

JONES COUNTY
12th and Commercial
Anson, Texas
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

**JONES COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016**

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INTRODUCTORY SECTION

JONES COUNTY, TEXAS

LIST OF ELECTED AND APPOINTED COUNTY OFFICIALS

December 31, 2016

Commissioners Court

**Dale Spurgin
James Clawson
Steve LeFevre
Ross Davis
Joe Whitehorn**

**County Judge
Precinct 1 Commissioner
Precinct 2 Commissioner
Precinct 3 Commissioner
Precinct 4 Commissioner**

Judicial

Brooks Hagler

259th District Judge

Law Enforcement

**Greg Arnwine
Joe Edd Boaz
Chad Cowan
Danny Jimenez
Cheryl Guernsey**

**County Sheriff
District Attorney
County Attorney
Constable
Justice of the Peace**

Financial Administration

**Gwen Bailey
Allison Pinkston
Amber Thompson
Mary Ann Lovelady**

**County Auditor
Assistant County Auditor
County Treasurer
Tax Assessor-Collector**

Recording Officials

**Lacey Hansen
LeeAnn Jennings**

**District Clerk
County Clerk**

FINANCIAL SECTION

James E. Rodgers and Company, P.C.

Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: rodgerscpa@att.net

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

June 26, 2017

**Unmodified Report on Financial Statements Issued in Accordance with Government Auditing Standards
Accompanied by Required Supplementary Information, Supplementary Information, and Other
Information**

Independent Auditor's Report

**Honorable County Judge and Commissioners Comprising
The Commissioners Court of Jones County
Anson, Texas 79501**

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 Jones County, Texas (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

James E. Rodgers and Company, P.C.

Emphasis of Matter

As discussed in Notes to the financial statements, in the previous year 2015, the County adopted new accounting guidance prescribed by GASB #68 for its pension plan a multiple-employer, cost-sharing, defined benefit pension plan. Because GASB #68 implements new measurement criteria and reporting provisions, significant information has been added to the Government Wide Statements. Exhibit A-1 discloses the County's Net Pension Liability and some deferred resource outflows and deferred resource inflows related to the County's pension plan. Exhibit B-1 discloses the adjustment to the County's pension expense. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, and GASB 68 pension liability and contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

James E. Rodgers and Company, P.C.

Respectfully submitted,

James E. Rodgers and Company

James E. Rodgers and Company, P.C.

JONES COUNTY, TEXAS



Founded 1881 – Area 937 Sq. Miles – County Seat Anson

Management's Discussion and Analysis

In this section of the Annual Financial and Compliance Report, we, the administration of Jones County, Texas discuss and analyze the County's financial performance for the fiscal year ended December 31, 2016. Please read it in conjunction with the independent auditors' report which precedes this analysis and the County's Basic Financial Statements which begin following this analysis.

FINANCIAL HIGHLIGHTS

- The County's net position decreased by \$77,180 as a result of this year's operations.
- At December 31, 2016, the county's net position was \$9,604,597.
- During the year, the County had expenses that were \$8,695,012, this being \$77,180 more than the \$8,617,832 generated in charges for services, operating grants, other general revenues for all services.
- At December 31, 2016, the county was obligated in the amount of \$10,257,331 for long-term liabilities. Those long-term liabilities consisted of certificates of obligation and revenue bonds issued for the acquisition of a new jail facility constructed by the Jones County Public Facilities Corporation (PFC), a lease purchase on two motor graders and the net pension liability of the county.
- The General Fund ended the year with a fund balance of \$3,569,568, increasing by \$43,391.
- The resources available for appropriation were \$53,604 less than budgeted for in the General Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (Exhibits A-1 and B-1 in the Basic Financial Statements section). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

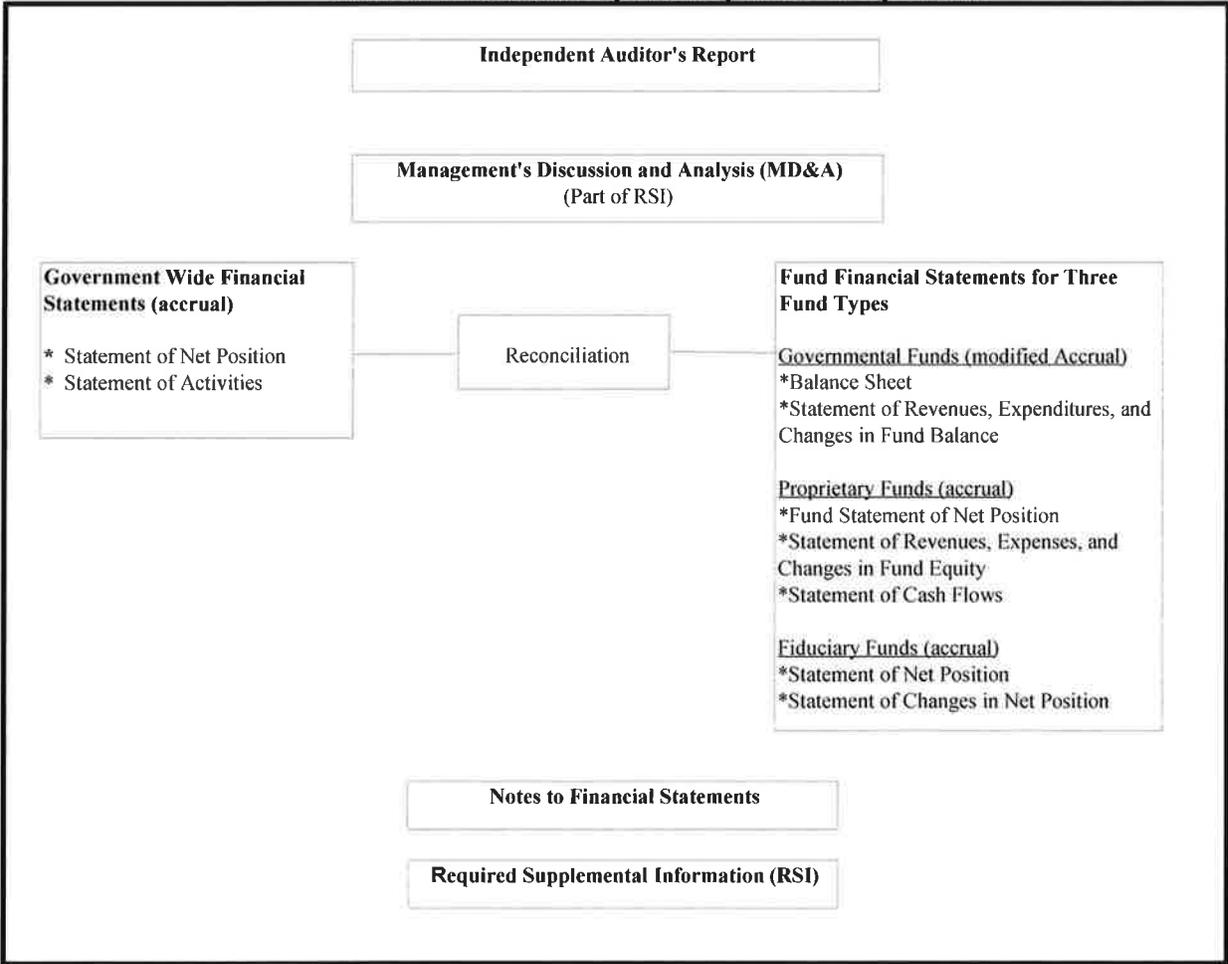
Fund financial statements (Series C, D and E Exhibits in the Basic Financial Statements section) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for intergovernmental revenue assessments and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the County were sold to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent.

The notes to the financial statements (the last document in the Basic Financial Statements section) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the County's individual funds.

The following chart illustrates the required components of an annual financial report prepared in compliance with current governmental accounting and reporting standards.

Annual Financial Report Required Components



Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins in the first part of the Basic Financial Statements section. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year, while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties who share the costs of some programs, such as revenues provided by user fees, licenses, permits, or revenues from other governments (intergovernmental revenues), grants provided by the State of Texas (operating grants and contributions), or property taxes and other miscellaneous revenues (general revenues). All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net position and changes in them. The County's net position (the difference between assets and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider non-financial factors as well, such as changes in the County's population, its property tax base, and the condition of the County's facilities and infrastructure.

In the Statement of Net Position and the Statement of Activities, we divide the County into two kinds of activities:

- **Governmental activities**—All of the County's basic services are reported here, including general administration, public safety, judicial, health and social services, and infrastructure (roads and bridges). Property taxes, intergovernmental revenues, user fees, and state and federal grants finance most of these activities.
- **Business-type activities**—The County does not presently maintain business-type activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements (which begin after the government wide statements) provide detailed information about the most significant funds—not the County as a whole. Laws and contracts require the County to establish some funds, such as potential grants received. The County's administration establishes other funds to help it control and manage money for particular purposes (like juvenile probation activities). The County utilizes two kinds of funds—governmental and proprietary. The proprietary type funds, such as internal service funds, use a different accounting approach.

- **Governmental funds**—All of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- **Proprietary funds**—The County presently utilizes an internal service proprietary type fund. In this type of fund, the same accounting methods employed in the Statement of Net Position and the Statement of Activities is used.

The County as Trustee

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for various funds collected for other government entities such as the State of Texas and various funds held for minors as required by court order. The County performs collection activities and disburses such funds on a routine basis. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position (Exhibits E-1 and E-2). We exclude these resources from the County's other financial statements because the County cannot use these assets to finance its operations. The County is only responsible for ensuring that the assets reported in these funds are collected and distributed properly, and that such collection activities comply with the intergovernmental contract for collection with those entities and individuals.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County has presented net position measurements and changes in net position for previous and current years. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental and business-type activities for the previous and current years.

Net position of the County's governmental activities decreased \$77,180. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$7,204,935 at the current year end. The decrease in total net position can be broken down into the following components: (1) total governmental revenues exceeded expenditures by \$73,193; (2) the County had capital outlay expenditures of \$378,265 and debt service principal payments on long-term debt of \$240,745; (3) \$652,643 in current depreciation expense; (4) \$0 in proceeds from additional long term debt financing, (5) \$98,469 miscellaneous adjustments and (6) \$215,209 with the current year GASB 68 reporting of the net pension liability.

**Table I
JONES COUNTY, TEXAS
Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$9,061,305	\$9,378,697	\$0	\$0	\$9,061,305	\$9,378,697
Capital assets	10,033,473	9,614,767	0	0	10,033,473	9,614,767
Deferred outflows - Pension Plan	632,076	1,345,551	0	0	632,076	1,345,551
Total assets and deferred outflows	\$19,726,854	\$20,339,015	\$0	\$0	\$19,726,854	\$20,339,015
Long-term liabilities	\$9,700,479	\$10,257,331	\$0	\$0	\$9,700,479	\$10,257,331
Other liabilities	344,598	344,033	0	0	344,598	344,033
Deferred inflows - Pension Plan	0	133,063	0	0	0	133,063
Total liabilities and deferred inflows	\$10,045,077	\$10,601,364	\$0	\$0	\$10,045,077	\$10,601,364
Net Position:						
Net Investment in capital assets	\$1,938,930	\$1,878,414	\$0	\$0	\$1,938,930	\$1,878,414
Restricted	592,968	521,248	0	0	592,968	521,248
Unrestricted	7,149,879	7,204,935	0	0	7,149,879	7,204,935
Total Net Position	\$9,681,777	\$9,604,597	\$0	\$0	\$9,681,777	\$9,604,597

Table II
JONES COUNTY, TEXAS
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Program Revenues:						
Charges for Services	\$1,300,921	\$1,276,295	\$0	\$0	\$1,300,921	\$1,276,295
Operating & capital grants and contributions	1,153,426	2,098,157	0	0	1,153,426	2,098,157
General Revenues:						
Maintenance and operations taxes	4,538,736	4,600,333	0	0	4,538,736	4,600,333
Debt service taxes	535,226	555,374	0	0	535,226	555,374
Investment Earnings	4,954	5,547	0	0	4,954	5,547
Miscellaneous (Fines, etc.)	241,823	82,126	0	0	241,823	82,126
Total Revenues	\$7,775,086	\$8,617,832	\$0	\$0	\$7,775,086	\$8,617,832
Expenses						
General Government - Administration	\$705,624	\$751,730	\$0	\$0	\$705,624	\$751,730
General Government - Financial	403,219	470,616	0	0	403,219	470,616
General Government - Facilities Management	225,221	289,189	0	0	225,221	289,189
Public Safety	1,874,893	2,459,185	0	0	1,874,893	2,459,185
Judicial and Legal	1,185,415	1,351,508	0	0	1,185,415	1,351,508
Health and Human Services	377,574	200,773	0	0	377,574	200,773
Infrastructure and Environmental Services	1,772,621	2,706,762	0	0	1,772,621	2,706,762
Community and Economic Development	100,750	115,151	0	0	100,750	115,151
Interest on Long-Term Debt	392,706	350,098	0	0	392,706	350,098
Total Expenses	\$7,038,023	\$8,695,012	\$0	\$0	\$7,038,023	\$8,695,012
Increase in net position before transfers and special items	\$737,063	(\$77,180)	\$0	\$0	\$737,063	(\$77,180)
Transfers	0	0	0	0	0	0
Extraordinary And Special Items	0	0	0	0	0	0
Prior Period Adjustment-GASB 68 Pension	(1,396,330)	0	0	0	(1,396,330)	0
Net assets at January 1	10,341,044	9,681,777	0	0	10,341,044	9,681,777
Total Net Position	\$9,681,777	\$9,604,597	\$0	\$0	\$9,681,777	\$9,604,597

The County's total revenues were \$8,617,832. The total cost of all programs and services were \$8,695,012.

The County took action this year to control cost increases and to keep its fund balance at an acceptable level.

- The County maintained salary and wage costs for staff at a slight increase from prior years, providing for only minimal cost of living raises.
- Other budget categories were maintained at prior year levels.

