-	31,789	31,789
<b>Total Revenues</b>	<u>10</u>	<u>31,831</u>	<u>31,821</u>
<b>Expenditures</b>			
<b>Current:</b>			
Public safety	16,168	-	16,168
Miscellaneous	18,621	18,621	-
<b>Total Expenditures</b>	<u>34,789</u>	<u>18,621</u>	<u>16,168</u>
<b>Net Change in Fund Balance</b>	<u>\$ (34,779)</u>	13,210	<u>\$ 47,989</u>
Beginning fund balance		<u>15,625</u>	
<b>Ending Fund Balance</b>		<u>\$ 28,835</u>	

**SHERIFF'S FORFEITURE**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Investment income	\$ 20	\$ 157	\$ 137
<b>Total Revenues</b>	<u>20</u>	<u>157</u>	<u>137</u>
<b>Expenditures</b>			
<b>Current:</b>			
Public safety	11,000	1,150	9,850
<b>Capital outlay</b>	-	18,100	(18,100)
<b>Total Expenditures</b>	<u>11,000</u>	<u>19,250</u>	<u>(8,250)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (10,980)</u>	(19,093)	<u>\$ (8,113)</u>
Beginning fund balance		<u>107,747</u>	
<b>Ending Fund Balance</b>		<u>\$ 88,654</u>	

**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Page 4 of 7)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2015

**STATE SALARY SUPPLEMENT**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 51,500	\$ 52,725	\$ 1,225
Investment income	45	74	29
<b>Total Revenues</b>	<u>51,545</u>	<u>52,799</u>	<u>1,254</u>
<b>Expenditures</b>			
<b>Current:</b>			
General administration	4,074	1,040	3,034
<b>Total Expenditures</b>	<u>4,074</u>	<u>1,040</u>	<u>3,034</u>
<b>Excess of Revenue Over Expenditures</b>	<u>47,471</u>	<u>51,759</u>	<u>4,288</u>
Transfers (out)	(52,124)	(52,124)	-
<b>Net Change in Fund Balance</b>	<u>\$ (4,653)</u>	<u>(365)</u>	<u>\$ 4,288</u>
Beginning fund balance		42,111	
<b>Ending Fund Balance</b>		<u>\$ 41,746</u>	

**SHERIFF'S OFFICE AWARDED RESTITUTION**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Investment income	\$ 30	\$ 36	\$ 6
<b>Total Revenues</b>	<u>30</u>	<u>36</u>	<u>6</u>
<b>Expenditures</b>			
<b>Current:</b>			
Health and welfare	7,000	-	7,000
<b>Total Expenditures</b>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ (6,970)</u>	<u>36</u>	<u>\$ 7,006</u>
Beginning fund balance		24,282	
<b>Ending Fund Balance</b>		<u>\$ 24,318</u>	

**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Page 5 of 7)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2015

**JUSTICE COURT TECHNOLOGY**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Investment income	\$ 15	\$ 2	\$ (13)
Fees	9,200	6,536	(2,664)
<b>Total Revenues</b>	9,215	6,538	(2,677)
<b>Expenditures</b>			
<b>Current:</b>			
Public safety	7,500	7,526	(26)
<b>Total Expenditures</b>	7,500	7,526	(26)
<b>Net Change in Fund Balance</b>	\$ 1,715	(988)	\$ (2,703)
Beginning fund balance		2,924	
<b>Ending Fund Balance</b>		\$ 1,936	

**LEOSE GRANT**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Investment income	\$ 10	\$ 33	\$ 23
Intergovernmental	-	4,593	4,593
<b>Total Revenues</b>	10	4,626	4,616
<b>Expenditures</b>			
<b>Current:</b>			
Public safety	16,738	3,616	13,122
<b>Total Expenditures</b>	16,738	3,616	13,122
<b>Net Change in Fund Balance</b>	\$ (16,728)	1,010	\$ 17,738
Beginning fund balance		20,308	
<b>Ending Fund Balance</b>		\$ 21,318	