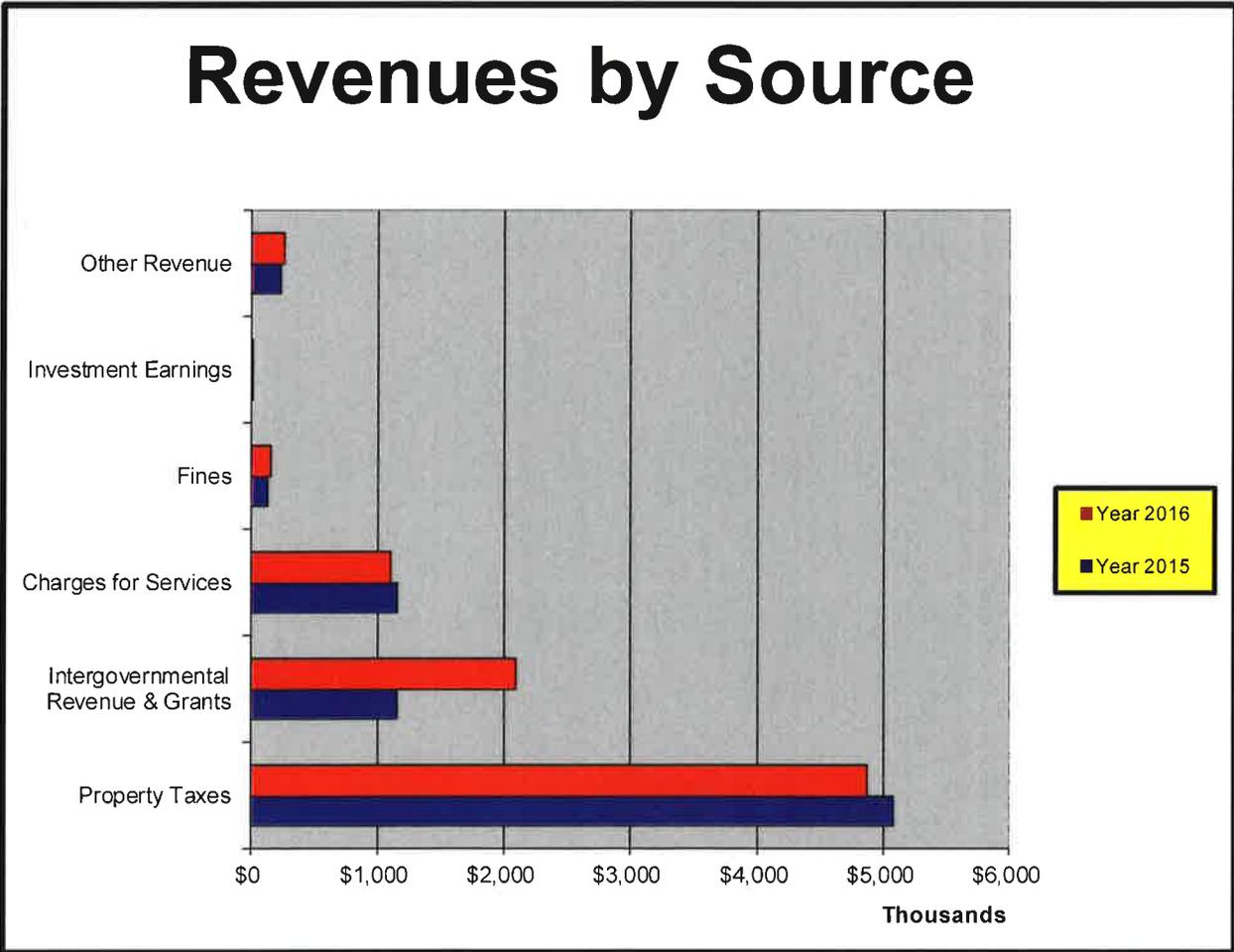
The cost of all governmental activities this year was \$8,695,012.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented on the balance sheet in Exhibit C-1) reported a combined fund balance of \$5,900,698, which is more than last year's total of \$5,827,505. The following chart illustrates the County's revenue by source for the last two fiscal years.

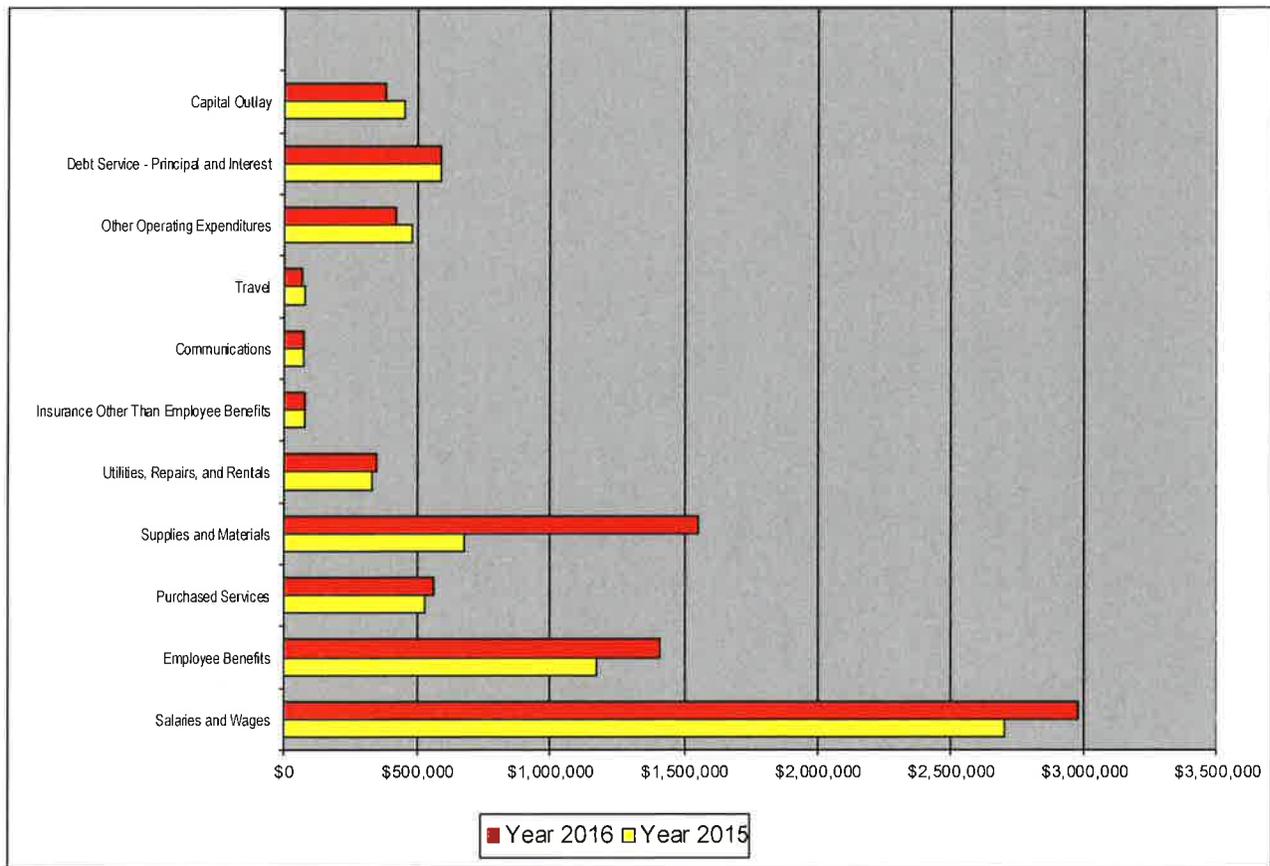
JONES COUNTY, TEXAS
REVENUES BY SOURCE

	Year 2015	Year 2016	
Property Taxes	\$5,081,772	\$4,873,487	
Intergovernmental Revenue & Grants	1,160,182	2,098,159	
Charges for Services	1,165,716	1,109,776	
Fines	135,208	166,518	
Investment Earnings	4,954	5,547	
Other Revenue	234,208	263,900	
Total	\$7,782,040	\$8,517,387	



The County's operating expenditures largely consist of personal services (both salaries and benefits) cost for personnel, and purchased and contracted services. The following chart illustrates the significance of the County's expenditures by object.

JONES COUNTY, TEXAS		
EXPENDITURES BY OBJECT		
	Year 2015	Year 2016
Salaries and Wages	\$2,702,058	\$2,976,321
Employee Benefits	1,174,014	1,408,917
Purchased Services	525,804	561,621
Supplies and Materials	675,526	1,551,072
Utilities, Repairs, and Rentals	330,989	346,596
Insurance Other Than Employee Benefits	79,461	78,132
Communications	69,674	72,016
Travel	78,374	64,089
Other Operating Expenditures	476,145	418,299
Debt Service - Principal and Interest	585,470	588,866
Capital Outlay	450,498	378,265
Total	\$7,148,013	\$8,444,194



Budget Amendments

Over the course of the year, the Commissioner's Court revised the County's budget several times, although none of those amendments were significant.

Capital Assets

At the end of the current fiscal year, the County had \$17,863,760 invested in capital assets, including land, buildings and improvements, machinery and equipment, and roads and bridges infrastructure. This amount represents an increase in capital assets of \$72,863 (\$378,265 in additions less \$305,402 in retirements).

This year's major additions included:

Curbs & Handrails	\$	31,500
John Deere Mororgrader		66,500
John Deere 5100 Tractor		30,168
John Deere 4240 Tractor		24,825
Rhino Mower		9,750
2007 GMC Pickup		6,500
2017 Armor Lite Hopper		25,200
John Deere Loader Backhoe		39,000
1985 Ford Tractor & Dodge Tank Truck		16,470
Security Cameras		19,097
Over & Freezer		13,590
2016 Ford Expedition		28,752
New Holland Tractor		29,900
Miscellaneous		15,013
2004 International 9600		22,000
TOTAL ADDITIONS	\$	378,265
Deletions		305,402
NET ADDITIONS	\$	72,863

Additional information about the County's capital assets is presented in Note IV.F to the financial statements.

Debt

The County's long-term debt at December 31, 2016:

Date Issued	Debt Payable To	Asset Purchased	Debt Balance	2017 Payments
2/22/2012	Certificate of Obligation Bonds	New Jail Facility	\$ 6,170,000	\$ 478,050
2/22/2012	2012 Revenue Bonds	New Jail Facility	835,000	76,913
9/9/2013	John Deere Financial	2 JD Motorgraders	322,448	26,877
	Unamortized Discount/Premium on Bonds	New Jail Facility	150,191	N/A
	Accrued Interest On Long-Term Debt as of 12/31/2015		98,328	N/A
	TOTALS		\$ 7,575,967	\$ 581,840

The County also has current matured unpaid principal and interest on Revenue Bonds of \$95,000 in principal and \$163,714 in interest. These payments are to be paid from leased beds from the new jail facility.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's officials considered many factors when setting the year 2017 budget and tax rates. Some of those factors were the economy, population data, property tax base valuation, and other factors. These indicators were taken into account when adopting the General Fund budget for 2017. The County's General Fund budgeted expenditures for 2017 totaled \$5,197,003. This represents an increase of only \$261,320 from the final amended year 2016 budget. The County will use its revenues to finance programs and services it currently offers. The County has added no major new programs or services to the 2017 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, elected officials, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Judge's office at Jones County Judge, PO Box 148, Anson, Texas 79501; (325) 823-3741.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

JONES COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2016

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1010 Cash and Cash Equivalents	\$ 5,654,358
1150 Receivables (net of allowance for uncollectibles)	3,682,176
1390 Due from Others	42,163
Capital Assets:	
1710 Land	33,173
1720 Infrastructure, net	973,902
1730 Buildings, net	6,844,345
1750 Machinery and Equipment, net	1,763,347
1000 Total Assets	18,993,464
DEFERRED OUTFLOW OF RESOURCES	
1997 Deferred Outflow Related to Pension Plan	1,345,551
1500 Total Deferred Outflows of Resources	1,345,551
LIABILITIES	
2020 Accounts Payable	85,310
2120 Matured Bonds Payable	95,000
2130 Matured Interest Payable	163,714
Noncurrent Liabilities	
2501 Due Within One Year	337,043
2502 Due in More Than One Year	7,238,924
2580 Net Pension Liability	2,681,364
2000 Total Liabilities	10,601,355
DEFERRED INFLOW OF RESOURCES	
2602 Deferred Inflow Related to Pension Plan	133,063
2500 Total Deferred Inflows of Resources	133,063
NET POSITION	
3200 Net Investment in Capital Assets	1,878,414
Restricted for:	
3810 Restricted for Federal or State Grants	146,571
3830 Restricted for State Funding	374,677
3900 Unrestricted Net Position	7,204,935
3000 Total Net Position	\$ 9,604,597

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

JONES COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Data Control Codes		Program Revenues			Net (Expense)	
		Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants	Revenue and
						Changes in
					Net Position	
					Primary	
					Governmental	
					Governmental	
					Activities	
Primary Government - Governmental Activities:						
11	Administration - County Judge	\$ 133,268		\$ 25,122		\$ (108,146)
12	Administration - County Clerk	146,355	99,509	62,805	-	15,959
13	Administration - Veteran's Service Officer	57,434	-	-	-	(57,434)
14	Administration - Elections	52,065	-	-	-	(52,065)
15	Administration - Other Miscellaneous	362,608	-	-	-	(362,608)
16	Financial - County Auditor	124,734	-	-	-	(124,734)
17	Financial - County Treasurer	68,267	-	-	-	(68,267)
18	Financial - Tax Assessor / Collector	277,615	254,301	-	-	(23,314)
19	Facilities Management	289,189	-	-	-	(289,189)
21	County Sheriff	530,010	88,453	-	-	(441,557)
22	Communications -911	284,129	-	-	-	(284,129)
23	Constable	44,643	-	-	-	(44,643)
24	Jail	1,429,576	-	451,089	-	(978,487)
25	LEOSE Funds	2,032	-	2,512	-	480
26	Patrol Car	68,803	-	-	-	(68,803)
27	Auto Task Force	191	-	-	-	(191)
28	Emergency Management	28,269	-	13,669	-	(14,600)
29	Other Public Safety	71,532	-	-	-	(71,532)
31	Juvenile Probation	328,026	-	236,322	-	(91,704)
32	Law Library	5,489	-	-	-	(5,489)
33	District Judge	202,933	-	-	-	(202,933)
34	District Clerk	202,182	77,396	2,512	-	(122,274)
35	Justice of the Peace	176,158	44,226	-	-	(131,932)
36	Adult Probation	33,376	-	-	-	(33,376)
37	District Attorney	150,153	11,057	52,532	-	(86,564)
38	County Attorney	154,081	-	35,171	-	(118,910)
39	Other Judicial - Jury	99,110	-	-	-	(99,110)
40	Health and Human Services	7,029	-	-	-	(7,029)
41	Indigent Welfare / Child Care	193,743	-	-	-	(193,743)
43	Senior Citizens	1	-	2,512	-	2,511
51	Roads and Bridges	2,706,762	701,353	1,213,911	-	(791,498)
61	County Extension Agents	115,151	-	-	-	(115,151)
79	Bond & Other Debt Interest, Fees, Amort.	350,098	-	-	-	(350,098)
TOTAL PRIMARY GOVERNMENT		\$ 8,695,012	\$ 1,276,295	\$ 2,098,157	\$ -	\$ (5,320,560)
General Revenues:						
Property Taxes, Levied for General Purposes					\$ 4,600,333	
Property Taxes, Levied for Debt Service					\$ 555,374	
Other Taxes					5,491	
Misc. Revenue (Disposal of Equipment, Fines, etc.)					76,635	
Investment Earnings					5,547	
Total General Revenues and Transfers					<u>\$ 5,243,380</u>	
Change in Net Position					\$ (77,180)	
Net Position - Beginning					9,681,777	
Prior Period Adjustment					-	
Net Position - Ending					<u>\$ 9,604,597</u>	

The notes to the Financial Statements are an integral part of this statement.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

JONES COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

EXHIBIT C-1 (Cont'd)

Data Control Codes	General Fund	Road & Bridge Pct. 2	Other Funds	Total Governmental Funds
1010 Cash and Cash Equivalents	\$ 3,171,692	\$ 348,454	\$ 2,134,212	\$ 5,654,358
1050 Taxes Receivable	2,411,092	103,544	788,421	3,303,057
1051 Allowance for Uncollectible Taxes (credit)	(125,830)	(5,404)	(37,848)	(169,082)
1150 Receivables (Net)	1,570	-	-	1,570
1260 Intergovernmental Receivables	395,417	16,733	134,481	546,631
1300 Due from Other Funds	-	-	6,160	6,160
1390 Due from Others	19,345	4,251	18,567	42,163
1490 Advances to other Funds	54,297	-	-	54,297
1000 Total Assets	<u>\$ 5,927,583</u>	<u>\$ 467,578</u>	<u>\$ 3,043,993</u>	<u>\$ 9,439,154</u>
2010 Accounts Payable	\$ 66,593	\$ 7,355	\$ 11,362	\$ 85,310
2080 Due to Other Funds	6,160	-	-	6,160
2120 Bonds, Loans & Other Liabilities Payable - Current	-	-	258,714	258,714
2300 Advance from Other Funds	-	54,297	-	54,297
2000 Total Liabilities	<u>72,753</u>	<u>61,652</u>	<u>270,076</u>	<u>404,481</u>
2601 Unavailable Revenue - Property Taxes	2,285,262	98,140	750,573	3,133,975
2600 Total Deferred Inflows of Resources	<u>2,285,262</u>	<u>98,140</u>	<u>750,573</u>	<u>3,133,975</u>
3450 Federal or State Funds Grant Restriction	-	-	146,571	146,571
3480 Retirement of Long-Term Debt	-	-	86,999	86,999
3490 Other Restricted Fund Balance	-	-	374,677	374,677
3530 Committed - Capital Expenditures for Equipment	-	-	328,533	328,533
3545 Other Committed Fund Balance	-	307,786	1,085,064	1,392,850
3590 Other Assigned Fund Balance	-	-	1,500	1,500
3600 Unassigned Fund Balance	3,569,568	-	-	3,569,568
3000 Total Fund Balances	<u>3,569,568</u>	<u>307,786</u>	<u>2,023,344</u>	<u>5,900,698</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,927,583</u>	<u>\$ 467,578</u>	<u>\$ 3,043,993</u>	<u>\$ 9,439,154</u>

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

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

Total Fund Balances - Governmental Funds	\$	5,900,698
<p>The County uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to Increase (decrease) net position.</p>		
		-0-
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$17,790,897 and the accumulated depreciation was \$7,757,424. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.</p>		
		2,218,737
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase (decrease) net position.</p>		
		611,500
<p>This is the second year of the implementation of GASB 68 for the TCDRS Pension plan. This fiscal year required that the County report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$2,681,364, a Deferred Resource Inflow of \$133,063 and a Deferred Resource Outflow of \$1,345,551. The net effect of these was to decrease the ending net position by \$1,468,876.</p>		
		(1,468,876)
<p>The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(652,643)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.</p>		
		2,995,181
Net Position of Governmental Activities	\$	9,604,597

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

JONES COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

EXHIBIT C-3

FOR THE YEAR ENDED DECEMBER 31, 2016

Data Control Codes	General Fund	Road & Bridge Pct. 2	Other Funds	Total Governmental Funds
REVENUES:				
Taxes:				
5110 Property Taxes	\$ 3,480,640	\$ 149,464	\$ 1,148,146	\$ 4,778,250
5180 Other Taxes	5,343	-	-	5,343
5190 Penalty and Interest on Taxes	80,602	-	9,292	89,894
5300 Intergovernmental Revenue and Grants	128,015	489,545	1,480,599	2,098,159
5400 Charges for Services	541,491	132,125	436,160	1,109,776
5510 Fines	-	41,629	124,889	166,518
5610 Investment Earnings	3,634	452	1,461	5,547
5700 Other Revenue	182,897	11,892	69,111	263,900
5020 Total Revenues	<u>4,422,622</u>	<u>825,107</u>	<u>3,269,658</u>	<u>8,517,387</u>
EXPENDITURES:				
Current:				
General Government:				
0011 Administration - County Judge	127,399	-	-	127,399
0012 Administration - County Clerk	92,639	-	47,579	140,218
0013 Administration - Veteran's Service Officer	55,189	-	-	55,189
0014 Administration - Elections	51,618	-	-	51,618
0015 Administration - Other Miscellaneous	362,608	-	-	362,608
0016 Financial - County Auditor	119,524	-	-	119,524
0017 Financial - County Treasurer	65,543	-	-	65,543
0018 Financial - Tax Assessor / Collector	266,663	-	-	266,663
0019 Facilities Management	118,556	-	125,995	244,551
Public Safety:				
0021 County Sheriff	473,837	-	-	473,837
0022 Communications - 911	272,509	-	-	272,509
0023 Constable	40,046	-	-	40,046
0024 Jail	1,230,707	-	-	1,230,707
0025 LEOSE Funds	-	-	2,032	2,032
0026 Patrol Car	97,555	-	-	97,555
0028 Emergency Management	-	-	27,123	27,123
0029 Other Public Safety	1,550	-	101,033	102,583
Justice System:				
0031 Juvenile Probation	-	-	319,578	319,578
0032 Law Library	-	-	5,489	5,489
0033 District Judge	200,599	-	-	200,599
0034 District Clerk	189,442	-	5,122	194,564
0035 Justice of the Peace	165,853	-	4,009	169,862
0036 Adult Probation	10,588	-	-	10,588
0037 District Attorney	145,420	-	-	145,420
0038 County Attorney	120,206	-	27,018	147,224
0039 Other Judicial - Jury	-	-	96,296	96,296
0040 Health and Human Services	7,029	-	-	7,029
0041 Indigent Welfare / Child Care	193,743	-	-	193,743
Infrastructure and Environmental Services:				
0051 Roads and Bridges	-	1,029,520	1,543,032	2,572,552
Community and Economic Development:				
0061 County Extension Agents	112,679	-	-	112,679
Debt Service:				
0071 Bond Principal	-	-	25,000	25,000
0072 Other Debt Principal	-	-	208,234	208,234
0073 Bond Interest	-	-	53,425	53,425
0074 Other Debt Interest	-	442	299,292	299,734
0075 Fiscal Agent's Fees	-	-	2,473	2,473
6030 Total Expenditures	<u>4,521,502</u>	<u>1,029,962</u>	<u>2,892,730</u>	<u>8,444,194</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(98,880)</u>	<u>(204,855)</u>	<u>376,928</u>	<u>73,193</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	323,840	20,000	296,894	640,734
8911 Transfers Out (Use)	(181,569)	-	(459,165)	(640,734)
7080 Total Other Financing Sources (Uses)	<u>142,271</u>	<u>20,000</u>	<u>(162,271)</u>	<u>-</u>

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

JONES COUNTY, TEXAS EXHIBIT C-3 (Cont'd)
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

Data Control Codes	General Fund	Road & Bridge Pct. 2	Other Funds	Total Governmental Funds
1200 Net Change in Fund Balances	43,391	(184,855)	214,657	73,193
0100 Fund Balance - January 1 (Beginning)	<u>3,526,177</u>	<u>492,641</u>	<u>1,808,687</u>	<u>5,827,505</u>
3000 Fund Balance - December 31 (Ending)	<u>\$ 3,569,568</u>	<u>\$ 307,786</u>	<u>\$ 2,023,344</u>	<u>\$ 5,900,698</u>

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

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

Total Net Change in Fund Balances - Governmental Funds	\$	73,193
<p>The county uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) the change in net position.</p>		
		-0-
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase (decrease) the change in net position.</p>		
		611,500
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.</p>		
		(652,643)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.</p>		
		105,979
<p>The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/15 caused the change in the ending net position to increase in the amount of \$513,013. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflow and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$471,872). The County's reported TCDRS net pension expense had to be recorded. The net pension expense increased/(decreased) the change in net position by (\$256,350). The result of these changes are to increase/(decrease) the change in net position by (\$215,209).</p>		
		(215,209)
Change in Net Position of Governmental Activities	\$	(77,180)

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

FIDUCIARY FUND FINANCIAL STATEMENTS

JONES COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

EXHIBIT D-1

	Total Pension Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 91,657	\$ 684,300
Total Assets	91,657	\$ 684,300
LIABILITIES		
Accounts Payable	4,463	\$ -
Intergovernmental Payable	-	289,645
Due to Others	-	394,655
Total Liabilities	4,463	\$ 684,300
NET POSITION		
Restricted for Employee Benefits	87,194	
Total Net Position	\$ 87,194	

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

JONES COUNTY, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Total Pension Trust Fund
ADDITIONS:	
Other Revenue	\$ 75,200
Total Additions	<u>75,200</u>
DEDUCTIONS:	
Personnel Services - Employee Benefits	<u>60,738</u>
Total Deductions	<u>60,738</u>
Change in Net Position	14,462
Total Net Position -January 1 (Beginning)	<u>72,732</u>
Total Net Position December 31 (Ending)	<u><u>\$ 87,194</u></u>

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

JONES COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

1. Primary Government: Jones County, Texas (the "County"), is a public corporation and political subdivision organized and existing under the Constitution and laws of the State of Texas. It was incorporated in 1881. The County is located in West Texas and comprises a land area of 937 square miles. The county is governed by an elected Commissioners' Court composed of the County Judge and four County Commissioners. It provides services involving public safety, health and social welfare, culture and recreation, conservation, and the construction, improvement, maintenance, and acquisition of roads, bridges, and rights-of-way, in addition to general administration.

The county prepares its basic financial statements in conformity with generally accepted accounting principles of the United States promulgated by the Governmental Accounting Standards Council and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of the State of Texas uniform accounting requirements and the requirements of contracts and grants of agencies from which it receives funds.

The Commissioners Court (the "Court") is elected by voters within Jones County and has the authority to make decisions and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the County is a financial reporting entity as defined by the Governmental Accounting Standards Court ("GASB") in its Statement No. 14, "The Financial Reporting Entity" and amended by GASB Statement No. 61

2. Blended Component Unit: In December of 2009, the Commissioners Court issued a certificate for order that created a nonprofit public facilities corporation under Chapter 303 of the Texas Local Government Code. The Jones County Public Facility Corporation (the "Corporation") was organized for the purpose of financing, on behalf of the County an eligible criminal detention and correctional facility and to be responsible for the operation of such facility. The operations of the facility were to be financed on an ongoing basis by the rental of jail space to third party entities, such as federal agencies and other local governments. All of the members of the Board of Directors of the Corporation are appointed by the Commissioners Court of the County and at December 31, 2016 consisted of the County Judge, one County Commissioner, the County Sheriff, the County Auditor, and one public member. The Corporation is included in the Comprehensive Annual Financial Report as a blended component unit. The Corporation's funds currently include a Debt Service Fund. The Commissioners Court elected to purchase the new jail facility due to the failure of all third parties to honor commitments for facility rental. On February 22, 2012, the County purchased the new jail facility from the Corporation from the issuance of certificates of obligation and revenue bonds for \$7,830,000 (\$6,900,000 Cert. of Obligation and \$930,000 Revenue Bonds).

2. Non-Component Unit: The Jones and Shackelford Counties Community Supervision and Corrections Department (also referred to as the Adult Probation Department and CSCD) is not listed as a component unit of the County. The Director of the CSCD is appointed by the Judge for the 259th Judicial District of the State of Texas which is not governed by the Commissioners Court of Jones County, Texas. The County is required by statute to provide facilities, utilities and equipment for the operation of this department. In addition, the County provides administrative functions including accounting, risk management, and payroll preparation. The Jones and Shackelford Counties CSCD is responsible for the management and monitoring of adult residents of Jones and Shackelford Counties who are on criminal probation. Funding for salaries and CSCD personnel and many operating expenses are from various State Grants and Fees.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The *government-wide financial statements* (i.e., the Statement of Net Position and the Statement of Activities) report information for all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements.

In the Statement of Net Position, activities of the primary government may be classified either as *governmental activities* or *business-type activities*. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the *direct expenses* of a given function or segment are offset by *program revenues*. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and
- Operating and capital grants and contributions restricted to use in meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for *Governmental Funds*, *Proprietary Funds*, and *Fiduciary Funds*, although the later are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Jones County non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by intergovernmental revenues from participating taxing units. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide, Proprietary Fund, 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.

Proprietary Funds distinguish *operating revenues and expenses* from *non-operating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The county's Proprietary Fund is its Internal Service Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and Proprietary Fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the GASB. 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 *measurable* if the transaction amounts can be determined and are considered to be *available* if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this latter purpose, the government considers revenues to be available if they are collected within sixty days of the end of the fiscal period.

Expenditures are generally recorded when a liability is incurred, as with accrual accounting. However, non-matured interest on general long-term debt is recorded when due and certain compensated absences, claims, and judgments are recorded when the obligations are expected to be liquidated with expendable financial resources.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recorded as revenue of the current fiscal period. Entitlements and shared revenue are recorded at the time of receipt or earlier if the accrual criteria are met. Operating grants are recorded as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

D. FUND ACCOUNTING

The County reports the following major governmental funds:

1. **The General Fund** – The general fund is the County's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund. There were no additional major governmental funds for the current year.
2. **Road and Bridge Precinct 2 Special Revenue Fund** – This fund is maintained to account for financial resources obligated for the roads and bridges in precinct 2 of Jones County.

The County reports the following major enterprise fund(s):

1. The County did not operate a major proprietary fund during the current year.

Additionally, the County reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** – The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in special revenue funds. Most Federal and some State financial assistance are accounted for in a Special Revenue Fund. Sometimes unused balances must be returned to the grantor at the close of specified project periods.

2. **Debt Service Funds** – The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. The County did maintain a non-major Debt Service Fund during the current fiscal year in connection with the Jail Facility purchased from the Public Facilities Corporation.
3. **Capital Projects Funds** – Proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. The County did not maintain Capital Projects Funds during the current fiscal year.
4. **Permanent Funds** – The County accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the County's programs. The County did not maintain Permanent Funds during the current year.

Proprietary Funds:

5. **Enterprise Funds** – The County's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The County did not operate an enterprise fund during the current year.
6. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the County on a cost reimbursement basis are accounted for in an internal service fund. The County did not maintain an Internal Service Fund during the current year.