**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Page 6 of 7)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2015

**MISCELLANEOUS GRANTS**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Intergovernmental	\$ 323,726	\$ 339,170	\$ 15,444
Investment income	100	191	91
Miscellaneous	8,474	37,273	28,799
<b>Total Revenues</b>	<u>332,300</u>	<u>376,634</u>	<u>44,334</u>
<b>Expenditures</b>			
<b>Current:</b>			
Miscellaneous	300,597	300,597	-
<b>Capital outlay</b>	<u>102,624</u>	<u>-</u>	<u>102,624</u>
<b>Total Expenditures</b>	<u>403,221</u>	<u>300,597</u>	<u>102,624</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(70,921)	76,037	146,958
Transfers (out)	<u>(77,896)</u>	<u>(24,245)</u>	<u>53,651</u>
<b>Net Change in Fund Balance</b>	<u>\$ (148,817)</u>	51,792	<u>\$ 200,609</u>
Beginning fund balance		<u>116,828</u>	
<b>Ending Fund Balance</b>		<u>\$ 168,620</u>	

**ECONOMIC DEVELOPMENT**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Fees	\$ 30,000	\$ 47,064	\$ 17,064
Interest income	15	68	53
<b>Total Revenues</b>	<u>30,015</u>	<u>47,132</u>	<u>17,117</u>
<b>Expenditures</b>			
<b>Current:</b>			
General administration	<u>27,000</u>	<u>23,750</u>	<u>3,250</u>
<b>Total Expenditures</b>	<u>27,000</u>	<u>23,750</u>	<u>3,250</u>
<b>Net Change in Fund Balance</b>	<u>\$ 3,015</u>	23,382	<u>\$ 20,367</u>
Beginning fund balance		<u>46,835</u>	
<b>Ending Fund Balance</b>		<u>\$ 70,217</u>	



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**BURLESON COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Page 7 of 7)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2015

**COUNTY AND DISTRICT TECHNOLOGY**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Fees	\$ 1,100	\$ 839	\$ (261)
Investment income	5	5	-
<b>Total Revenues</b>	<u>1,105</u>	<u>844</u>	<u>(261)</u>
<b>Expenditures</b>			
<b>Current:</b>			
General administration	2,500	-	2,500
<b>Total Expenditures</b>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,395</u>	844	<u>\$ 2,239</u>
Beginning fund balance		<u>2,746</u>	
<b>Ending Fund Balance</b>		<u>\$ 3,590</u>	

**VEHICLE INVENTORY**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Investment income	\$ -	\$ 232	\$ 232
<b>Total Revenues</b>	<u>-</u>	<u>232</u>	<u>232</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	232	<u>\$ 232</u>
Beginning fund balance		<u>23,777</u>	
<b>Ending Fund Balance</b>		<u>\$ 24,009</u>	

**BURLESON COUNTY, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended September 30, 2015**

	<u>Tax Assessor/ Collector</u>	<u>District Clerk</u>	<u>County Clerk</u>	<u>Jail Inmate</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 415,557	\$ 1,011,885	\$ 37,733	\$ 8,062
Receivables	197	-	-	-
<b>Total Assets</b>	<b><u>\$ 415,754</u></b>	<b><u>\$ 1,011,885</u></b>	<b><u>\$ 37,733</u></b>	<b><u>\$ 8,062</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 411,048	\$ 836,058	\$ 37,733	\$ 4,901
Due to other funds	4,706	175,827	-	3,161
<b>Total Liabilities</b>	<b><u>\$ 415,754</u></b>	<b><u>\$ 1,011,885</u></b>	<b><u>\$ 37,733</u></b>	<b><u>\$ 8,062</u></b>

See Notes to Financial Statements.