Fiduciary Funds:

7. **Private Purpose Trust Funds** – The County accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the County. The County did not maintain Private Purpose Trust Funds during the current year.
8. **Pension (and Other Employee Benefit) Trust Funds** – These funds are used to account for local pension and other employee benefit funds that are provided by the County in lieu of or in addition to the Texas County District Retirement System in which the County participates. The County used an employee benefit trust fund to provide a partially self-funded health insurance for the gap between a low deductible and the actual insurance deductible.
9. **Investment Trust Fund** - This fund is one in which the County holds assets in trust for other entities participating in an investment program managed by the County. The County did not have Investment Trust Funds during the current year.
10. **Agency Funds** – The County accounts for resources held in the various departments and elected officials for ultimate disposition to the State, the County, and private individual minors in Agency Funds.
11. **Inter-fund Balances and Transfers** – There were no balances due to internal service funds during the current year as internal service funds were not maintained during the current year. All remaining balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the current year ended December 31, 2016, the County did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the County's obligation of interest and sinking fund requirements.

12. Deferred Outflows of Resources:

The County reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. There is no deferred outflow of resources reported in this year's financial statements. No deferred outflows of resources affect the governmental funds financial statements in the current year.

13. Deferred Inflows of Resources:

The County's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The County will not recognize the related revenues until a future event occurs. The County has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable property taxes and grants are reported in the governmental funds balance sheet. The County did not have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year.

14. Pensions:

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

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the County considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. The County reports inventories of supplies using first-in, first-out cost including consumable maintenance and office supply items. Under the purchase method, supplies are recorded as expenditures when they are purchased.
3. 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, business-type 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

4. The County maintains a vacation and sick leave policy available only to full-time employees. Full-time employees earn 6.66 hours of vacation per month and 8 hours of sick leave per month. Vacation and sick leave days are allowed to accumulate up to 80 hours and 240 hours respectively. The County has no liability for unused sick leave at termination of employment

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

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

Buildings, furniture and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	30
Infrastructure	25/35/45
Vehicles	10
Office Equipment	10
Computer Equipment	10

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the County as a whole.
7. The County does not maintain any restricted assets at this time.
8. The County purchases worker's compensation insurance through the Texas Association of Counties Workers Compensation Fund.
9. **Net Position and Fund Balances:**

Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net positions are divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position—consist of assets that are restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable—Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the County's state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees' ordinance.

- Assigned—Amounts that are designated by the Superintendent for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Trustees.
- Unassigned—All amounts not included in other spendable classifications.

10. Use of Restricted Resources:

When an expenditure/expense is incurred that can be paid using either restricted or unrestricted resources (net position), the County's policy is to first apply the expenditure/expense toward restricted resources and then toward unrestricted resources. In governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Governmental Funds Only				
Capital Assets at the Beginning of the Year	Historical Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land	\$ 33,173	\$ -	\$ 33,173	
Buildings and Improvements	9,474,217	2,435,465	7,038,752	
Vehicles, Furniture and Equipment	5,450,437	3,540,706	1,909,731	
Infrastructure	2,833,070	1,781,253	1,051,817	
Construction in Progress	-	-	-	
Change in Net Position				\$ 10,033,473

Long-term Liabilities at the Beginning of the Year	Payable at the Beginning of the Year
Notes or Capital Leases Payable	\$ 340,683
Certificates of Obligation	6,360,000
PFC Revenue Bonds Payable	860,000
Unamortized Premium/Discount	157,701
Accrued Interest	96,352
Change in Net Position	7,814,736

Net Adjustment to Net Position	\$ 2,218,737
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B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position.

The details of this adjustment are as follows:

Governmental Funds Only			
	Amount	Adjustments To Changes in Net Position	Adjustments to Net Position
Current Year Capital Outlay			
Land	\$ -		
Buildings & Improvements	31,500		
Vehicles, Furniture & Equipment	346,765		
Infrastructure Assets	-		
Total Capital Outlay	<u>378,265</u>	378,265	378,265
Debt Principal Payments			
Certificates of Obligation Principal	190,000		
Capital Lease Principal	18,235		
Revenue Bond Principal	<u>25,000</u>		
Total Principal Payments	<u>233,235</u>	233,235	233,235
Total Adjustment to Net Position		\$ 611,500	\$ 611,500

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
Adjustments to Revenue and Unearned Revenue			
Beginning of Year Unearned Tax Revenue	\$ 2,889,202		2,889,202
Property tax adjustments to convert from the modified accrual basis to the full accrual basis of accounting	\$ 287,711	287,711	287,711
Other Revenue Adjustments	\$ 27,943	27,943	27,943
Other Adjustments - Rounding	\$ -	-	
Reclassify Proceeds of Bonds, Loans & Capital Leases			
Certificate of Obligation & Revenue Bond Proceeds	\$ -	-	-
Discount (Premium) on Issuance of Bonds	\$ -	-	-
Matured Unpaid Revenue Bonds Prior Year	\$ -	-	-
Change in Matured Unpaid Revenue Bonds	\$ -	-	-
Capital Lease Proceeds for Purchase of Equipment	\$ -	-	-
Reclassify Liabilities Incurred but not Liquidated This Year			
GASB 68 Pension Adjustment	\$ (215,209)	(215,209)	(215,209)
Reclassify Certain Expenditures to Full Accrual From Modified Accrual			
Adjust Interest Expense on Long Term Financing	\$ (1,976)	(1,976)	(1,976)
Amortization of Premium/Discount on Bonds Issued	\$ 7,510	7,510	7,510
Record Basis on Disposition of Capital Assets	\$ -	-	-
Totals		\$ 105,979	\$ 2,995,181

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Commissioner's Court adopts an "appropriated budget" for the General Fund and Special Revenue Funds. The County is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The County compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit E-1.

The procedures listed below are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to December 31, the County prepares a budget for the next succeeding fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Commissioners Court is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.

3. Prior to January 1, the budget is legally enacted through passage of a resolution by the Commissioners Court. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Commissioners Court. Amendments are presented to the Commissioners Court at its regular meetings. Each amendment must have Commissioners Court approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Commissioners Court, and are not made after year end. Because the County has a policy of careful budgetary control, several amendments were necessary during the year. None of those were significant except additional costs for capital outlay.
4. Each budget is controlled at the department level for applicable revenue and expenditure function/object level. Budgeted amounts are as amended by the Commissioners Court. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	December 31, 2016
	Fund Balance
Appropriated Budget Funds	\$ 2,331,130
Non-appropriated Budget Funds	-
	\$ 2,331,130

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures **did not exceed budget appropriations during the current year except for immaterial amounts**. The budget is prepared on the cash basis of accounting and the general fund actual amounts are reported on the accrual basis in Exhibit E-1. Differences between the cash basis and the accrual basis were not material for the current year.

C. DEFICIT FUND EQUITY

The County did not incur a deficit fund balance in any funds during the current fiscal year.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The carrying amount of the County's cash and temporary investments at the end of the fiscal year follows:

CASH AND INVESTMENTS - BY ACCOUNT TYPE	12/31/2016
1. Cash in Bank - Including Money Market Accounts	\$ 4,632,561
2. Certificates of Deposit	1,797,755
Total Cash and Investments	\$ 6,430,315
CASH AND INVESTMENTS - BY FUND	12/31/2016
1. Cash and Investments - General Fund	\$ 3,171,692
2. Cash and Investments - Other Major Govt. Funds	348,454
3. Cash and Investments - Non-Major Governmental	2,134,212
4. Cash and Investments - Enterprise	-
5. Cash and Investments - Internal Service	-
6. Cash and Investments - Agency	684,300
7. Cash and Investments - Trusts	91,657
8. Cash and Investments - Other	-
Total Cash and Investments	\$ 6,430,315

County Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The County's cash deposits at year end and at the date of the highest cash balance **were not** entirely covered by FDIC insurance and/or pledged collateral or bond held by the County's agent bank in the County's name, and therefore, the **County was exposed to custodial credit risk** during the current year.

Foreign Currency Risk: The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by (state an appropriate policy, such as, limiting all deposits denominated in a foreign currency to less than 5% of all deposits.)

As of the end of the current fiscal year, the following are the County's cash and cash equivalents, and investments with respective maturities and credit rating:

Type of Deposit for Cash, Cash Equivalents, and Investments	Fair Value	Percent	Maturity in less than 1 year	Maturity in 1 to 10 years	Maturity in over 10 years	Credit Rating
Cash	\$ 4,632,560	72.04%	\$ 4,632,560	\$ -	\$ -	
Money markets and FDIC Insured Accounts	1,797,755	27.96%	1,750,000	47,755	-	
Investment Pools						
None	-	0.00%	-	-	-	AA
Total Cash & Cash Equivalents	\$ 6,430,315	100.00%	\$ 6,382,560	\$ 47,755	\$ -	

Investments

County Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to

investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the County are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the County limits investments in (list investments covered by the County's credit risk policy, such as commercial paper, corporate bonds, mutual bond funds) to the top (or top 2 or 3) ratings issued by nationally recognized statistical rating organizations (NRSROs). As of the current fiscal year, the County's investments in (category such as commercial paper) were rated (give appropriate information, for example, A1 by Standard & Poor's, F-1 by Fitch Ratings, etc.) (If a credit quality disclosure is required and the investment is unrated, the disclosure should indicate that fact.)

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the County requires counterparties to register the securities in the name of the County and hand them over to the County or its designated agent. This includes securities in securities lending transactions. All of the securities are in the County's name and held by the County or its agent.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the County limits investments to less than 5% of its total investments. The County further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County requires (specify some policy guideline such as "at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis").

Foreign Currency Risk for Investments: The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding all investments denominated in a foreign currency.

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. the hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of the end of the current fiscal year, the County had \$0 in investments subject to the fair value measurement.

The County also has \$0 investments measured at the Net Asset Value (NAV) per Share (or its equivalent).

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the county fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy of that taxing unit (except for the current year during which no interest and sinking debt was outstanding). Delinquent property taxes are cancelled and removed from the roll for real property assessments that are more than 20 years old and personal property assessments that are more than 10 years old.

D. INTER-FUND BALANCES AND TRANSFERS

Inter-fund balances at December 31, 2016, consisted of the following amounts:

Due to General Fund From:	
Other Major Governmental Funds	\$ -
Non-major Governmental Funds	-
Non-major Proprietary Fund	-
All Others	-
Total Due to General Fund From Other Funds	\$ -
Due to Other Major Governmental Funds From:	
General Fund	\$ -
Non-major Governmental Funds	-
Non-major Proprietary Fund	-
All Others	-
Total Due to Other Major Governmental Funds	\$ -
Due to Non-major Governmental Funds From:	
General Fund	\$ 6,160
Other Major Governmental Funds	-
Non-major Proprietary Fund	-
All Others	-
Total Due to Non-major Governmental Funds	\$ 6,160
Due to Non-major Proprietary Fund From:	
General Fund	\$ -
Other Major Governmental Funds	-
Non-major Governmental Funds	-
All Others	-
Total due to Non-major Proprietary Fund	\$ -
Due to All Other Funds From:	
General Fund	\$ -
Other Major Governmental Funds	-
Non-major Governmental Funds	-
Non-major Proprietary Fund	-
Total Due to All Other Funds	\$ -

The balance of \$6,160 from the general fund resulted from obligations made to provide the local spending portion of various state and federal programs such juvenile probation; \$0 of the balance is not scheduled to be collected in the subsequent year.

Inter-fund transfers for the year ended December 31, 2016 were as follows:

Transfers to General Fund From:

Other Major Governmental Funds	\$	-
Non-major Governmental Funds		323,840
Non-major Proprietary Fund		-
All Others		-
Total Transferred to General Fund	\$	323,840

Transfers to Other Major Governmental Funds From:

General Fund	\$	20,000
Non-major Governmental Funds		-
Non-major Proprietary Fund		-
All Others		-
Total Transferred to Other Major Governmental Fund	\$	20,000

Transfers to Non-major Governmental Funds From:

General Fund	\$	296,894
Other Non-Major Governmental Funds		-
Non-major Proprietary Fund		-
All Others		-
Total Transferred to Non-major Governmental Funds	\$	296,894

Transferred to Non-major Proprietary Fund From:

General Fund	\$	-
Other Major Governmental Funds		-
Non-major Governmental Funds		-
All Others		-
Total Transferred to Internal Service Funds	\$	-

Transferred to All Other Funds From:

General Fund	\$	-
Other Major Governmental Funds		-
Non-major Governmental Funds		-
Non-major Proprietary Fund		-
Total Transferred to All Other Funds	\$	-

Inter-fund transfers for the current year end consisted of the following individual amounts:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to cover operating deficits in funds such as the Juvenile Probation. The County did make operating transfers to the Road & Bridge funds and the Juvenile Probation fund during the current year.

During the current year ended December 31, 2016, the County did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the County's obligation of interest and sinking fund requirements.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at December 31, 2016, were as follows:

	Property Taxes	Advances to Other Funds	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 2,411,092	\$ 54,297	\$ -	\$ 416,332	\$ 2,881,721
Other Major Governmental Funds	103,544	-	-	20,984	124,528
Non-major Governmental Funds	788,421	-	6,160	153,048	947,629
Other Governmental Funds	-	-	-	-	-
Total Governmental Activities	\$ 3,303,057	\$ 54,297	\$ 6,160	\$ 590,364	\$ 3,953,878
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type Activities:					
Non-major Proprietary Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Other Funds	-	-	-	-	-
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -

Payables at December 31, 2016, were as follows:

	Accounts Payable	Loans, Leases and Bonds Payable- Current Year	Advances From Other Funds	Due To Other Funds	Due To Other Governments	Other	Total Payables
Governmental Activities:							
General Fund	\$ 66,593	\$ -	\$ -	\$ 6,160	\$ -	\$ -	\$ 72,753
Other Major Governmental Funds	7,355	-	54,297	-	-	-	61,652
Non-major Governmental Funds	11,362	258,714	-	-	-	-	270,076
Other Governmental Funds	-	-	-	-	-	-	-
Total Governmental Type Activities	\$ 85,310	\$ 258,714	\$ 54,297	\$ 6,160	\$ -	\$ -	\$ 404,481
Amounts not scheduled for payment during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-Type Activities:							
Non-major Proprietary Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-major Enterprise Funds	-	-	-	-	-	-	-
Total Business-Type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

F. CAPITAL ASSET ACTIVITY

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

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 33,173	\$ -	\$ -	\$ 33,173
Capital Assets Being Depreciated:				
Buildings and Improvements	9,474,217	31,500	-	9,505,717
Vehicles, Furniture, and Equipment	5,450,437	346,765	305,402	5,491,800
Infrastructure Assets	2,833,070	-	-	2,833,070
Totals at Historic Cost	\$ 17,790,897	\$ 378,265	\$ 305,402	\$ 17,863,760
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 2,435,465	\$ 225,907	\$ -	\$ 2,661,372
Vehicles, Furniture, and Equipment	3,540,706	348,821	161,074	3,728,453
Infrastructure Assets	1,781,253	77,915	-	1,859,168
Total Accumulated Depreciation	\$ 7,757,424	\$ 652,643	\$ 161,074	\$ 8,248,993
Governmental Activities Capital Assets, Net	\$ 10,033,473	\$ (274,378)	\$ 144,328	\$ 9,614,767
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Capital Assets Being Depreciated:				
Buildings and Improvements	-	-	-	-
Vehicles, Furniture, and Equipment	-	-	-	-
Infrastructure Assets	-	-	-	-
Totals at Historic Cost	\$ -	\$ -	\$ -	\$ -
Less Accumulated Depreciation				
Buildings and Improvements	\$ -	\$ -	\$ -	\$ -
Vehicles, Furniture, and Equipment	-	-	-	-
Infrastructure Assets	-	-	-	-
Total Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
Business-type Activities Capital Assets, Net	\$ -	\$ -	\$ -	\$ -

Depreciation expense was charged to governmental functions as follows:

Juvenile Probation	\$	-
Administration - Facilities Management		73,308
Jail		168,166
Constable		3,059
County Sheriff Department		35,956
County Clerk		354
District Clerk		104
Auto Task Force		191
Infrastructure - Roads and Bridges		365,473
Juvenile Probation		3,422
Adult Probation		2,610
Total Depreciation Expense	\$	652,643

G. SHORT-TERM DEBT PAYABLE

The County accounts for short-term debts for unpaid matured bonds and interest through a Debt Service Fund. Short-term debts include notes made in accordance with the provisions of the Local Government code and matured unpaid principal and interest.

Date of Issue/ Maturity	Description	Beginning Balance	Amount Issued or		Ending Balance
			Long-term Not Paid	Amount Paid or Redeemed	
2012/2035	2012 Revenue Bonds-Matured Principal	\$ 70,000	\$ 25,000	\$ -	\$ 95,000
2012/2035	2012 Revenue Bonds-Matured Interest	225,169	53,425	114,880	163,714
	Totals	\$ 295,169	\$ 78,425	\$ 114,880	\$ 258,714

H. BONDS, LONG-TERM NOTES PAYABLE, CAPITAL LEASES AND OTHER LONG-TERM OBLIGATIONS

Bonded indebtedness, long-term notes payable, and other long-term obligations of the County are reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the appropriate funds and departments based on the use of the original debt proceeds. In connection with the Jones County Public Facility Corporation, a blended component unit of the County issued Revenue Bonds Series 2009 on December 23, 2009 in the face amount of \$7,880,000 at an effective rate of 6.2%. The Revenue Bonds Series 2009 (the "Bonds") were issued to provide funds to (i) finance a project that consists of the development, design, construction and equipping of an 96 bed secure detention center on land in Jones County, (the land, improvements and its operations are collectively referred to as the "Project"), (ii) to establish a reserve fund for the payment of the Bonds; (iii) to pay interest on the Bonds for a period of approximately 24 months from the date of issuance; (iv) to pay certain operating expenses during construction and for up to one year following completion of construction; and (v) to pay costs of issuing the Series 2009 Bonds. The land on which the detention center was built was subject to a ground lease between the County and the PFC.

In relation to the Project, The County has acquired all assets of the PFC and cancelled the lease with the PFC after issuing \$6,900,000 in Certificates of Obligation and \$930,000 in Revenue Bonds on February 22, 2012. The Revenue Bond payments are to be paid by the County only upon the receipt of rental payments received from third party entities that pay the County to house their inmates in the new detention facility. The amount of the payments required under the agreement is 50% of all lease revenue received up to the debt service schedule in the agreement.

A summary of changes in general long-term debt for the year ended December 31, 2016 is as follows:

DESCRIPTION	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 1/01/2016	Issued	Retired	Payable Amounts Outstanding 12/31/2016
Governmental Type Activities							
Certificates of Obligation - New Jail	3.0 - 5.0%	\$ 6,900,000	\$ 296,200	\$ 6,360,000	\$ -	\$ 190,000	\$ 6,170,000
Revenue Bonds Payable - New Jail Lease Beds	6.20%	930,000	54,631	860,000	-	25,000	835,000
Capital Lease Payable - JD Financial	2.60%	190,010	4,555	170,341	-	9,117	161,224
Capital Lease Payable - JD Financial	2.60%	190,010	4,555	170,341	-	9,117	161,224
Net Pension Liability				1,885,743	795,621	-	2,681,364
SUBTOTAL LONG-TERM DEBT			\$ 359,941	\$ 9,446,425	\$ 795,621	\$ 233,234	\$ 10,008,812
Unamortized Premium/Discount on Bonds				157,701	-	7,510	150,191
Accrued Interest Payable				96,352	98,328	96,352	98,328
Business Type Activities							
None				-	-	-	-
TOTAL			\$ 359,941	\$ 9,700,478	\$ 893,949	\$ 337,096	\$ 10,257,331

The County also had \$163,714 in interest payable and \$95,000 in bonds payable that matured during 2012 through 2016 that remains unpaid. The agreement in connection with this Debt was for the Federal Marshall Service or other counties to lease prison beds in return for amounts that are to be used for revenue bond principal and interest payments. As of December 31, 2016, prison beds have been leased by the Federal Marshall Service or other counties. In prior years, the County **has not** defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, **there are no** trust account assets and liabilities for the defeased bonds that are not included in the County's financial statements. On December 31, 2016, \$0 of bonds considered defeased are still outstanding.

I. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of December 31, 2016, as follows:

Year Ending December 31	
2017	\$ -
2018	-
2019	-
2020	-
2021	-
2022-2027	-
2028-2032	-
Total Minimum Rentals	\$ -
Rental Expenditures in Fiscal Year 2016	\$ 24,826

J. DEBT SERVICE REQUIREMENTS – BONDS, CAPITAL LEASES, & OTHER LONG-TERM DEBT

Debt service requirements for certificates of obligation, bonds, and capital leases payable are as follows:

Certificates of Obligation, Revenue Bonds and Capital Leases Payable			
Year Ended December 31	Principal	Interest	Total Requirements
2017	\$ 238,715	\$ 343,125	\$ 581,840
2018	533,733	330,564	864,297
2019	240,000	314,425	554,425
2020	250,000	303,975	553,975
2021	260,000	293,325	553,325
2022-2026	1,480,000	1,275,900	2,755,900
2027-2031	1,905,000	852,375	2,757,375
2032-2036	2,420,000	329,737	2,749,737
2037-2041	-	-	-
2042-2046	-	-	-
Totals	\$ 7,327,448	\$ 4,043,426	\$ 11,370,874

K. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

The County maintains a vacation and sick leave policy for its full-time staff. The policy provides that full time employees earn 10 days’ vacation per year. Vacation benefits can be accumulated up to 10 days. Employees also earn sick leave time of 12 days per year accumulated up to a maximum of 30 days. No unused sick leave benefits are paid upon termination of employment for any reason. As such, no liability is maintained for accumulated vacation of sick leave benefits.

L. RETIREMENT PLAN – TEXAS COUNTY DISTRICT RETIREMENT SYSTEM

Plan Description. Jones County provides pension, disability, and death benefits for all of its full-time employees through a statewide, agent multiple-employer, public-employee retirement system through the Texas County District Retirement System (the “TCDRS”). The system serves 677 actively participating counties and districts throughout Texas. Each employer has its own defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer’s plan assets may be used only for the payment of benefits to the members of that employer’s plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan. The TCDRS issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

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

Contributions. The County has elected the annually determined contribution rate (ADCR) plan provisions if the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

Employees of Jones County were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the County were 16.26% and 16.20% in calendar years 2015 and 2016, respectively. The County's contributions to TCDRS for the year ended December 31, 2016 were \$513,013 and were equal to the required contributions.

Discount Rate. The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8.10%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2016 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

Asset Class	Benchmark	Target Allocation(1)	Geometric Real Rate of Return (Expected minus Inflation) (2)
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	50% MSCI World Ex USA (Net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	10.00%	5.45%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%

Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds	25.00%	5.25%
Total	Composite Index	100.00%	

(1) Target asset allocation adopted at the April 2016 TCDRS board meeting.

(2) Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions.

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

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

Changes in the Net Pension Liability. At December 31, 2015, the County reported a net pension liability (asset) of \$2,681,364. The changes in net pension liability (asset) were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/14	\$ 14,865,892	\$ 12,980,149	\$ 1,885,743
Changes for the year:			
Service cost	423,041		423,041
Interest	1,189,140		1,189,140
Change in benefit terms	(81,516)		(81,516)
Difference between expected/actual experience	(299,393)		(299,393)
Changes in assumptions	173,892		173,892
Contributions - employer		471,943	(471,943)
Contributions - employee		203,154	(203,154)
Net investment income		42,533	(42,533)
Benefit payments, including refunds of employee contributions	(893,081)	(893,081)	0
Administrative expenses		(9,222)	9,222
Other charges		98,865	98,865
Net changes	512,083	(283,538)	795,621
Balance at 12/31/15	\$ 15,377,975	\$ 12,696,611	\$ 2,681,364

The net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and for the year then ended.

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

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period. **Discount Rate Sensitivity Analysis.** The following shows the net pension liability calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease in Discount Rate (7.1%)	Discount Rate (8.1%)	1% Increase in Discount Rate (9.1%)
Net pension liability / (asset)	\$ 4,502,474	\$ 2,681,364	\$ 1,157,153

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

For the year ended December 31, 2016, the County recognized pension expense of \$528,698.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience (net of current year amortization)	\$ (183,486)	\$ 133,063
Changes in actuarial assumptions	\$ 115,928	\$ 0
Differences between projected and actual investment earnings (net of current year amortization)	\$ 900,096	\$ 0
Contributions subsequent to the measurement date	\$ 471,872	
Total	\$ 1,345,551	\$ 133,063

For the year ending December 31, 2016, \$513,013 is reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31,	
2016	\$ 140,766
2017	\$ 124,659
2018	\$ 233,022
2019	\$ 201,028
2020	\$ 0
Thereafter	\$ 0

M. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds, Certificates, Capital Leases and Notes Payable:					
2012 Certificates of Obligation	\$ 6,360,000	\$ -	\$ 190,000	\$ 6,170,000	\$ 195,000
Capital Leases John Deere Financial	340,682	-	18,234	322,448	18,715
2012 Revenue Bonds Pay. From Lease Beds	860,000	-	25,000	835,000	25,000
Total Bonds, Certificates, Capital Leases and Notes Payable	\$ 7,560,682	\$ -	\$ 233,234	\$ 7,327,448	\$ 238,715
Unamortized Premium/Discount on Bonds	\$ 157,701	\$ -	\$ 7,510	\$ 150,191	\$ -
Accrued Interest Payable	96,352	98,328	96,352	98,328	98,328
Net Pension Liability	1,885,743	795,621	-	2,681,364	-
Total Other Liabilities	\$ 2,139,796	\$ 893,949	\$ 103,862	\$ 2,929,883	\$ 98,328
Total Governmental Activities Long-Term Liabilities	\$ 9,700,478	\$ 893,949	\$ 337,096	\$ 10,257,331	\$ 337,043
Business-type Activities:					
Bonds and Notes Payable:					
Enterprise Fund Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Less Deferred Amounts	-	-	-	-	-
Total Bonds and Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liabilities:					
Compensated Absences	\$ -	\$ -	\$ -	\$ -	\$ -
Other Long-term Liabilities	-	-	-	-	-
Total Other Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-type Activities Long-Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -

N. DEFERRED INFLOWS - UNAVAILABLE REVENUE (GOVERNMENTAL FUND STATEMENTS)

Unavailable revenue at year-end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Unavailable Net Property Tax Revenue	\$ 2,285,262	\$ 518,740	\$ 329,973	\$ 3,133,975
Unavailable State/Federal Revenues	-	-	-	-
Total Unavailable Revenue	\$ 2,285,262	\$ 518,740	\$ 329,973	\$ 3,133,975

O. REVENUE FROM LOCAL, INTERMEDIATE, AND INTERGOVERNMENTAL SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

DESCRIPTION	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 3,480,640	\$ 790,044	\$ 507,566	\$ -	\$ 4,778,250
Penalty & Interest on Taxes	80,602	-	9,292	-	89,894
Other Taxes	5,343	-	-	-	5,343
Intergovernmental Revenue	128,015	1,970,144	-	-	2,098,159
Charges for Services	541,491	568,285	-	-	1,109,776
Fines	-	166,518	-	-	166,518
Investment Income	3,634	1,775	138	-	5,547
Other	182,897	81,003	-	-	263,900
TOTAL	\$ 4,422,622	\$ 3,577,769	\$ 516,996	\$ -	\$ 8,517,387

P. LITIGATION

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is not aware of any pending legal actions including unasserted claims that would require a material settlement as of June 26, 2017.

Q. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The County, as of December 31, 2016, has not incurred or made any commitments and/or contingencies in connection with construction or other areas of significance.

R. SUBSEQUENT EVENTS

In preparing the basic financial statements, County administration has evaluated events and transactions for potential recognition or disclosure through **June 26, 2017** the date this Annual Financial Report was issued. No material subsequent events had occurred in the period of December 31, 2016 through that date.

S. RELATED PARTY TRANSACTIONS

The County did not incur any material reportable related party transactions or balances as of and during the year ended December 31, 2016.