<u>State of Texas Transfer Accounts</u>	<u>County Attorney</u>	<u>County Sheriff</u>	<u>Sheriff Seizure</u>	<u>Unclaimed Money</u>	<u>Total Fiduciary Funds</u>
\$ 72,428	\$ 11,816	\$ 88,151	\$ 51,666	\$ 16,587	\$ 1,713,885
30	-	-	-	-	227
<u>\$ 72,458</u>	<u>\$ 11,816</u>	<u>\$ 88,151</u>	<u>\$ 51,666</u>	<u>\$ 16,587</u>	<u>\$ 1,714,112</u>
\$ 69,262	\$ 11,816	\$ 79,500	\$ 51,666	\$ 16,587	\$ 1,518,571
3,196	-	8,651	-	-	195,541
<u>\$ 72,458</u>	<u>\$ 11,816</u>	<u>\$ 88,151</u>	<u>\$ 51,666</u>	<u>\$ 16,587</u>	<u>\$ 1,714,112</u>

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**BURLESON COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**For the Year Ended September 30, 2015**

		Beginning Balance	Additions	(Deductions)	Ending Balance
<b>Tax Assessor/Collector</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 379,413	\$ 36,144	\$ -	\$ 415,557
<b>Assets</b>	Receivables	\$ 1,621	\$ -	\$ (1,424)	\$ 197
<b>Liabilities</b>	Accounts payable	\$ 374,506	\$ 36,542	\$ -	\$ 411,048
<b>Liabilities</b>	Due to other funds	\$ 6,528	\$ -	\$ (1,822)	\$ 4,706
<b>District Clerk</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 642,056	\$ 369,829	\$ -	\$ 1,011,885
<b>Liabilities</b>	Accounts payable	\$ 466,392	\$ 369,666	\$ -	\$ 836,058
<b>Liabilities</b>	Due to other funds	\$ 175,664	\$ 163	\$ -	\$ 175,827
<b>County Clerk</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 35,303	\$ 2,430	\$ -	\$ 37,733
<b>Liabilities</b>	Accounts payable	\$ 35,303	\$ 2,430	\$ -	\$ 37,733
<b>Jail Inmate</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 4,515	\$ 3,547	\$ -	\$ 8,062
<b>Liabilities</b>	Accounts payable	\$ 1,575	\$ 3,326	\$ -	\$ 4,901
<b>Liabilities</b>	Due to other funds	\$ 2,940	\$ 221	\$ -	\$ 3,161
<b>State of Texas Transfer Accounts</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 66,092	\$ 6,336	\$ -	\$ 72,428
<b>Assets</b>	Receivables	\$ 40	\$ -	\$ (10)	\$ 30
<b>Liabilities</b>	Accounts payable	\$ 62,720	\$ 6,542	\$ -	\$ 69,262
<b>Liabilities</b>	Due to other funds	\$ 3,412	\$ -	\$ (216)	\$ 3,196
<b>County Attorney</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 11,619	\$ 197	\$ -	\$ 11,816
<b>Liabilities</b>	Accounts payable	\$ 11,619	\$ 197	\$ -	\$ 11,816
<b>County Sheriff</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 59,010	\$ 29,141	\$ -	\$ 88,151
<b>Liabilities</b>	Accounts payable	\$ 59,000	\$ 20,500	\$ -	\$ 79,500
<b>Liabilities</b>	Due to other funds	\$ 10	\$ 2	\$ -	\$ 8,651
<b>Sheriff Seizure</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 51,666	\$ -	\$ -	\$ 51,666
<b>Liabilities</b>	Accounts payable	\$ 51,666	\$ -	\$ -	\$ 51,666
<b>Unclaimed Money</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 13,363	\$ 3,224	\$ -	\$ 16,587
<b>Liabilities</b>	Accounts payable	\$ 13,363	\$ 3,224	\$ -	\$ 16,587
<b>Total Fiduciary Funds</b>					
<b>Assets</b>	Cash and cash equivalents	\$ 1,263,037	\$ 450,848	\$ -	\$ 1,713,885
<b>Assets</b>	Receivables	\$ 1,661	\$ -	\$ (1,434)	\$ 227
<b>Liabilities</b>	Accounts payable	\$ 1,076,144	\$ 442,427	\$ -	\$ 1,518,571
<b>Liabilities</b>	Due to other funds	\$ 188,554	\$ 386	\$ (2,038)	\$ 195,541