T. FUND BALANCE/NET POSITION ADJUSTMENT

The County did not make a prior period adjustment to fund balance or net position during the year ended December 31, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

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

EXHIBIT E-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
RECEIPTS:					
Taxes:					
5110	Property Taxes	\$ 3,590,404	\$ 3,590,404	\$ 3,480,640	\$ (109,764)
5180	Other Taxes	5,000	5,000	5,343	343
5190	Penalty and Interest on Taxes	95,000	95,000	80,602	(14,398)
5300	Intergovernmental Revenue and Grants	78,950	86,200	128,015	41,815
5400	Charges for Services	544,500	549,100	541,491	(7,609)
5610	Investment Earnings	3,000	3,000	3,634	634
5700	Other Revenue	309,436	147,522	182,897	35,375
5020	Total Receipts	4,626,290	4,476,226	4,422,622	(53,604)
DISBURSEMENTS:					
Current:					
General Government:					
0011	Administration - County Judge	135,266	135,266	127,401	7,865
0012	Administration - County Clerk	117,512	117,511	92,639	24,872
0013	Administration - Veteran's Service Officer	56,347	56,346	55,189	1,157
0014	Administration - Elections	54,385	54,386	51,618	2,768
0015	Administration - Other Miscellaneous	382,595	442,595	362,608	79,987
0016	Financial - County Auditor	119,944	119,945	119,524	421
0017	Financial - County Treasurer	64,881	65,747	65,543	204
0018	Financial - Tax Assessor / Collector	263,543	267,326	266,663	663
0019	Facilities Management	141,865	142,874	118,556	24,318
Public Safety:					
0021	County Sheriff	472,775	472,699	473,837	(1,138)
0022	Communications - 911	245,711	272,374	272,509	(135)
0023	Constable	43,423	43,423	40,046	3,377
0024	Jail	961,839	1,222,456	1,230,707	(8,251)
0026	Patrol Car	119,000	96,148	97,555	(1,407)
0029	Other Public Safety	1,600	1,600	1,550	50
Justice System:					
0033	District Judge	241,527	241,526	200,599	40,927
0034	District Clerk	199,520	199,520	189,442	10,078
0035	Justice of the Peace	182,385	182,385	165,853	16,532
0036	Adult Probation	11,900	11,900	10,588	1,312
0037	District Attorney	133,205	141,569	145,420	(3,851)
0038	County Attorney	110,614	121,077	120,206	871
0040	Health and Human Services	14,000	14,000	7,029	6,971
0041	Indigent Welfare / Child Care	195,000	215,560	193,743	21,817
Community and Economic Development:					
0061	County Extension Agents	114,755	114,754	112,679	2,075
6030	Total Disbursements	4,383,592	4,752,987	4,521,504	231,483
1100	Excess (Deficiency) of Receipts Over (Under) Disbursements	242,698	(276,761)	(98,882)	177,879
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	323,840	323,840
8911	Transfers Out (Use)	(242,696)	(182,696)	(181,569)	1,127
7080	Total Other Financing Sources (Uses)	(242,696)	(182,696)	142,271	324,967
1200	Net Change in Cash Balance	2	(459,457)	43,389	502,846
0100	Cash Balance - January 1 (Beginning)	3,526,177	3,526,177	3,526,177	-
3000	Cash Balance - December 31 (Ending)	\$ 3,526,179	\$ 3,066,720	\$ 3,569,566	\$ 502,846

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

JONES COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
DECEMBER 31, 2016

EXHIBIT E-2

	2016	2015
A. Total Pension Liability		
Service Cost	\$ 423,041	\$ 407,102
Interest (on the Total Pension Liability)	1,189,140	1,129,085
Changes of Benefit Terms	(81,516)	-0-
Difference between Expected and Actual Experience	(299,393)	48,325
Changes of Assumptions	173,892	-0-
Benefit Payments, including refunds of employee contributions	(893,081)	(899,190)
Net change in Total Pension Liability	\$ 512,083	\$ 685,322
Total Pension Liability - Beginning	14,865,892	14,180,570
Total Pension Liability - Ending	\$ 15,377,975	\$ 14,865,892
B. Total Fiduciary Net Position		
Contributions - Employer	\$ 471,943	\$ 449,846
Contributions - Employee	203,154	190,844
Net Investment Income	42,533	841,086
Benefit Payments, including refunds of employee contributions	(893,081)	(899,190)
Administrative Expense	(9,222)	(9,739)
Other	(98,865)	72,862
Net Change in Plan Fiduciary Net Position	\$ (283,538)	\$ 645,709
Plan Fiduciary Net Position - Beginning	12,980,149	12,334,440
Plan Fiduciary Net Position - Ending	\$ 12,696,611	\$ 12,980,149
C. Net Pension Liability	\$ 2,681,364	\$ 1,885,743
D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.56%	87.31%
E. Covered Employee Payroll	\$ 2,902,204	\$ 2,726,345
F. Net Pension Liability as a Percentage of Covered Employee Payroll	92.39%	69.17%

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

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

JONES COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
DECEMBER 31, 2016

EXHIBIT E-3

	2016	2015
Actuarially Determined Contribution	\$ 513,013	\$ 471,872
Contributions in Relation to the Actuarially Determined Contributions	(513,013)	(471,872)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
Covered Employee Payroll	\$ 3,166,740	\$ 2,902,043
Contributions as a Percentage of Covered Employee Payroll	16.20%	16.26%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

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

JONES COUNTY, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.6 years
Asset Valuation Method	5-yr smoothed mskret
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Other Information: There were no benefit changes during the year.

COMBINING SCHEDULES

JONES COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2016

Data Control Codes	15 Courthouse Security	16 Records Management	17 District Attorney Special	18 County Attorney Pretrial
ASSETS				
1010	\$ 3,933	\$ 31,835	\$ 1,105	\$ 100
1050	-	-	-	-
1051	-	-	-	-
1260	-	-	-	68
1300	-	-	-	-
1390	362	450	-	-
1000	<u>\$ 4,295</u>	<u>\$ 32,285</u>	<u>\$ 1,105</u>	<u>\$ 168</u>
LIABILITIES				
2010	\$ -	\$ -	\$ -	\$ -
2120	-	-	-	-
2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601	-	-	-	-
2600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
3450	-	-	-	-
3480	-	-	-	-
3490	4,295	32,285	1,105	168
3530	-	-	-	-
3545	-	-	-	-
3590	-	-	-	-
3000	<u>4,295</u>	<u>32,285</u>	<u>1,105</u>	<u>168</u>
4000	<u>\$ 4,295</u>	<u>\$ 32,285</u>	<u>\$ 1,105</u>	<u>\$ 168</u>

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

19 LEOSE Funds	21 Road & Bridge Pct. 1	23 Road & Bridge Pct. 3	24 Road & Bridge Pct. 4	31 Lateral Road Pct. 1	32 Lateral Road Pct. 2	33 Lateral Road Pct. 3	34 Lateral Road Pct. 4
\$ 7,273	\$ 278,904	\$ 329,678	\$ 421,081	\$ 28,239	\$ 25,222	\$ 5,820	\$ 12,466
-	103,544	103,544	103,544	-	-	-	-
-	(5,404)	(5,404)	(5,404)	-	-	-	-
-	16,733	16,733	16,733	-	-	-	-
-	-	-	-	-	-	-	-
-	4,251	4,251	4,251	-	-	-	-
<u>\$ 7,273</u>	<u>\$ 398,028</u>	<u>\$ 448,802</u>	<u>\$ 540,205</u>	<u>\$ 28,239</u>	<u>\$ 25,222</u>	<u>\$ 5,820</u>	<u>\$ 12,466</u>
\$ 13	\$ 2,258	\$ 2,285	\$ 5,098	\$ -	\$ -	\$ -	\$ 21
-	-	-	-	-	-	-	-
<u>13</u>	<u>2,258</u>	<u>2,285</u>	<u>5,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>
-	98,140	98,140	98,140	-	-	-	-
-	98,140	98,140	98,140	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,760	-	-	-	28,239	25,222	5,820	12,445
-	-	-	-	-	-	-	-
-	297,630	348,377	436,967	-	-	-	-
1,500	-	-	-	-	-	-	-
<u>7,260</u>	<u>297,630</u>	<u>348,377</u>	<u>436,967</u>	<u>28,239</u>	<u>25,222</u>	<u>5,820</u>	<u>12,445</u>
<u>\$ 7,273</u>	<u>\$ 398,028</u>	<u>\$ 448,802</u>	<u>\$ 540,205</u>	<u>\$ 28,239</u>	<u>\$ 25,222</u>	<u>\$ 5,820</u>	<u>\$ 12,466</u>

JONES COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2016

Data Control Codes	39	40	41	43
	Emergency Management	Jury Fund	Security Officer	District Attorney Seizure
ASSETS				
1010 Cash and Cash Equivalents	\$ -	\$ 63,664	\$ 1,561	\$ -
1050 Taxes Receivable	-	66,564	-	-
1051 Allowance for Uncollectible Taxes (credit)	-	(3,474)	-	-
1260 Intergovernmental Receivables	-	10,758	-	-
1300 Due from Other Funds	-	-	-	-
1390 Due from Others	-	211	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 137,723</u>	<u>\$ 1,561</u>	<u>\$ -</u>
LIABILITIES				
2010 Accounts Payable	\$ -	\$ 6	\$ -	\$ -
2120 Bonds, Loans & Other Liabilities Payable - Current	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	-	63,090	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>63,090</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
3250 Federal or State Funds Grant Restriction	-	-	-	-
3280 Retirement of Long-Term Debt	-	-	-	-
3290 Other Restricted Fund Balance	-	74,627	1,561	-
3430 Committed - Capital Expenditures for Equipment	-	-	-	-
3445 Other Committed Fund Balance	-	-	-	-
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>74,627</u>	<u>1,561</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 137,723</u>	<u>\$ 1,561</u>	<u>\$ -</u>

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

44 Juvenile Probation Pre/Post Adj.	45 Law Library	46 Furn., Fixt. & Equip. New Jail	47 Juvenile Probation E Grant	48 Juvenile Probation Local	50 Juvenile Probation Basic	51 Juvenile Probation Community Prg	53 Juvenile Probation Commitment
\$ 6,340	\$ 14,579	\$ 4,282	\$ 80,858	\$ -	\$ 9,034	\$ 3,769	\$ (3,642)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,518	-	-	3,642
-	420	-	-	-	-	-	-
<u>\$ 6,340</u>	<u>\$ 14,999</u>	<u>\$ 4,282</u>	<u>\$ 80,858</u>	<u>\$ 2,518</u>	<u>\$ 9,034</u>	<u>\$ 3,769</u>	<u>\$ -</u>
\$ -	\$ 206	\$ 819	\$ -	\$ 428	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	206	819	-	428	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	80,858	-	9,034	3,769	-
-	-	-	-	-	-	-	-
6,340	14,793	3,463	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,090	-	-	-
-	-	-	-	-	-	-	-
<u>6,340</u>	<u>14,793</u>	<u>3,463</u>	<u>80,858</u>	<u>2,090</u>	<u>9,034</u>	<u>3,769</u>	<u>-</u>
<u>\$ 6,340</u>	<u>\$ 14,999</u>	<u>\$ 4,282</u>	<u>\$ 80,858</u>	<u>\$ 2,518</u>	<u>\$ 9,034</u>	<u>\$ 3,769</u>	<u>\$ -</u>

JONES COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2016

Data Control Codes	54 Juvenile Probation Mental Health	55 Permanent Improvement	57 County Attorney Salary Supp.	58 County Attorney Hot Check	
ASSETS					
1010	Cash and Cash Equivalents	\$ 1,077	\$ 288,725	\$ -	\$ 606
1050	Taxes Receivable	-	66,564	-	-
1051	Allowance for Uncollectible Taxes (credit)	-	(3,474)	-	-
1260	Intergovernmental Receivables	-	10,758	-	-
1300	Due from Other Funds	-	-	-	-
1390	Due from Others	-	-	-	-
1000	Total Assets	<u>\$ 1,077</u>	<u>\$ 362,573</u>	<u>\$ -</u>	<u>\$ 606</u>
LIABILITIES					
2010	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2120	Bonds, Loans & Other Liabilities Payable - Current	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	63,090	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>63,090</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
3250	Federal or State Funds Grant Restriction	1,077	-	-	-
3280	Retirement of Long-Term Debt	-	-	-	-
3290	Other Restricted Fund Balance	-	-	-	606
3430	Committed - Capital Expenditures for Equipment	-	299,483	-	-
3445	Other Committed Fund Balance	-	-	-	-
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>1,077</u>	<u>299,483</u>	<u>-</u>	<u>606</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,077</u>	<u>\$ 362,573</u>	<u>\$ -</u>	<u>\$ 606</u>

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

59 District Attn Employee Salary Supp.	60 EMC Grant	61 TDA Grant	63 District Clerk Technology	64 Court Records Preservation	66 District Clerk Records Management	67 County Clerk Archives	68 County Clerk Records Management
\$ 392	\$ 113	\$ -	\$ 7,843	\$ 12,080	\$ 6,633	\$ 57,613	\$ 60,557
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	150	110	117	1,905	1,950
<u>\$ 392</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 7,993</u>	<u>\$ 12,190</u>	<u>\$ 6,750</u>	<u>\$ 59,518</u>	<u>\$ 62,507</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	113	-	-	-	-	-	-
-	-	-	-	-	-	-	-
392	-	-	7,993	12,190	6,750	59,518	62,507
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>392</u>	<u>113</u>	<u>-</u>	<u>7,993</u>	<u>12,190</u>	<u>6,750</u>	<u>59,518</u>	<u>62,507</u>
<u>\$ 392</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 7,993</u>	<u>\$ 12,190</u>	<u>\$ 6,750</u>	<u>\$ 59,518</u>	<u>\$ 62,507</u>

JONES COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2016

Data Control Codes	69 County Clerk Vital Statistics	70 County/ District ClerkTech.	71 Courthouse Technology	72 Election Services Contract	
ASSETS					
1010	Cash and Cash Equivalents	\$ 1,531	\$ 1,745	\$ 29,250	\$ 2,723
1050	Taxes Receivable	-	-	-	-
1051	Allowance for Uncollectible Taxes (credit)	-	-	-	-
1260	Intergovernmental Receivables	-	-	-	-
1300	Due from Other Funds	-	-	-	-
1390	Due from Others	24	74	-	-
1000	Total Assets	<u>\$ 1,555</u>	<u>\$ 1,819</u>	<u>\$ 29,250</u>	<u>\$ 2,723</u>
LIABILITIES					
2010	Accounts Payable	\$ 28	\$ -	\$ 200	\$ -
2120	Bonds, Loans & Other Liabilities Payable - Current	-	-	-	-
2000	Total Liabilities	<u>28</u>	<u>-</u>	<u>200</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
3250	Federal or State Funds Grant Restriction	-	-	-	-
3280	Retirement of Long-Term Debt	-	-	-	-
3290	Other Restricted Fund Balance	1,527	1,819	-	2,723
3430	Committed - Capital Expenditures for Equipment	-	-	29,050	-
3445	Other Committed Fund Balance	-	-	-	-
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>1,527</u>	<u>1,819</u>	<u>29,050</u>	<u>2,723</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,555</u>	<u>\$ 1,819</u>	<u>\$ 29,250</u>	<u>\$ 2,723</u>

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

75 County Jail Project	76 County Jail Project Fed. Funding	12 JP Technology	Total Nonmajor Special Revenue Funds	79 Interest & Sinking	80 PFC Bond Fund	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
\$ 330	\$ 42,592	\$ 2,158	\$ 1,842,069	\$ 292,143	\$ -	\$ 292,143	\$ 2,134,212
-	-	-	443,760	344,661	-	344,661	788,421
-	-	-	(23,160)	(14,688)	-	(14,688)	(37,848)
-	9,128	-	80,911	53,570	-	53,570	134,481
-	-	-	6,160	-	-	-	6,160
-	-	41	18,567	-	-	-	18,567
<u>\$ 330</u>	<u>\$ 51,720</u>	<u>\$ 2,199</u>	<u>\$ 2,368,307</u>	<u>\$ 675,686</u>	<u>\$ -</u>	<u>\$ 675,686</u>	<u>\$ 3,043,993</u>
\$ -	\$ -	\$ -	\$ 11,362	\$ -	\$ -	\$ -	\$ 11,362
-	-	-	-	-	258,714	258,714	258,714
-	-	-	11,362	-	258,714	258,714	270,076
-	-	-	420,600	329,973	-	329,973	750,573
-	-	-	420,600	329,973	-	329,973	750,573
-	51,720	-	146,571	-	-	-	146,571
-	-	-	-	345,713	(258,714)	86,999	86,999
330	-	2,199	374,677	-	-	-	374,677
-	-	-	328,533	-	-	-	328,533
-	-	-	1,085,064	-	-	-	1,085,064
-	-	-	1,500	-	-	-	1,500
<u>330</u>	<u>51,720</u>	<u>2,199</u>	<u>1,936,345</u>	<u>345,713</u>	<u>(258,714)</u>	<u>86,999</u>	<u>2,023,344</u>
<u>\$ 330</u>	<u>\$ 51,720</u>	<u>\$ 2,199</u>	<u>\$ 2,368,307</u>	<u>\$ 675,686</u>	<u>\$ -</u>	<u>\$ 675,686</u>	<u>\$ 3,043,993</u>