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Client: **Burleson County, Texas**  
 Engagement: **4.1 - Burleson County 9/30/15**  
 Period Ending: **9/30/2015**  
 Trial Balance: **2.2.01 - TB**  
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To adjust fund balance and accrued payroll				
10-271-0000	UNRESERVED FUND BALANCE		47,134.00	
21-271-0000	UNRESERVED FUND BALANCE		18,057.00	
37-271-0000	UNRESERVED FUND BALANCE		650.80	
10-208	Accrued Payroll			29,869.08
10-401-1010	Salary, Official			17,264.92
21-208	Accrued Payroll			11,442.82
21-611-1010	Salary, Official			6,614.18
37-695-4310	Record Covers & Rebinding			650.80
<b>Total</b>			<b>65,841.80</b>	<b>65,841.80</b>
<b>Adjusting Journal Entries JE # 2</b>				
To adjust property tax and deferred revenue				
		<b>C.01a</b>		
10-110	A/R Tax		441,904.31	
20-110	A/R Tax		248,337.44	
41-110	A/R Tax		117,580.79	
65-110	A/R Tax		20,991.88	
10-120	Uncollectibles			8,838.09
10-210	Deferred Revenue			433,066.22
20-120	Uncollectibles			4,966.75
20-210	Deferred Revenue			243,370.69
41-120	Uncollectibles			2,351.62
41-210	Deferred Revenue			115,229.17
65-120	Uncollectibles			419.84
65-210	Deferred Revenue			20,572.04
<b>Total</b>			<b>828,814.42</b>	<b>828,814.42</b>
<b>Adjusting Journal Entries JE # 3</b>				
Adjusting entry to reclass principal and interest in road and bridge.				
21-611-6150	Transfer Out, Capital Lease - Principal		836.00	
21-611-6160	Transfer Out, Capital Lease - Interest			836.00
<b>Total</b>			<b>836.00</b>	<b>836.00</b>



Client: **Burleson County, Texas**  
 Engagement: **4.1 - Burleson County 9/30/15**  
 Period Ending: **9/30/2015**  
 Trial Balance: **2.2.01 - TB**  
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

<b>Account</b>	<b>Description</b>	<b>W/P Ref</b>	<b>Debit</b>	<b>Credit</b>
<b>Adjusting Journal Entries JE # 4</b>				
Adjusting entry for interfunds.				
10-132	Due from funds		187,189.54	
10-132-0085	DUE FROM GENERAL FUND#2		41,051.51	
20-132	Due from funds		1,171.01	
41-132-0990	Due from Other Funds		596.77	
10-232	Unearned Revenue			187,189.54
10-371-1000	Reimbursements			41,051.51
20-232	Unearned Revenue			1,171.01
41-207-0990	DUE TO OTHER FUNDS			596.77
<b>Total</b>			<b>230,008.83</b>	<b>230,008.83</b>
<b>Adjusting Journal Entries JE # 5</b>				
Adjusting entry to fix sales tax receivables.				
10-126-0200	A/R - DUE FROM STATE		96,000.91	
10-101-0000	CASH-CSB			96,000.91
<b>Total</b>			<b>96,000.91</b>	<b>96,000.91</b>

## Management Letter

May 11, 2016

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

The American Institute of Certified Public Accountants Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 115), provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body.

It is important to note when reviewing findings reported within this letter that classification of findings are based on the definitions required by SAS 115 as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to the County. Accordingly, the County's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

Our report is as follows:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Burleson County, Texas (the "County") as of and for the year ended September 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be other matters.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Our findings and additional comments are as follows:

***Other Matters:***

***MATTERS PREVIOUSLY REPORTED***

**2011-2. PUBLIC FUNDS INVESTMENT ACT**

**Finding**

To fully comply with the requirements of the Public Funds Investment Act (PFIA), the County's investment reports should include the beginning market value, the change in market value, and the ending market value for each investment. The County should also review the investment policy annually.