JONES COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

Data Control Codes	15 Courthouse Security	16 Records Management	17 District Attorney Special	18 County Attorney Pretrial
REVENUES:				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5190 Penalty and Interest on Taxes	-	-	-	-
5300 Intergovernmental Revenue and Grants	-	-	-	-
5400 Charges for Services	8,337	-	560	-
5510 Fines	-	-	-	-
5610 Investment Earnings	7	22	-	-
5700 Other Revenue	-	5,455	-	2,620
5020 Total Revenues	<u>8,344</u>	<u>5,477</u>	<u>560</u>	<u>2,620</u>
EXPENDITURES:				
Current:				
General Government:				
0012 Administration - County Clerk	-	-	-	-
0019 Facilities Management	21,749	-	-	-
Public Safety:				
0025 LEOSE Funds	-	-	-	-
0028 Emergency Management	-	-	-	-
0029 Other Public Safety	-	-	-	-
Justice System:				
0031 Juvenile Probation	-	-	-	-
0032 Law Library	-	-	-	-
0034 District Clerk	-	1,054	-	2,553
0035 Justice of the Peace	-	-	-	-
0038 County Attorney	-	-	-	-
0039 Other Judicial - Jury	-	-	-	-
Infrastructure and Environmental Services:				
0051 Roads and Bridges	-	-	-	-
Debt Service:				
0071 Bond Principal	-	-	-	-
0072 Other Debt Principal	-	-	-	-
0073 Bond Interest	-	-	-	-
0074 Other Debt Interest & Fees	-	-	-	-
6030 Total Expenditures	<u>21,749</u>	<u>1,054</u>	<u>-</u>	<u>2,553</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,405)</u>	<u>4,423</u>	<u>560</u>	<u>67</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	14,445	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>14,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	1,040	4,423	560	67
0100 Fund Balance - January 1 (Beginning)	<u>3,255</u>	<u>27,862</u>	<u>545</u>	<u>101</u>
3000 Fund Balance - December 31 (Ending)	<u>\$ 4,295</u>	<u>\$ 32,285</u>	<u>\$ 1,105</u>	<u>\$ 168</u>

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

19	21	23	24	31	32	33	34
LEOSE	Road &	Road &	Road &	Lateral	Lateral	Lateral	Lateral
Funds	Bridge	Bridge	Bridge	Road	Road	Road	Road
	Pct. 1	Pct. 3	Pct. 4	Pct. 1	Pct. 2	Pct. 3	Pct. 4
\$ -	\$ 149,464	\$ 149,464	\$ 149,464	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
3,532	280,762	375,346	7,820	8,844	8,844	8,844	8,844
-	132,125	132,125	132,125	-	-	-	-
-	41,630	41,630	41,629	-	-	-	-
-	278	317	375	-	-	-	-
-	41,868	1,588	-	-	-	-	-
<u>3,532</u>	<u>646,127</u>	<u>700,470</u>	<u>331,413</u>	<u>8,844</u>	<u>8,844</u>	<u>8,844</u>	<u>8,844</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,032	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	619,976	520,291	367,734	5,792	-	19,004	10,235
-	-	-	-	-	-	-	-
-	-	18,235	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	8,642	-	-	-	-	-
<u>2,032</u>	<u>619,976</u>	<u>547,168</u>	<u>367,734</u>	<u>5,792</u>	<u>-</u>	<u>19,004</u>	<u>10,235</u>
<u>1,500</u>	<u>26,151</u>	<u>153,302</u>	<u>(36,321)</u>	<u>3,052</u>	<u>8,844</u>	<u>(10,160)</u>	<u>(1,391)</u>
-	20,000	20,000	20,000	-	-	-	-
-	-	-	-	-	-	-	-
-	20,000	20,000	20,000	-	-	-	-
1,500	46,151	173,302	(16,321)	3,052	8,844	(10,160)	(1,391)
<u>5,760</u>	<u>251,479</u>	<u>175,075</u>	<u>453,288</u>	<u>25,187</u>	<u>16,378</u>	<u>15,980</u>	<u>13,836</u>
<u>\$ 7,260</u>	<u>\$ 297,630</u>	<u>\$ 348,377</u>	<u>\$ 436,967</u>	<u>\$ 28,239</u>	<u>\$ 25,222</u>	<u>\$ 5,820</u>	<u>\$ 12,445</u>

JONES COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

Data Control Codes	39 Emergency Management	40 Jury Fund	41 Security Officer	43 District Attorney Seizure
REVENUES:				
Taxes:				
5110 Property Taxes	\$ -	\$ 96,094	\$ -	\$ -
5190 Penalty and Interest on Taxes	-	-	-	-
5300 Intergovernmental Revenue and Grants	13,050	-	-	19,720
5400 Charges for Services	-	14,459	-	-
5510 Fines	-	-	-	-
5610 Investment Earnings	-	47	-	-
5700 Other Revenue	-	-	-	-
5020 Total Revenues	<u>13,050</u>	<u>110,600</u>	<u>-</u>	<u>19,720</u>
EXPENDITURES:				
Current:				
General Government:				
0012 Administration - County Clerk	-	-	-	-
0019 Facilities Management	-	-	-	-
Public Safety:				
0025 LEOSE Funds	-	-	-	-
0028 Emergency Management	25,801	-	-	-
0029 Other Public Safety	-	-	52,861	-
Justice System:				
0031 Juvenile Probation	-	-	-	19,720
0032 Law Library	-	-	-	-
0034 District Clerk	-	-	-	-
0035 Justice of the Peace	-	-	-	-
0038 County Attorney	-	-	-	-
0039 Other Judicial - Jury	-	96,296	-	-
Infrastructure and Environmental Services:				
0051 Roads and Bridges	-	-	-	-
Debt Service:				
0071 Bond Principal	-	-	-	-
0072 Other Debt Principal	-	-	-	-
0073 Bond Interest	-	-	-	-
0074 Other Debt Interest & Fees	-	-	-	-
6030 Total Expenditures	<u>25,801</u>	<u>96,296</u>	<u>52,861</u>	<u>19,720</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,751)</u>	<u>14,304</u>	<u>(52,861)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	12,739	-	52,145	-
8911 Transfers Out (Use)	-	(20,445)	-	-
7080 Total Other Financing Sources (Uses)	<u>12,739</u>	<u>(20,445)</u>	<u>52,145</u>	<u>-</u>
1200 Net Change in Fund Balance	(12)	(6,141)	(716)	-
0100 Fund Balance - January 1 (Beginning)	<u>12</u>	<u>80,768</u>	<u>2,277</u>	<u>-</u>
3000 Fund Balance - December 31 (Ending)	<u>\$ -</u>	<u>\$ 74,627</u>	<u>\$ 1,561</u>	<u>\$ -</u>

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

44 Juvenile Probation Pre/Post Adj.	45 Law Library	46 Furn., Fixt. & Equip. New Jail	47 Juvenile Probation E Grant	48 Juvenile Probation Local	50 Juvenile Probation Basic	51 Juvenile Probation Community Prg	53 Juvenile Probation Commitment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
69,187	-	-	-	-	76,115	51,632	6,344
-	7,630	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>69,187</u>	<u>7,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,115</u>	<u>51,632</u>	<u>6,344</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	39,172	-	-	-	-	-
87,851	-	-	-	31,289	77,687	56,388	6,344
-	5,489	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>87,851</u>	<u>5,489</u>	<u>39,172</u>	<u>-</u>	<u>31,289</u>	<u>77,687</u>	<u>56,388</u>	<u>6,344</u>
<u>(18,664)</u>	<u>2,141</u>	<u>(39,172)</u>	<u>-</u>	<u>(31,289)</u>	<u>(1,572)</u>	<u>(4,756)</u>	<u>-</u>
-	-	-	-	31,650	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	<u>31,650</u>	-	-	-
(18,664)	2,141	(39,172)	-	361	(1,572)	(4,756)	-
<u>25,004</u>	<u>12,652</u>	<u>42,635</u>	<u>80,858</u>	<u>1,729</u>	<u>10,606</u>	<u>8,525</u>	<u>-</u>
<u>\$ 6,340</u>	<u>\$ 14,793</u>	<u>\$ 3,463</u>	<u>\$ 80,858</u>	<u>\$ 2,090</u>	<u>\$ 9,034</u>	<u>\$ 3,769</u>	<u>\$ -</u>

JONES COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

Data Control Codes	54 Juvenile Probation Mental Health	55 Permanent Improvement	57 County Attorney Salary Supp.	58 County Attorney Hot Check
REVENUES:				
Taxes:				
5110 Property Taxes	\$ -	\$ 96,094	\$ -	\$ -
5190 Penalty and Interest on Taxes	-	-	-	-
5300 Intergovernmental Revenue and Grants	10,004	-	-	-
5400 Charges for Services	-	-	-	3,011
5510 Fines	-	-	-	-
5610 Investment Earnings	-	233	-	-
5700 Other Revenue	-	-	-	-
5020 Total Revenues	<u>10,004</u>	<u>96,327</u>	<u>-</u>	<u>3,011</u>
EXPENDITURES:				
Current:				
General Government:				
0012 Administration - County Clerk	-	-	-	-
0019 Facilities Management	-	98,102	-	-
Public Safety:				
0025 LEOSE Funds	-	-	-	-
0028 Emergency Management	-	-	-	-
0029 Other Public Safety	-	-	-	-
Justice System:				
0031 Juvenile Probation	10,004	-	-	-
0032 Law Library	-	-	-	-
0034 District Clerk	-	-	-	-
0035 Justice of the Peace	-	-	-	-
0038 County Attorney	-	-	24,357	2,661
0039 Other Judicial - Jury	-	-	-	-
Infrastructure and Environmental Services:				
0051 Roads and Bridges	-	-	-	-
Debt Service:				
0071 Bond Principal	-	-	-	-
0072 Other Debt Principal	-	-	-	-
0073 Bond Interest	-	-	-	-
0074 Other Debt Interest & Fees	-	-	-	-
6030 Total Expenditures	<u>10,004</u>	<u>98,102</u>	<u>24,357</u>	<u>2,661</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(1,775)</u>	<u>(24,357)</u>	<u>350</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	(1,775)	(24,357)	350
0100 Fund Balance - January 1 (Beginning)	<u>1,077</u>	<u>301,258</u>	<u>24,357</u>	<u>256</u>
3000 Fund Balance - December 31 (Ending)	<u>\$ 1,077</u>	<u>\$ 299,483</u>	<u>\$ -</u>	<u>\$ 606</u>

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

59 District Attn Employee Salary Supp.	60 EMC Grant	61 TDA Grant	63 District Clerk Technology	64 Court Records Preservation	66 District Clerk Records Management	67 County Clerk Archives	68 County Clerk Records Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,008	-	9,000	-	-	1,988	30,810	31,235
-	-	-	-	1,710	-	-	-
-	-	-	-	-	-	-	44
-	-	-	2,456	-	-	-	-
<u>3,008</u>	<u>-</u>	<u>9,000</u>	<u>2,456</u>	<u>1,710</u>	<u>1,988</u>	<u>30,810</u>	<u>31,279</u>
3,004	-	-	-	-	-	24,413	19,034
-	-	-	-	-	-	-	-
-	1,322	-	-	-	-	-	-
-	-	9,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,515	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,004</u>	<u>1,322</u>	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>1,515</u>	<u>24,413</u>	<u>19,034</u>
4	(1,322)	-	2,456	1,710	473	6,397	12,245
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4	(1,322)	-	2,456	1,710	473	6,397	12,245
<u>388</u>	<u>1,435</u>	<u>-</u>	<u>5,537</u>	<u>10,480</u>	<u>6,277</u>	<u>53,121</u>	<u>50,262</u>
<u>\$ 392</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 7,993</u>	<u>\$ 12,190</u>	<u>\$ 6,750</u>	<u>\$ 59,518</u>	<u>\$ 62,507</u>

JONES COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

Data Control Codes	69 County Clerk Vital Statistics	70 County/ District ClerkTech.	71 Courthouse Technology	72 Election Services Contract
REVENUES:				
Taxes:				
5110 Property Taxes	\$ -	\$ -	\$ -	\$ -
5190 Penalty and Interest on Taxes	-	-	-	-
5300 Intergovernmental Revenue and Grants	545	-	-	-
5400 Charges for Services	-	676	-	-
5510 Fines	-	-	-	-
5610 Investment Earnings	-	-	-	-
5700 Other Revenue	-	-	-	2,139
5020 Total Revenues	<u>545</u>	<u>676</u>	<u>-</u>	<u>2,139</u>
EXPENDITURES:				
Current:				
General Government:				
0012 Administration - County Clerk	1,128	-	-	-
0019 Facilities Management	-	-	6,144	-
Public Safety:				
0025 LEOSE Funds	-	-	-	-
0028 Emergency Management	-	-	-	-
0029 Other Public Safety	-	-	-	-
Justice System:				
0031 Juvenile Probation	-	-	-	-
0032 Law Library	-	-	-	-
0034 District Clerk	-	-	-	-
0035 Justice of the Peace	-	-	-	-
0038 County Attorney	-	-	-	-
0039 Other Judicial - Jury	-	-	-	-
Infrastructure and Environmental Services:				
0051 Roads and Bridges	-	-	-	-
Debt Service:				
0071 Bond Principal	-	-	-	-
0072 Other Debt Principal	-	-	-	-
0073 Bond Interest	-	-	-	-
0074 Other Debt Interest & Fees	-	-	-	-
6030 Total Expenditures	<u>1,128</u>	<u>-</u>	<u>6,144</u>	<u>-</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(583)</u>	<u>676</u>	<u>(6,144)</u>	<u>2,139</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	11,035	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>11,035</u>	<u>-</u>
1200 Net Change in Fund Balance	(583)	676	4,891	2,139
0100 Fund Balance - January 1 (Beginning)	<u>2,110</u>	<u>1,143</u>	<u>24,159</u>	<u>584</u>
3000 Fund Balance - December 31 (Ending)	<u>\$ 1,527</u>	<u>\$ 1,819</u>	<u>\$ 29,050</u>	<u>\$ 2,723</u>

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

75 County Jail Project	76 County Jail Project Fed. Funding	12 JP Technology	Total Nonmajor Special Revenue Funds	79 Interest & Sinking	80 PFC Bond Fund	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 640,580	\$ 507,566	\$ -	\$ 507,566	\$ 1,148,146
-	-	-	-	9,292	-	9,292	9,292
-	455,125	-	1,480,599	-	-	-	1,480,599
-	-	3,402	436,160	-	-	-	436,160
-	-	-	124,889	-	-	-	124,889
-	-	-	1,323	138	-	138	1,461
12,985	-	-	69,111	-	-	-	69,111
<u>12,985</u>	<u>455,125</u>	<u>3,402</u>	<u>2,752,662</u>	<u>516,996</u>	<u>-</u>	<u>516,996</u>	<u>3,269,658</u>
-	-	-	47,579	-	-	-	47,579
-	-	-	125,995	-	-	-	125,995
-	-	-	2,032	-	-	-	2,032
-	-	-	27,123	-	-	-	27,123
-	-	-	101,033	-	-	-	101,033
30,295	-	-	319,578	-	-	-	319,578
-	-	-	5,489	-	-	-	5,489
-	-	-	5,122	-	-	-	5,122
-	-	4,009	4,009	-	-	-	4,009
-	-	-	27,018	-	-	-	27,018
-	-	-	96,296	-	-	-	96,296
-	-	-	1,543,032	-	-	-	1,543,032
-	-	-	-	-	25,000	25,000	25,000
-	-	-	18,235	189,999	-	189,999	208,234
-	-	-	-	-	53,425	53,425	53,425
-	1,308	-	9,950	291,815	-	291,815	301,765
<u>30,295</u>	<u>1,308</u>	<u>4,009</u>	<u>2,332,491</u>	<u>481,814</u>	<u>78,425</u>	<u>560,239</u>	<u>2,892,730</u>
<u>(17,310)</u>	<u>453,817</u>	<u>(607)</u>	<u>420,171</u>	<u>35,182</u>	<u>(78,425)</u>	<u>(43,243)</u>	<u>376,928</u>
-	-	-	182,014	-	114,880	114,880	296,894
-	(402,097)	(36,623)	(459,165)	-	-	-	(459,165)
-	(402,097)	(36,623)	(277,151)	-	114,880	114,880	(162,271)
(17,310)	51,720	(37,230)	143,020	35,182	36,455	71,637	214,657
<u>17,640</u>	<u>-</u>	<u>39,429</u>	<u>1,793,325</u>	<u>310,531</u>	<u>(295,169)</u>	<u>15,362</u>	<u>1,808,687</u>
<u>\$ 330</u>	<u>\$ 51,720</u>	<u>\$ 2,199</u>	<u>\$ 1,936,345</u>	<u>\$ 345,713</u>	<u>\$ (258,714)</u>	<u>\$ 86,999</u>	<u>\$ 2,023,344</u>

JONES COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	BALANCE JANUARY 1 2015	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31 2016
AGENCY FUND-STATE FEES/BONDS				
Assets:				
Cash and Cash Equivalents	\$ 63,593	\$ 92,395	\$ 63,593	\$ 92,395
Liabilities:				
Due to Other Governments	\$ 63,382	\$ 91,690	\$ 63,382	\$ 91,690
Due to Others	211	705	211	705
Total Liabilities	\$ 63,593	\$ 92,395	\$ 63,593	\$ 92,395
AGENCY FUND-ADULT PROBATION				
Assets:				
Cash and Cash Equivalents	\$ -	\$ 375,584	\$ 375,584	\$ -
Liabilities:				
Due to Other Governments	\$ -	\$ 375,584	\$ 375,584	\$ -
DEPARTMENTAL CASH ACCOUNTS				
Assets:				
Cash and Cash Equivalents	\$ 998,029	\$ 591,905	\$ 998,029	\$ 591,905
Liabilities:				
Due to Other Governments	\$ 451,287	\$ 197,955	\$ 451,287	\$ 197,955
Due to Others	546,742	393,950	546,742	393,950
Total Liabilities	\$ 998,029	\$ 591,905	\$ 998,029	\$ 591,905
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 1,061,622	\$ 1,059,884	\$ 1,437,206	\$ 684,300
Liabilities:				
Due to Other Governments	\$ 514,669	\$ 665,229	\$ 890,253	\$ 289,645
Due to Others	546,953	394,655	546,953	394,655
Total Liabilities	\$ 1,061,622	\$ 1,059,884	\$ 1,437,206	\$ 684,300

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

James E. Rodgers and Company, P.C.

Certified Public Accountants

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Richard E. Rodgers CPA • Gerald L. Rodgers CPA

June 26, 2017

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Honorable County Judge and Commissioners Comprising
The Commissioners Court of Jones County
Anson, Texas 79501**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jones County, Texas, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Jones County, Texas's basic financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

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

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

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

James E. Rodgers and Company, P.C.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jones County, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and questioned costs as item 2016-001.

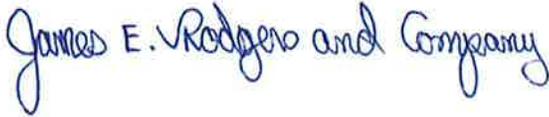
County's Response to Finding

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

Purpose of this Report

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

Respectfully submitted,



James E. Rodgers and Company, P.C.

James E. Rodgers and Company, P.C.

Certified Public Accountants

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Richard E. Rodgers CPA • Gerald L. Rodgers CPA

June 26, 2017

Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable County Judge and Commissioners Comprising
The Commissioners Court of Jones County
Anson, Texas 79501

Report on Compliance for Each Major Federal Program

We have audited Jones County, Texas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jones County, Texas's major federal programs for the year ended December 31, 2016. Jones County, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jones County, Texas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Jones County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

James E. Rodgers and Company, P.C.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and therefore are not described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

Jones County, Texas's response to the noncompliance findings identified in our audit is not applicable and therefore is not described in the accompanying schedule of findings and questioned costs. Jones County, Texas's response would not have been subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



James E. Rodgers and Company, P.C.

**JONES COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

I. Summary of the Auditor's Results:

1.	Type of report issued on the financial statements:	Unmodified Opinion
2 (a).	Significant deficiencies in internal control:	None
(b).	Significant deficiencies that were material weaknesses:	None
3.	Noncompliance, which is material to the financial statements:	Yes
4 (a).	Significant deficiencies in internal control over major programs	None
(b).	Significant deficiencies that were material weaknesses	None
5.	Type of report issued on compliance with major programs	Unmodified Opinion
6.	Audit findings that the auditor is required to report under Section .510(a). These include the following:	
(a).	Significant deficiencies in internal control over major programs.	None
(b).	Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program.	None
(c).	For a type of compliance requirement for a major program, known questioned costs when likely questioned costs are greater than \$25,000.	None
(d).	Known questioned costs greater than \$25,000 for a federal program that is not audited as a major program.	None
(e).	The circumstances concerning why the auditor's report on compliance for major programs is other than an unmodified opinion, unless such circumstances are otherwise reported as audit findings in the schedule of findings and questioned costs for federal awards.	Not applicable
(f).	Known fraud affecting a federal award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for Federal awards.	None
(g).	Instances where audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding.	None
7.	Identification of major programs:	
	• Department of Human Services (Federal Emergency Management Agency): Disaster Grants – Public Assistance (CFDA 97.036)	
8.	Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
9.	County qualified as a low-risk auditee	No

**JONES COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with *Generally Accepted Government Auditing Standards (GAGAS)*.

Finding 2016-001:

- a. Condition:** The County did not have adequate security over depository funds at all times during the current fiscal year.
- b. Criteria:** To the extent that funds in the County selected depository are not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, the depository must secure funds in the manner provided by law for the security of funds, typically requiring the depository to pledge additional securities held by a third party to the County or provide a surety bond that is adequate to secure the funds.
- c. Cause:** An inadequate amount of additional securities pledged or surety bond provided to the County. Due to the receipt of additional funding, the County was under secured at various times during the year.
- d. Effect:** At the date of the highest cash balance, February 29, 2016 the County's depository funds were under secured by \$20,315.
- e. Recommendation:** The County should continue to monitor the monthly cash deposits and pledged securities to verify that FDIC coverage and securities pledged are in excess of depository funds.
- f. County Response:** The County has contacted the depository institution and securities pledged will be increased during June 2017.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in 6(a) – 6(g) above.

The County did **not have audit findings or questioned costs for federal awards** that are required to be reported.

**JONES COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Finding 2015-001: The County did not have a prior year audit finding.

**JONES COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2016**

The name of the contact person responsible for corrective action:

Dale Spurgin, County Judge

County Phone Number: 325-823-3741.

The corrective action for Finding 2016-001:

Finding of insufficient securities pledged for cash deposits was identified as of July 31, 2016, in the amount of \$91,318. The County is contacting the depository institution to insure that additional securities or bonding is obtained for the County cash deposits as of June 2017.

**JONES COUNTY, TEXAS
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Agency or Pass Through Grantor's Number	Program Or Award Amount	Due From Or Deferred Revenue 1/1/2016	Federal Revenues / and Receipts	Federal Disbursements/ Expenditures and Refunds	Due From Or (Unavailable Revenue) 12/31/2016
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
None			\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>GENERAL SERVICES ADMINISTRATION</u>							
Passed Through Texas Facilities Commission/Federal Surplus Program							
Donation of Federal Surplus Personal Property	39.003	303	\$ 8,753	\$ -	\$ 8,753	\$ 8,753	\$ -
TOTAL GENERAL SERVICES ADMINISTRATION				<u>\$ -</u>	<u>\$ 8,753</u>	<u>\$ 8,753</u>	<u>\$ -</u>
<u>US DEPARTMENT OF AGRICULTURE</u>							
Passed Through State Department TxCDBG							
Community Development Block Grant/States's program	14.228	7216007	\$ 350,000	\$ -	\$ 9,000	\$ 9,000	\$ -
TOTAL US DEPARTMENT OF AGRICULTURE				<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ -</u>
<u>US DEPARTMENT OF JUSTICE</u>							
United States Marshalls Service							
Passed Through Texas State Department of Public Safety:							
US Marshals Service Prisoner Operations Division	16.710	77-11-0008	\$ 455,125	\$ -	\$ 455,125	\$ 455,125	\$ -
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>\$ -</u>	<u>\$ 455,125</u>	<u>\$ 455,125</u>	<u>\$ -</u>
<u>DEPARTMENT OF HUMAN SERVICES</u>							
Federal Emergency Management Agency							
Passed Through Texas State Department of Public Safety:							
Disaster Grants - Public Assistance	97.036	JON0010C20C/031C/040C	\$ 13,050	\$ -	\$ 13,050	\$ 13,050	\$ -
Disaster Grants - Public Assistance	97.036	JON010C/011C/012C	\$ 180,554	\$ -	\$ 180,554	\$ 180,554	\$ -
Disaster Grants - Public Assistance	97.036	JON020C/021C/022C/023C JON024C/025C/026C/027C JON028C/029C/291C	\$ 409,597	\$ -	\$ 409,597	\$ 409,597	\$ -
Disaster Grants - Public Assistance	97.036	JON031C/032C/033C/034C JON035C	\$ 290,858	-	290,858	290,858	-
TOTAL DEPARTMENT OF HUMAN SERVICES				<u>\$ -</u>	<u>\$ 894,059</u>	<u>\$ 894,059</u>	<u>\$ -</u>
<u>TOTAL FEDERAL FINANCIAL ASSISTANCE</u>				<u>\$ -</u>	<u>\$ 1,366,937</u>	<u>\$ 1,366,937</u>	<u>\$ -</u>

JONES COUNTY, TEXAS
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

1. For all Federal programs, the District uses the fund types specified in Uniform Guidance. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.
3. The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.
4. Federal grant funds are recorded as earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
5. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Compliance Statement.

STATISTICAL SECTION

JONES COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED DECEMBER 31, 2016

Last 10 Years Ended December 31	Tax Rates		Assessed/Appraised Value for Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	Various	Various	\$ Various
2008	0.58000	0.00000	575,607,502
2009	0.62000	0.00000	583,751,950
2010	0.61590	0.00000	621,810,521
2011	0.61464	0.00000	622,817,223
2012	0.57100	0.08900	667,267,168
2013	0.57900	0.08100	686,297,053
2014	0.57200	0.07101	745,952,999
2015	0.59466	0.06698	747,774,622
2016 (Fiscal year under audit)	0.60932	0.07064	735,175,886
1000 TOTALS			

Beginning Balance January 1, 2016	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance December 31, 2016
\$ 114,051	\$ -	\$ 940	\$ 14	\$ 11,669	\$ 101,428
15,533	-	532	-	762	14,239
18,735	-	914	-	801	17,020
24,734	-	5,627	-	303	18,804
30,639	-	6,850	-	595	23,194
51,066	-	9,269	1,548	1,627	38,622
99,590	-	25,033	3,645	1,687	69,225
176,338	-	47,419	5,831	(189)	123,277
2,511,277	-	2,075,752	246,110	5,735	183,680
-	4,998,895	2,035,301	250,026	-	2,713,568
<u>\$ 3,041,963</u>	<u>\$ 4,998,895</u>	<u>\$ 4,207,637</u>	<u>\$ 507,174</u>	<u>\$ 22,990</u>	<u>\$ 3,303,057</u>

**JONES COUNTY, TEXAS
MISCELLANEOUS STATISTICS
December 31, 2016**

Date of Organization	1881
Date Current Courthouse Built	1910
Form of Government	Commissioners' Court
Area in Square Miles	937
Number of Full Time County Employees	70

School Districts With Property Located in Jones County:	11
Abilene ISD	Merkel ISD
Anson ISD	Paint Creek ISD
Clyde CISD	Roby CISD
Hamlin ISD	Stamford ISD
Hawley ISD	Trent ISD
Lueders-Avooca ISD	

County Population:

1900	7,053	<- Census / Estimate->	2003	19,911
1910	24,299	<- Census / Estimate->	2004	19,726
1920	22,323	<- Census / Estimate->	2005	19,544
1930	24,233	<- Census / Estimate->	2006	19,497
1940	23,378	<- Census / Estimate->	2007	19,257
1950	22,147	<- Census / Estimate->	2008	19,197
1990	16,490	<- Census / Estimate->	2009	18,961
2000	20,785	<- Census / Census->	2010	20,202

County Property Tax Rates:

2000	\$0.63490
2006	\$0.66650
2007	\$0.61570
2008	\$0.58000
2009	\$0.62000
2010	\$0.61590
2012	\$0.66004
2014	\$0.64301
2015	\$0.66164
2016	\$0.67996

County Road Miles (TXDOT)-Centerline Miles

Earth and All-weather	864
Paved	10
Total	874