**Recommendation**

The County should prepare quarterly investment reports and review the investment policy annually to ensure full compliance with the PFIA.

This communication is intended solely for the information and use of management, the Commissioners' Court, and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the Commissioners' Court and the County's management for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas

## **Required Auditor Disclosure Letter**

May 11, 2016

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleson County, Texas (the "County") as of and for the year ended September 30, 2015, and have issued our report thereon dated May 11, 2016. Professional standards require that we provide Commissioners' Court (the "governing body") with the following information related to our audit.

### **I. Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated April 26, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **II. Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated April 26, 2013.

### **III. Significant Audit Findings**

#### ***1. Qualitative Aspects of Accounting Practices***

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in the notes to the financial statements. As described in the notes to the financial statements, the County changed accounting policies related to accounting for pension benefits by adopting Governmental Accounting Standards Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities.

We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

- B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Estimates are used in the calculation of the pension liability and the required annual contribution. The Texas County and District Retirement System (TCDRS) hires a licensed actuary to make key assumptions and to perform calculations, as well as an independent auditor to review those assumptions and calculations. We evaluated the reasonableness of the employee data provided by the County to TCDRS.

Estimates are used in the calculation of the health care liability for other post employment benefits. The County hires a licensed actuary to perform the calculation. We evaluated the key factors and assumptions used to develop the liability in relation to the financial statements taken as a whole.

- C. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the County's long-term financial obligations.

## *2. Difficulties Encountered in Performing the Audit*

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

## *3. Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

## *4. Disagreements with Management*

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

*5. Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 11, 2016.

*6. Management Consultations with Other Independent Accountants*

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

*7. Other Audit Findings or Issues*

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

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Commissioners’ Court and management and is not intended to be and should not be used by anyone other than these specified parties.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas

May 11, 2016

Belt Harris Pechacek, LLLP  
3210 Bingle Road  
Suite 300  
Houston, Texas 77055

This representation letter is provided in connection with your audit(s) of the financial statements of Burleson County, Texas (the "County"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of September 30, 2015, and the respective changes in financial position and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts.

We understand that as part of your audit, you prepared the adjusting journal entries necessary to convert our modified accrual basis records to the accrual basis of accounting and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 26, 2013, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We have participated in an exit conference conducted at the conclusion of the performance of the audit at either a designated meeting with management or at the presentation of the final audit report, whereby we have reviewed and approved all recommended audit adjustments by the auditor for the financial statements. Additionally, while at this exit conference, we have reviewed and approved the financial report as a whole.
4. We acknowledge our responsibility for 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.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
6. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
7. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the aforementioned financial statements.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the County is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

11. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of Commissioners' Court or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.



14. We have no knowledge of any fraud or suspected fraud that affects the County and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware.

**Government—specific**

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or

debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

27. As part of your audit, you assisted with preparation of the financial statements and related notes and attached journal entries. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designing an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and attached journal entries.
28. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. The financial statements include all component units, as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
34. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
35. Provisions for uncollectible receivables have been properly identified and recorded.
36. Expenses have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
37. Revenues are appropriately classified in the Statement of Activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
38. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
39. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
40. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
41. We have appropriately disclosed the County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.

42. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting.
43. We acknowledge our responsibility for the Required Supplementary Information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
44. With respect to the combining statements and schedules, we acknowledge our responsibility for presenting the combining statements and schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the combining statements and schedules, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining statements and schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
45. With respect to federal award programs, we received and expended less than \$500,000 in federal awards and, therefore, are not subject to provision of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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Jimmy Mynar, County Auditor

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Curtis Doss, Tax Assessor-Collector

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Hon. Kenny Prestenbach, County Treasurer

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Anna L. Schielack, County Clerk

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Dana Fritsche, District Clerk

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Mike Sutherland, County Judge